

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): August 13, 1996

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

Delaware (State or other jurisdiction of Incorporation)	1-7882 (Commission File Number)	94-1692300 (I.R.S. Employer Identification Number)
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One AMD Place P.O. Box 3453 Sunnyvale, California (Address of principal executive offices)	94088-3453 (Zip Code)
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Registrant's telephone number,
Including area code: (408) 732-2400

ITEM 5. OTHER EVENTS.

On August 13, 1996, Advanced Micro Devices, Inc. ("AMD" or the "Company") completed an underwritten offering of \$400,000,000 of its 11% Senior Secured Notes ("Notes") due August 1, 2003, pursuant to its shelf registration statement filed with the Securities and Exchange Commission and declared effective in 1994. The Notes were priced at par, and their sale was underwritten by Donaldson, Lufkin & Jenrette Securities Corporation and BA Securities, Inc. pursuant to an Underwriting Agreement attached as Exhibit 1 hereto, which is incorporated herein by reference. The terms and conditions of the Notes and related matters are set forth in the Indenture filed as Exhibit 4.2 hereto, which is incorporated herein by reference. The Company will not be required to make mandatory redemption or sinking fund payments with respect to the Notes, although the holders of the Notes would be entitled to require the Company to repurchase their Notes under certain circumstances related to Collateral Sales, Asset Sales, Events of Loss or a Change in Control of the Company as those terms are defined in the Indenture. The Notes may not be redeemed by the Company prior to August 1, 2001, but may be redeemed thereafter at redemption prices specified in the Indenture.

On July 19, 1996, AMD entered into a credit agreement (the "Credit Agreement") with Bank of America NT&SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndication agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, providing a three year revolving credit facility (subject to a one year extension) in the aggregate principal amount of \$150,000,000 and a four year term loan of up to \$250,000,000 available for a period of six months after the effective date of the Credit Agreement (July 19, 1996). Copies of the Credit Agreement and of an amendment to the Credit Agreement dated as of August 7, 1996, are attached as Exhibits 99.1 and 99.2 hereto and are incorporated herein by reference. The Company intends to utilize the term loan facility fully. The Indenture entered into in connection with the Notes limits the aggregate amount which the Company may borrow under the Credit Agreement prior to January 1, 1997, to \$250,000,000. The new bank credit facilities, which became available to AMD on August 13, 1996, replaced the Company's existing unsecured and unused \$250,000,000 revolving line of credit and its unsecured \$150,000,000 four-year term loan. AMD used approximately \$150,000,000 of the net proceeds from the sale of the Notes to prepay AMD's previously existing four-year term bank loan. In connection with the offering of the Notes and the execution of the Credit Agreement, the Company and one of its subsidiaries amended the terms of two existing leases between the subsidiary and CIBC, Inc., relating to the Company's headquarters in Sunnyvale, California, and the Company's existing guaranty of those leases. Copies of the amendments are attached hereto as Exhibits 99.3-99.5 and are incorporated herein by reference.

The indebtedness of the Company under the Notes and with respect to borrowings under the Credit Agreement are secured by substantially all of AMD's

real property, plant and equipment at one of its integrated circuit manufacturing facilities, commonly known as Fab 25, located in Austin, Texas. The terms and conditions under which the Company has granted a lien of

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Fab 25 to secure the indebtedness are set forth in the Indenture and the deed of trust and related documents attached hereto as Exhibits 4.2-4.9 which are incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits:

- 1 Underwriting Agreement, dated as of August 8, 1996, among Advanced Micro Devices, Inc., Donaldson, Lufkin & Jenrette Securities Corporation and BA Securities, Inc.
- 4.1 Form of Advanced Micro Devices, Inc. 11% Senior Secured Note due August 1, 2003.
- 4.2 Indenture, dated as of August 1, 1996, between Advanced Micro Devices, Inc. and United States Trust Company of New York, as trustee.
- 4.3 Intercreditor And Collateral Agent Agreement, Dated as of August 1, 1996, among United States Trust Company of New York, as trustee, Bank Of America NT&SA, as agent for the banks under the Credit Agreement of July 19, 1996, and IBJ Schroder Bank & Trust Company.
- 4.4 Payment, Reimbursement and Indemnity Agreement, Dated as of August 1, 1996, Between Advanced Micro Devices, Inc. and IBJ Schroder Bank & Trust Company.
- 4.5 Deed of Trust, Assignment, Security Agreement and Financing Statement, Dated as of August 1, 1996, among Advanced Micro Devices, Inc., as grantor, IBJ Schroder Bank & Trust Company, as grantee, and Shelley W. Austin as trustee.
- 4.6 Security Agreement, dated as of August 1, 1996, between Advanced Micro Devices, Inc. and IBJ Schroder Bank & Trust Company, as agent for United States Trust Company of New York, as trustee, and Bank of America NT&SA, as agent for the banks.
- 4.7 Lease, Option to Purchase and Put Option Agreement, dated as of August 1, 1996, between Advanced Micro Devices, Inc., as lessor, and AMD Texas Properties, LLC, as lessee.
- 4.8 Reciprocal Easement Agreement, dated as of August 1, 1996, between Advanced Micro Devices, Inc. and AMD Texas Properties, LLC.
- 4.9 Sublease Agreement, dated as of August 1, 1996, between Advanced Micro Devices, Inc., as sublessee, and AMD Texas Properties, LLC, as sublessor.

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- 99.1 Credit Agreement, dated as of July 19, 1996, among Advanced Micro Devices, Inc., Bank of America NT&SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndication agent and lender, and Canadian Imperial Bank Of Commerce, as documentation agent and lender.
- 99.2 First Amendment to Credit Agreement, dated as of August 7, 1996, among Advanced Micro Devices, Inc., Bank of America NT&SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndication agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender.
- 99.3 Fifth Amendment to Third Amended and Restated Guaranty, dated as of August 1, 1996 (amending the Third Amended and Restated Guaranty, dated as of August 25, 1995, made by Advanced Micro Devices, Inc. in favor of CIBC, Inc.).
- 99.4 Fifth Amendment to Building Lease, dated as of August 1, 1996 (amending the Building Lease, dated as of September 22, 1992, by and between AMD International Sales & Service, Ltd. And CIBC, Inc.).
- 99.5 Fifth Amendment to Land Lease, dated as of August 1, 1996 (amending the Land Lease, dated as of September 22, 1992, by and between AMD International Sales & Service, Ltd. and CIBC, Inc.).
- 99.6 Press Release dated August 13, 1996.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the

undersigned hereunto duly authorized.

ADVANCED MICRO DEVICES, INC.
Registrant

Date: August 21, 1996

BY:/s/Marvin D. Burkett

Marvin D. Burkett
Senior Vice President, Chief Financial
And Administrative Officer And Treasurer

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EXHIBIT INDEX

Exh.

No. Exhibits

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\$400,000,000

ADVANCED MICRO DEVICES, INC.

11% SENIOR SECURED NOTES DUE 2003

UNDERWRITING AGREEMENT

August 8, 1996

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
BA SECURITIES, INC.
c/o Donaldson, Lufkin & Jenrette Securities Corporation
140 Broadway
New York, New York 10005

Ladies and Gentlemen:

ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), proposes to issue and sell \$400,000,000 principal amount of its 11% Senior Secured Notes due 2003 (the "Notes") to you (collectively, the "Underwriters" and each individually, an "Underwriter"). The Notes are to be issued pursuant to the provisions of an Indenture to be dated as of August 1, 1996 (the "Indenture") between the Company and United States Trust Company of New York, as trustee (the "Trustee"), and will be secured by a first priority lien and security interest in the Collateral (as defined below) pursuant to the Collateral Documents (as defined below), subject to the terms of an Intercreditor Agreement. Capitalized terms used herein but not defined herein shall have the meanings assigned to them in the Prospectus.

1. Registration Statement and Prospectus. The Company has prepared and

filed with the Securities and Exchange Commission (the "Commission") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Act"), a registration statement on Form S-3 (File No. 33-52943) (including a preliminary prospectus) relating to the registration of debt and other securities under the Act and the offering thereof from time to time in accordance with Rule 415 under the Act. The registration statement, as amended, has been declared effective by the Commission, and the Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended (the "Indenture Act"). The registration statement, as amended, including, in each case, all financial statements and exhibits thereto (or incorporated by reference therein), and the information (if any) contained in a prospectus and prospectus supplement subsequently filed with the Commission pursuant to Rule 424(b) under the Act

and deemed to be a part of the registration statement at the time of its effectiveness pursuant to Rule 430A under the Act, is hereinafter referred to as the "Registration Statement." The prospectus and the prospectus supplement in the form first used to confirm sales of such Notes, whether or not filed with the Commission pursuant to Rule 424(b) under the Act, is hereinafter referred to as the "Prospectus."

2. Agreements to Sell and Purchase. On the basis of the representations

and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to issue and sell, and each Underwriter agrees, severally and not jointly, to purchase from the Company the principal amount of Notes set forth opposite the name of such Underwriter in Schedule I hereto, at 97.875% of the principal amount thereof (the "Purchase Price") plus accrued interest thereon, if any, from August 13, 1996 to the date of payment and delivery.

3. Terms of Public Offering. The Company is advised by you that each of

you proposes (i) to make a public offering of your respective portions of the Notes as soon as in your judgment is advisable, and (ii) initially to offer the Notes upon the terms set forth in the Prospectus.

4. Delivery and Payment. Delivery to you of and payment for the Notes

shall be made at 10:00 A.M., New York City time, on the third or fourth business

day unless otherwise permitted by the Commission pursuant to Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (the "Closing Date") following the date of the initial public offering, at such place as you shall designate. The Closing Date and the location of delivery of and the form of payment for the Notes may be varied by agreement between you and the Company.

The Notes in the form of one or more Global Notes shall be registered in such names and issued in such denominations as you shall request in writing not later than two full business days prior to the Closing Date. Such Global Note shall be made available to you for inspection not later than 9:30 A.M., New York City time, on the business day next preceding the Closing Date. Such Global Notes representing the Notes shall be delivered to the Trustee on your behalf on the Closing Date with any transfer taxes thereon duly paid by the Company, for the respective accounts of the several Underwriters, against payment of the Purchase Price therefor by wire transfer of immediately available funds to the accounts or accounts specified by the Company in writing not later than two full business days prior to the Closing Date.

5. Agreements of the Company. The Company agrees with you:

(a) To advise you promptly and, if requested by you, to confirm such advice in writing, (i) when any amendment to the Registration Statement, if any, has become effective, (ii) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information, (iii)

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of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Notes for offering or sale in any jurisdiction, or the initiation of any proceeding for such purposes, and (iv) of the happening of any event during the period referred to in paragraph (d) below which makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or which requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal or lifting of such order at the earliest possible time.

(b) To furnish to you, without charge, as many signed and conformed copies of the Registration Statement as first filed with the Commission and of each amendment to it, including all exhibits, as you may reasonably request.

(c) Not to file any amendment or supplement to the Registration Statement, or to make any amendment or supplement to the Prospectus of which you shall not previously have been advised or to which you shall reasonably object; and to prepare and file with the Commission, promptly upon your reasonable request, any amendment to the Registration Statement or supplement to the Prospectus which may be necessary or advisable in connection with the distribution of the Notes by you, and to use its best efforts to cause the same to become promptly effective.

(d) To furnish to each of you and each dealer as many copies of the Prospectus (and of any amendment or supplement to the Prospectus) as you or any such dealer may reasonably request for such period as in the opinion of counsel for the Underwriters a prospectus is required by law to be delivered in connection with sales by you or a dealer.

(e) If during the period specified in paragraph (d) any event shall occur as a result of which, in the opinion of counsel for the Underwriters it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with any law, forthwith to prepare and file with the Commission an appropriate amendment or supplement to the Prospectus so that the statements in the Prospectus, as so amended or supplemented, will not in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with law, and to furnish to each of you and to such dealers as you shall specify, such number of copies thereof as you or such dealers may reasonably request.

(f) Prior to any public offering of the Notes, to cooperate with you, counsel for the Underwriters and counsel for the Company in connection with the registration or qualification of the Notes for offer and sale by you and by dealers under the state

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securities or Blue Sky laws of such jurisdictions as you may request, to continue such qualification in effect so long as required for distribution of the Notes and to file such consents to service of process or other documents as may be necessary in order to effect such registration or qualification.

(g) To mail and make generally available to its security holders as soon as reasonably practicable an earnings statement covering a period of at least twelve months after the date of the Prospectus (but in no event commencing later than 90 days after such date) which shall satisfy the provisions of Section 11(a) of the Act, and to advise you in writing when such statement has been so made available.

(h) During the period of five years after the date of this Agreement, (i) to mail as soon as reasonably practicable after the end of each fiscal year to the record holders of the Notes a financial report of the Company and its subsidiaries on a consolidated basis (and a similar financial report of all unconsolidated subsidiaries, if any), all such financial reports to include a consolidated balance sheet, a consolidated statement of operations, a consolidated statement of cash flows and a consolidated statement of shareholders' equity as of the end of and for such fiscal year, together with comparable information as of the end of and for the preceding year, certified by independent certified public accountants, and (ii) to mail and make generally available as soon as practicable after the end of each quarterly period (except for the last quarterly period of each fiscal year) to such holders, a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows (and similar financial reports of all unconsolidated subsidiaries, if any) as of the end of and for such period, and for the period from the beginning of such year to the close of such quarterly period, together with comparable information for the corresponding periods of the preceding year.

(i) During the period referred to in paragraph (h), to furnish to you as soon as available a copy of each report or other publicly available information of the Company mailed to the security holders of the Company or filed with the Commission and such other publicly available information concerning the Company and its subsidiaries as you may reasonably request.

(j) To pay all costs, expenses, fees and taxes incident to (i) the preparation, printing, filing and distribution under the Act of the Registration Statement (including financial statements and exhibits), each preliminary prospectus and all amendments and supplements to any of them prior to or during the period specified in paragraph (d), (ii) the printing and delivery of the Prospectus and all amendments or supplements to it during the period specified in paragraph (d), (iii) the preparation, printing and delivery of this Agreement, the Indenture, the Collateral Documents listed in Schedule II hereto (the "Collateral Documents"), the Preliminary and Supplemental Blue Sky Memoranda and all other agreements, memoranda, correspondence and other documents printed and delivered in connection with the offering of the Notes (including in each case any disbursements of counsel for the Underwriters relating to such printing and delivery), (iv) the registration or

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qualification of the Notes for offer and sale under the securities or Blue Sky laws of the several states (including, in each case, the fees and disbursements, if any, of counsel for the Underwriters relating to such registration or qualification and memoranda relating thereto), (v) filings and clearance with the National Association of Securities Dealers, Inc., if any, in connection with the offering, (vi) the filing and recording of all Collateral Documents, including any title, lien or judgment searches conducted to confirm the priority of the Collateral (as defined in the Collateral Documents), or any title or other insurance obtained with respect to the Collateral, (vii) engineering consulting services provided by Gray Jansing & Associates, Inc., a consulting engineer hired by you and the lenders under the Company's New Credit Agreement, incurred in connection with the replatting of an approximately 34.5 acre parcel (the "Adjacent Parcel") adjacent to the Company's Fab 25 manufacturing facility in Austin, Texas and any filings or recordings necessary to release the Adjacent Parcel from the Collateral upon the necessary regulatory approval of such replatting; and (viii) furnishing such copies of the Registration Statement, the Prospectus and all amendments and supplements thereto as may be requested for use in connection with the offering or sale of the Notes by you or by dealers to whom Notes may be sold.

(k) During the period beginning on the date hereof and continuing to and including the Closing Date, not to offer, sell, contract to sell or otherwise dispose of any debt securities of the Company or warrants to purchase debt securities of the Company substantially similar to the Notes (other than (i) the Notes and (ii) commercial paper issued in the ordinary course of business), without your prior written consent.

(l) To comply in all material respects with the agreements in the Indenture and the Collateral Documents.

(m) To use its best efforts to do and perform all things required or necessary to be done and performed under this Agreement by the Company prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Notes.

(n) To use its best efforts to cause a copy of the Company's Prospectus (including the final pricing information) to be delivered to all

persons who purchase the Notes from the Underwriters on the date hereof no later than 18 hours after this Agreement is executed and delivered by the Company.

(o) To maintain the transfer pricing in effect on the date hereof between the Company and the FASL Unrestricted Subsidiary through the Closing Date.

6. Representations and Warranties of the Company. The Company represents -----
and warrants to each Underwriter that:

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

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(b) (i) Each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Act and (iii) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph (b) do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) The Company meets the requirements for the use of Form S-3 under the Act.

(d) Each preliminary prospectus, including any supplements thereto, filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Act, complied when so filed in all material respects with the Act, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The Company and each of its subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as it is currently being conducted and to own, lease and operate its properties, and the Company and each of its subsidiaries is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(f) The Company has all necessary corporate power and authority to execute and deliver this Agreement, the Notes, the Indenture and each Collateral Document and to perform its obligations under this Agreement, the Notes, the Indenture and each Collateral Document, and to authorize, issue, sell and deliver the Notes as contemplated by this Agreement.

(g) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable.

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(h) The entities listed in Schedule III are the only subsidiaries, direct or indirect, of the Company. Any subsidiary listed in Schedule III which would be a Significant Subsidiary under the terms of the Indenture has been identified as such in Schedule III. All of the outstanding shares of capital stock of, or other ownership interests in, each of the Company's subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned directly or indirectly by the Company, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature.

(i) The Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to the Underwriters against payment therefor as provided by this Agreement, will be entitled to the benefits of the Indenture, and will be valid and binding obligations of the Company, enforceable in accordance with their terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by

equitable principles of general applicability.

(j) This Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable in accordance with its terms (except as rights to indemnity and contribution hereunder may be limited by applicable law).

(k) Each Collateral Document to which the Company or any of its subsidiaries is a party has been duly authorized by the Company and, on the Closing Date, subject to the terms and conditions of this Agreement, will have been duly authorized, executed and delivered by the Company, and will conform in all material respects to the descriptions thereof in the Prospectus. When each Collateral Document to which the Company or any of its subsidiaries is a party has been duly executed and delivered, each Collateral Document will be the legally valid and binding obligation of the Company, enforceable against the Company in accordance with the terms of each Collateral Document except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

(l) The Indenture has been duly qualified under the Indenture Act and, on the Closing Date, subject to the terms and conditions of this Agreement will have been duly authorized, executed and delivered by the Company and, when executed and delivered, will be a valid and binding agreement of the Company, enforceable in accordance with its terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

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(m) The Notes, the Indenture and the Collateral Documents conform as to legal matters to the description thereof contained in the Prospectus.

(n) Neither the Company nor any of its subsidiaries is in violation of its respective charter or by-laws or in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other agreement, indenture or instrument material to the conduct of the business of the Company and its subsidiaries, taken as a whole, to which the Company or any of its subsidiaries is a party or by which it or any of its subsidiaries or their respective property is bound.

(o) The execution, delivery and performance of this Agreement, the Indenture, the Collateral Documents and the Notes and compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under the securities or Blue Sky laws of the various states) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or any of its subsidiaries or any agreement, indenture or other instrument to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries or their respective property is bound, or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company, any of its subsidiaries or their respective property, except that future compliance with the Indenture and the Notes may under certain circumstances violate the terms of the New Credit Agreement.

(p) Except as otherwise set forth in the Prospectus, there are no material legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any of their respective property is the subject, and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated. No contract or document of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement is not so described or filed as required.

(q) Except as otherwise set forth in the Prospectus, neither the Company nor any of its subsidiaries has violated any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and its subsidiaries, taken as a whole.

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(r) The Company and each of its subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits"), including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business; the Company and each of its subsidiaries has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or any of its subsidiaries.

(s) In the ordinary course of its business, the Company conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(t) The Collateral Documents to which the Company or any of its subsidiaries is a party on the Closing Date will create a valid security interest in the Collateral securing payment and performance of the Company's obligations under the Notes, the Indenture, the New Credit Agreement, the Collateral Documents to which the Company or any of its subsidiaries is a party and the Payment, Reimbursement and Indemnity Agreement. On the Closing Date, such security interest will constitute a first priority lien and security interest with respect to the Collateral, subject to no security interests of any other person other than the lenders under the New Credit Agreement pursuant to the Intercreditor Agreement and other than Permitted Liens and those that have been released from or subordinated to the Collateral, and no filings, registrations, recordings, deliveries or other actions will be required in order to perfect (or maintain the perfection or priority of) the security interest in such Collateral created under the Collateral Documents, other than filings, recordings, deliveries or other actions which, on or before the Closing Date, will have been made by or on behalf of the Company and such continuation statements and other Uniform Commercial Code filings as may be necessary in the future with respect to the personal property included within the Security Agreement and the Deed of Trust. All taxes, fees and other governmental charges due in connection with such filings, recordings, deliveries or other actions will have been paid.

(u) The Company has good and marketable title in fee simple to all real property and good and marketable title to all personal property included within Security Agreement and the Deed of Trust, free and clear of all liens, charges, encumbrances and

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restrictions other than Permitted Encumbrances (as defined in the Deed of Trust) or such as do not interfere in any material respect with the conduct of the business of the Company and its subsidiaries, taken as a whole. All leases to which the Company or any of its subsidiaries is a party are valid and binding, and no default has occurred or is continuing thereunder, which might result in any material adverse change in the business, prospects, financial condition or results of operations of the Company and its subsidiaries taken as a whole, and the Company and its subsidiaries enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Company or such subsidiary.

(v) The Company and each of its subsidiaries maintains insurance covering its properties, operations, personnel and businesses. Such insurance insures against such losses and risks as are adequate in accordance with customary industry practice to protect the Company and each of its subsidiaries and its businesses. Neither the Company nor any of its subsidiaries has received notice from any insurer or agent of such insurer that substantial capital improvements or other expenditures will have to be made in order to continue such insurance. All such insurance is outstanding and duly in force on the date hereof and will be outstanding and duly in force on the Closing Date.

(w) Ernst & Young LLP is a firm of independent public accountants with respect to the Company as required by the Act.

(x) The financial statements, together with related schedules and notes forming part of the Registration Statement and the Prospectus (and any amendment or supplement thereto), present fairly the consolidated financial position, results of operations and changes in financial position of the Company and its subsidiaries on the basis stated in the Registration Statement at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with

generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and the other financial and statistical information and data set forth in the Registration Statement and the Prospectus (and any amendment or supplement thereto) is, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company.

(y) The Company or any of its subsidiaries is not, or, after giving effect to the issuance and sale of the Notes, will not be an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(z) Except as disclosed in the Company's registration statement on Form S-4 (File No. 33-64911) as filed with the Commission relating to the Company's merger with NexGen, Inc., no holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company.

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(aa) The Company has complied with all provisions of Section 517.075, Florida Statutes (Chapter 92-198, Laws of Florida) and all regulations promulgated thereunder relating to issuers doing business with the Government of Cuba or with any person or any affiliate located in Cuba.

(ab) There are no outstanding subscriptions, rights, warrants, options, calls, convertible securities, commitments of sale or liens related to or entitling any person to purchase or otherwise to acquire any shares of the capital stock of, or other ownership interest in, the Company or any subsidiary thereof except as otherwise disclosed in the Registration Statement.

(ac) Except as disclosed in the Prospectus, there are no business relationships or related party transactions required to be disclosed therein by Item 404 of Regulation S-K of the Commission.

(ad) There is (i) no significant unfair labor practice complaint pending against the Company or any of its subsidiaries or, to the best knowledge of the Company, threatened against any of them, before the National Labor Relations Board or any state or local labor relations board, and no significant grievance or more significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Company or any of its subsidiaries or, to the best knowledge of the Company, threatened against any of them, and (ii) no significant strike, labor dispute, slowdown or stoppage pending against the Company or any of its subsidiaries or, to the best knowledge of the Company, threatened against it or any of its subsidiaries except for such actions specified in clause (i) or (ii) above, which, singly or in the aggregate could not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(ae) The Company and each of its subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(af) All material tax returns required to be filed by the Company and each of its subsidiaries in any jurisdiction have been filed, other than those filings being contested in good faith, and all material taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due pursuant to such returns or pursuant to any assessment received by the Company or any of its subsidiaries have been paid, other than those being contested in good faith and for which adequate reserves have been provided.

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(ag) With the exception of this Agreement, there are no contracts, agreements or understandings between the Company or any of its subsidiaries and any person that would give rise to a valid claim against the Company, any of its subsidiaries or any Underwriter for a brokerage commission, finder's fee or like payment in connection with the issuance, purchase and sale of the Notes.

(ah) The Company and each of the subsidiaries possesses all patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names (collectively, "Intellectual Property") presently employed by it in connection with the business now operated by it, and neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to the foregoing, except in each case to the extent such failure to possess or the extent such receipt would not have a

material adverse effect, singly or in the aggregate, on the properties, business, results of operations, condition (financial or otherwise), affairs or prospects of the Company and its subsidiaries, taken as a whole. The use of such Intellectual Property in connection with the business and operations of the Company and each of the subsidiaries does not, to the Company's best knowledge, infringe on the rights of any person, except to the extent such infringement would not have a material adverse effect on the business of the Company and its subsidiaries, taken as a whole.

(ai) Neither the Company nor any of its subsidiaries has (i) taken, directly or indirectly, any action designed to cause or to result in, or that has constituted or that might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Notes or (ii) since the initial filing of the Registration Statement (A) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, the Notes or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(aj) The Company has filed with the Commission its quarterly report on Form 10-Q for the fiscal quarter ended June 30, 1996.

(ak) The Company has duly and validly authorized, executed and delivered the New Credit Agreement and there are no conditions to obligations of the lenders under the New Credit Agreement to provide the loans described therein other than the Closing of the offering of the Notes and such other conditions as set forth in the New Credit Agreement. As of the Closing Date, there will be no conditions precedent to the obligations of the lenders under the New Credit Agreement to provide the loans described therein other than the Closing of the offering of the Notes.

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(al) The transfer pricing in effect on the date hereof between the Company and the FASL Unrestricted Subsidiary will be the transfer pricing in effect on the Closing Date.

7. Indemnification. (a) The Company agrees to indemnify and hold

harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities and judgments caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus or preliminary prospectus supplement, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriters furnished in writing to the Company by or on behalf of any Underwriter through you expressly for use therein; provided, however, that the foregoing indemnity

agreement with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages and liabilities and judgments purchased Notes, or any person controlling such Underwriter, if a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Notes to such person, and if the Prospectus (as so amended and supplemented) would have cured the defect giving rise to such loss, claim, damage, liability or judgment.

(b) In case any action shall be brought against any Underwriter or any person controlling such Underwriter, based upon any preliminary prospectus, the Registration Statement or the Prospectus or any amendment or supplement thereto and with respect to which indemnity may be sought against the Company, such Underwriter shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such indemnified party and payment of all fees and expenses. Any Underwriter or any such controlling person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless (i) the employment of such counsel shall have been specifically authorized in writing by the Company, (ii) the Company shall have failed to assume the defense and employ counsel, or (iii) the named parties to any such action (including any impleaded parties) include both such Underwriter or such controlling person and the Company and such Underwriter or such controlling person shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Company (in which case the Company shall not have the right to assume the defense of such action on behalf of such Underwriter

or such controlling person, it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all such Underwriters and controlling persons, which firm shall be designated in writing by Donaldson, Lufkin & Jenrette Securities Corporation and that all such fees and expenses shall be reimbursed as they are incurred). The Company shall not be liable for any settlement of any such action effected without its written consent but if settled with the written consent of the Company, the Company agrees to indemnify and hold harmless any Underwriter and any such controlling person from and against any loss or liability by reason of such settlement. Notwithstanding the immediately preceding sentence, if in any case where the fees and expenses of counsel are at the expense of the indemnifying party and an indemnified party shall have requested the indemnifying party to reimburse the indemnified party for such fees and expenses of counsel as incurred, such indemnifying party agrees that it shall be liable for any settlement of any action effected without its written consent if (i) such settlement is entered into more than ten business days after the receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall have failed to reimburse the indemnified party in accordance with such request for reimbursement prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(c) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and any person controlling the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to each Underwriter but only with reference to information relating to such Underwriter furnished in writing by or on behalf of such Underwriter through you expressly for use in the Registration Statement, the Prospectus or any preliminary prospectus. In case any action shall be brought against the Company, any of its directors, any such officer or any person controlling the Company based on the Registration Statement, the Prospectus or any preliminary prospectus and in respect of which indemnity may be sought against any Underwriter, the Underwriter shall have the rights and duties given to the Company (except that if the Company shall have assumed the defense thereof, such Underwriter shall not be required to do so, but may employ separate counsel therein and participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of such Underwriter), and the Company, its directors, any such officers and any person controlling the Company shall have the rights and duties given to the Underwriter, by Section 7(b) hereof.

(d) If the indemnification provided for in this Section 7 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or judgments referred to herein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities and judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Underwriters in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Underwriters shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company, and the total underwriting discounts and commissions received by the Underwriters, bear to the total price to the public of the Notes, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company and the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph.

The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Notes underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 7(d) are several in proportion to the respective principal amount of Notes purchased by each of the Underwriters hereunder and not joint.

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8. Conditions of Underwriters' Obligations. The several obligations of

the Underwriters to purchase the Notes under this Agreement are subject to the satisfaction of each of the following conditions:

(a) All the representations and warranties of the Company contained in this Agreement and the Collateral Documents shall be true and correct on the Closing Date with the same force and effect as if made on and as of the Closing Date.

(b) At the Closing Date no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been commenced or shall be pending before or contemplated by the Commission.

(c) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have been any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by Moody's, S&P or any other "nationally recognized statistical rating organization", as such term is defined for purposes of Rule 436(g)(2) under the Act.

(d) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental agency that would, as of the Closing Date, prevent the issuance of the Notes; (ii) no injunction, restraining order or order of any nature by a federal or state court of competent jurisdiction shall have been issued as of the Closing Date that would prevent the issuance of the Notes; and (iii) on the Closing Date, no action, suit or proceeding shall be pending against or affecting or, to the knowledge of the Company, threatened against, the Company or any of its subsidiaries before any court or arbitrator or any governmental body, agency or official that, if adversely determined, would affect the issuance of the Notes or in any manner draw into question the validity of this Agreement, the Indenture, the Notes or any of the Collateral Documents.

(e) (i) Since the date of the latest balance sheet included in the Registration Statement and the Prospectus, there shall not have been any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, affairs or business prospects, whether or not arising in the ordinary course of business, of the Company, (ii) since the date of the latest balance sheet included in the Registration Statement and the Prospectus there shall not have been any change, or any development involving a prospective material adverse change, in the capital stock or in the long-term debt of the Company from that set forth in the Registration Statement and Prospectus, (iii) the Company and its subsidiaries shall have no liability or obligation, direct or contingent, which is material to the Company and its subsidiaries, taken as a whole, other than those reflected in the Registration Statement and the Prospectus, and (iv) on the Closing Date you shall have received a certificate dated the Closing Date, signed by Richard Previte and Marvin Burkett, in their capacities as the President and Chief Operating Officer and Senior Vice President and Chief Financial

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Officer, respectively, of the Company, confirming the matters set forth in paragraphs (a), (b), (c), (d) and (e) of this Section 8.

(f) Subject to Permitted Liens, the Company shall have caused a valid, perfected first priority lien and security interest in all of the right, title and interest of the Company in and to the Collateral to be granted to the Collateral Agent, for the benefit of (i) the Trustee, for the equal and ratable benefit of the holders of the Notes, and (ii) the lenders under the New Credit Agreement. The Company shall have duly executed and delivered to the Collateral

Agent, on behalf of the Trustee, for the equal and ratable benefit of the holders of the Notes and the lenders under the New Credit Agreement, the Collateral Documents to which the Company or any of its subsidiaries is a party and other appropriate instruments, in form and substance satisfactory to the Underwriters, for the purpose of securing the payment and performance of the obligations under the Indenture and the New Credit Agreement and such documents shall have been recorded and filed as required by applicable law or as reasonably requested by the Underwriters in order to record and perfect the first priority lien and security interest created by the Collateral Documents to which the Company or any of its subsidiaries is a party in the Collateral and all taxes, fees and other governmental charges payable in connection with said recording and filing shall have been paid by the Company. The Underwriters shall have received executed counterparts of each such Collateral Document or instrument and the Underwriters shall have received the following items, each in form and substance satisfactory to the Underwriters:

(i) an environmental study relating to the real property included within the Deed of Trust prepared by qualified engineering firms or environmental consulting firms;

(ii) a title insurance company satisfactory to the Underwriters is irrevocably bound to issue a title report and a policy of mortgagee title insurance (the "Title Policy") relating to the real property included within the Deed of Trust (with such endorsements as the Underwriters shall reasonably request) in an amount not less than \$212.0 million, showing title to the real property included within the Deed of Trust vested in the Company, subject only to Permitted Encumbrances and showing the lien of the Deed of Trust as having a first priority on such real property included within the Deed of Trust, which such report and policy shall have been paid for in full by the Company;

(iii) such other releases, waivers and documents, in proper form for filing, to release such liens with respect to the real property and personal property included within the Collateral Documents as the Underwriters may reasonably request; and

(iv) a current perimeter survey accurately depicting the perimeter boundaries of, and the building setback lines of record on, the Company's integrated circuit manufacturing facility located in Austin, Texas, including, among other things, its ancillary buildings for ultrapure water production, chemical supply, stock and

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gowning, and facility support (the "Fab 25 Complex"), showing the division line between the Fab 25 Complex and additional parcel of land consisting of approximately 34.5 acres adjacent to the Fab 25 Complex (defined as "Release Tract" in the Deed of Trust), and showing all conflicts, encroachments, protrusions, or any overlapping improvements with respect to such boundaries, building setback lines or division line, which survey is certified by a registered professional land surveyor in a surveyor's certificate acceptable to be Underwriters.

(g) The Underwriters shall have received evidence reasonably satisfactory to the Underwriters of the taking of all actions with respect to the Collateral Documents and such other security documents as may be necessary to cause the perfection of the liens and security interests created, or purported to be created, by the Collateral Documents.

(h) The Company shall have delivered to the Collateral Agent and the Trustee evidence satisfactory to the Underwriters that (i) all insurance policies of the Company covering the Collateral provide that the insurance company issuing such policies will give the Collateral Agent at least 30 days prior written notice of the cancellation, non-renewal or other material change in coverage thereunder, (ii) the Collateral Agent, for the benefit of Trustee, for the further benefit of the holders of the Notes, and for the benefit of the lenders under the New Credit Agreement has been named mortgagee and loss payee under a standard mortgage clause with respect to insurance policies covering the Collateral to the extent required by the Collateral Documents, and (iii) the Collateral Agent, the Trustee and Bank of America NT&SA, as agent for the Banks under the New Credit Agreement, shall be named as additional named insureds under the Company's liability insurance policies.

(i) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of Bronson, Bronson & McKinnon LLP, counsel for the Company, to the effect that:

(i) the Company and each of the subsidiaries listed on Schedule IV hereto or which constitutes a "significant subsidiary" within the meaning of Rule 1-02 of Regulation S-X (in each case, individually a "Material Subsidiary" and, collectively, the "Material Subsidiaries") has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority required to carry on its business as it is currently being conducted and to own, lease and operate its properties;

(ii) the Company and each of the Material Subsidiaries is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the Company and its subsidiaries, taken as a whole;

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(iii) the Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued, and are fully paid and non-assessable;

(iv) all of the outstanding shares of capital stock of, or other ownership interests in, each of the Company's Material Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and, to the best of such counsel's knowledge after due inquiry, are owned directly or indirectly by the Company, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature;

(v) the Company has all necessary corporate power and authority to execute and deliver this Agreement, the Notes, the Indenture and each Collateral Document, as applicable, and to perform its obligations under this Agreement, the Indenture and each Collateral Document, and to authorize, issue, sell and deliver the Notes as contemplated by this Agreement;

(vi) the Indenture has been duly qualified under the Indenture Act and has been duly authorized, executed and delivered by the Company;

(vii) the Registration Statement has become effective under the Act, no stop order suspending its effectiveness has been issued and no proceedings for that purpose are, to the knowledge of such counsel, pending before or contemplated by the Commission;

(viii) (1) the Notes, the Indenture and each Collateral Document conform in all material respects to the statements relating thereto in the Prospectus; and (2) the statements in the Prospectus under the captions "Description of Collateral," "The Intercreditor Agreement," "The New Credit Agreement," "Description of Senior Secured Notes," "Certain Material Agreements," and "Underwriting," insofar as such statements constitute a summary of legal matters, documents or proceedings referred to therein, are accurate summaries and fairly and correctly present the information called for with respect to such legal matters, documents or proceedings;

(ix) the statements under the captions "Certain Tax Considerations" in the Prospectus and Item 15 of Part II of the Registration Statement, insofar as such statements constitute a summary of legal matters, documents or proceedings referred to therein, are accurate summaries and fairly and correctly present the information called for with respect to such legal matters, documents or proceedings;

(x) neither the Company nor, to the best of such counsel's knowledge, after due inquiry, any of the Material Subsidiaries is in violation of its respective charter or by-laws and, to the best of such counsel's knowledge after due inquiry, neither the Company nor any of its subsidiaries is in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of

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indebtedness or in any other agreement, indenture or instrument material to the conduct of the business of the Company and its subsidiaries, taken as a whole, to which the Company or any of its subsidiaries is a party or by which it or any of its subsidiaries or their respective property is bound;

(xi) the execution, delivery and performance of this Agreement, the Indenture, the Collateral Documents and the Notes and compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under the securities or Blue Sky laws of the various states) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or any of its subsidiaries or any material agreement of the Company (as identified by the Company to such counsel), indenture or other instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or their respective properties is bound (except that future compliance with the Indenture and the Notes may under certain circumstances violate the New Credit Agreement), or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company or any of its subsidiaries or their respective properties;

(xii) after due inquiry, such counsel does not know of any legal or governmental proceeding pending or threatened to which the Company or any of its subsidiaries is a party or to which any of their respective property is subject which is required to be described in the Registration Statement or the Prospectus and is not so described, or of any contract or other document which is required to be described in the Registration Statement or the Prospectus or is required to be filed as an exhibit to the Registration Statement which is not described or filed as required;

(xiii) to the best of such counsel's knowledge, after due inquiry, neither the Company nor any of its subsidiaries has violated any Environmental Laws, nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and its subsidiaries, taken as a whole;

(xiv) to the best of such counsel's knowledge, after due inquiry, the Company and each of its subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits"), including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business in the manner described in the Prospectus; to the best of such counsel's knowledge, after due inquiry, the Company and

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each of its subsidiaries has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit, subject in each case to such qualification as may be set forth in the Prospectus; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or any of its subsidiaries;

(xv) the Company or any of its subsidiaries is not, or, after giving effect to the issuance and sale of the Notes, will not be an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended;

(xvi) except as disclosed in the Company's registration statement on Form S-4 (File No. 33-64911) as filed with the Commission relating to the Company's merger with NexGen, Inc., to the best of such counsel's knowledge, after due inquiry, no holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company;

(xvii) (1) the Registration Statement and the Prospectus and any supplement or amendment thereto (except for financial statements and other financial data included therein or the part of the Registration Statement that constitutes the Form T-1 as to which no opinion need be expressed) comply as to form in all material respects with the Act, and (2) such counsel believes that (except for financial statements, as aforesaid and except for that part of the Registration Statement that constitutes the Form T-1) the Registration Statement and the prospectus included therein at the time the Registration Statement became effective did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus, as amended or supplemented, if applicable (except for financial statements, as aforesaid) does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xviii) each document filed pursuant to the Exchange Act and incorporated by reference in the Prospectus complied when so filed as to form in all material respects with the Exchange Act and the rules and regulations promulgated thereunder;

(xix) to the best of such counsel's knowledge, after due inquiry, except as otherwise set forth in the Registration Statement or such as are not material to the business, prospects, financial condition or results of operation of the Company and its subsidiaries, taken as a whole, the Collateral is free and clear of all liens, claims, encumbrances and restrictions except liens for taxes not yet due and payable;

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(xx) to the best of such counsel's knowledge, after due inquiry, all leases to which the Company or any of its subsidiaries is a party are valid and binding and no default has occurred or is continuing thereunder, which might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and its subsidiaries

taken as a whole, and the Company and its subsidiaries enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Company or such subsidiary;

(xxi) to the best of such counsel's knowledge, no action has been taken and no statute, rule or regulation or order has been enacted, adopted or issued by any governmental agency or body that prevents the issuance of the Notes, suspends the effectiveness of the Registration Statement, presents or suspends the use of any preliminary prospectus or suspends the sale of the Notes in any jurisdiction referred to in Section 5(f) hereof; to the best of such counsel's knowledge, no injunction, restraining order or order of any nature by a federal or state court of competent jurisdiction has been issued with respect to the Company which would prevent or suspend the issuance or sale of the Notes, the effectiveness of the Registration Statement, or the use of any preliminary prospectus in any jurisdiction referred to in Section 5(f) hereof; to the best of such counsel's knowledge, no action, suit or proceeding is pending against or threatened against or affecting the Company before any court or arbitrator or any governmental body, agency or official, domestic or foreign, which, if adversely determined, would materially interfere with or adversely affect the issuance of the Notes or in any manner draw into question the validity of this Agreement, the Indenture, the Notes, or any of the Collateral Documents; and every request of the Commission or, to the best of such counsel's knowledge, any securities authority or agency of any jurisdiction for additional information (to be included in the Registration Statement or the Prospectus or otherwise) has been complied with or waived by the Commission or such securities authority or agency, as applicable;

(xxii) the financing statement naming the Company as debtor and the Collateral Agent as secured party, together with all schedules and exhibits thereto (the "Financing Statement") to be filed with the California Secretary of State (the "Filing Office") is in appropriate form for filing in the Filing Office. Upon the proper filing of the Financing Statement in the Filing Office, the security interest in favor of the Collateral Agent in the Collateral under and as defined in the Security Agreement will be perfected to the extent a security interest in such Collateral can be perfected by filing a financing statement under the provisions of Division 9 of the California Commercial Code;

(xxiii) the Notes have been duly authorized;

(xxiv) this Agreement has been duly authorized, executed and delivered by the Company; and

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(xxv) each Collateral Document to which the Company or any of its subsidiaries is a party has been duly authorized by the Company or its subsidiaries, as applicable and, on the Closing Date, subject to the terms and conditions of this Agreement, will have been duly executed and delivered by the Company or its subsidiaries, as applicable, and will conform in all material respects to the descriptions thereof in the Prospectus.

In giving such opinion with respect to the matters covered by clause (xvii) such counsel may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification except as specified.

The opinion of Bronson, Bronson & McKinnon LLP described in paragraph (i) above shall be rendered to you at the request of the Company and shall so state therein.

(j) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of Fulbright & Jaworski LLP, Texas counsel to the Company, generally to the effect that:

(i) The Company is qualified to do business in the State of Texas.

(ii) The execution and delivery by the Company of each of the Collateral Documents, and the performance by the Company thereunder, will not violate any provision of any existing Texas law or regulation applicable to the Company, or conflict with or result in a breach of any order, writ, injunction, ordinance, resolution or decree of any Governmental Authority which is binding on the Company or its properties.

(iii) The Deed of Trust constitutes the valid and legally binding obligation of the Company and is enforceable in accordance with its terms, except as enforcement may be affected by applicable bankruptcy, insolvency, creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(iv) The Deed of Trust creates a valid lien as security for the Obligations in favor of the Collateral Agent in the Mortgaged Property (as defined therein, the "Mortgaged Property") to the extent the Texas UCC is applicable thereto.

(v) The Deed of Trust is in form satisfactory for recording and for filing as a fixture filing under the Texas UCC. The recording of the Deed of Trust in the office of Travis County, Texas is the only recording necessary to publish notice of and to establish record of the rights of the parties thereto and to perfect the lien and security interest granted by the Company pursuant to the Deed of Trust in the real property (including fixtures) covered thereby. Upon the execution and delivery of the Deed of Trust, such lien

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and security interest shall be created and upon the recording of the Deed of Trust as aforesaid, such lien and security interest shall be perfected as security for the Obligations. No documents or instruments other than those referred to in this paragraph (v) need be recorded, registered or filed in any public office in the State of Texas in order to publish notice of the Deed of Trust or to perfect such lien and security interest.

(vi) Except for nominal filing fees, no recording, filing, privilege or other tax must be paid in connection with the execution, delivery, recordation or enforcement of the Deed of Trust in the State of Texas.

(vii) Except for recordation of the Deed of Trust in the office of the county clerk of Travis County, Texas, no consent, approval or other authorization of, or filing or registration with, any court or governmental agency, commission or other authority of the State of Texas or any subdivision thereof is required for due execution and delivery of the Collateral Documents or for the performance or observance of the terms thereof, or for the validity and enforcement of the Collateral Documents or any Lien created thereunder, and no certificate or affidavit or other instrument is required to be delivered to the office of the county clerk of Travis County, Texas in order for such recorder to record the Deed of Trust.

(viii) It is not necessary for the Collateral Agent, the Trustee or the lenders under the New Credit Agreement, solely in connection with the transaction (as one isolated, stand-alone transaction, disregarding any other business activities of any of such Person in Texas) contemplated by the Collateral Documents to qualify to do business in the State of Texas in order to carry out the transactions contemplated thereby (including enforcement of the provisions thereof).

(ix) No further action in respect of the Mortgage Property under Paragraph (iv) hereof (the "Covered Collateral") is necessary to perfect the security interests of the Collateral Agent in the Covered Collateral, except that:

(a) where perfection of the Collateral Agent's security interest in any of the Covered Collateral, including fixtures, is obtained by the filing of a Financing Statement relating thereto in the State of Texas, changes in the name, identity or corporate structure of the Company (including, without limitation, changes through a merger or consolidation) may result in the lapse of perfection of the Collateral Agent's security interest in the Covered Collateral acquired more than four (4) months after such change, unless a new, appropriate Financing Statement is properly filed in the appropriate place within four (4) months after each such change;

(b) where perfection of the Collateral Agent's security interest in any of the Covered Collateral, including fixtures, is obtained by the filing of a Financing Statement relating thereto in the State of

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Texas, changes in the location of the Covered Collateral may result in the lapse of perfection of the Collateral Agent's security interest in the Covered Collateral so moved, unless a new, appropriate Financing Statement is properly filed in the appropriate place within four (4) months after each such change; and

(c) where perfection of the Collateral Agent's security interest in any of the Covered Collateral including fixtures, is obtained by the filing of a Financing Statement relating thereto in the State of Texas, perfection of the Collateral Agent's security interest therein will lapse as of the date five (5) years after the date of the filing of the Financing Statement relating thereto, unless appropriate continuation statements are properly filed within six (6) months prior to the expiration of each such five-year period. Succeeding continuation statements must be filed in the same manner to continue the effectiveness of the original Financing Statements for subsequent five-year periods.

(x) Based upon the facts and circumstances of the transactions contemplated by the Collateral Documents, a Texas state court (or a federal court applying Texas conflict of law rules) should give effect to the provisions of the Collateral Documents that state that such Collateral Documents are to be governed by and construed and interpreted in accordance with the laws of the State of New York, except for matters of procedure and as required by mandatory provisions of law of a jurisdiction other than the State of New York governing the creation, perfection, priority or enforcement of a remedies with respect to any of the Collateral and to the provision of the Deed of Trust that states that the provisions of the Deed of Trust that relate to the creation and priority of liens against, the conveyance of title to, or realization upon the Mortgaged Property shall be governed by the laws of the State of Texas.

(k) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of Dewey Ballantine, New York counsel to the Company with respect to matters of New York law, to the effect that:

(i) Each of (1) this Agreement, the Indenture, the Deed of Trust, the Security Agreement, the Payment, Reimbursement and Indemnity Agreement and the Intercreditor Agreement and (2) the Notes, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters, will to the extent governed by New York law constitute a legal, valid and binding obligation of the Company in each case enforceable against the Company in accordance with the respective terms thereof, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, (ii) general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law), (iii) the remedy of specific

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performance and other forms of equitable relief being subject to certain equitable defenses and to the discretion of the court before which any proceedings therefor may be brought, (iv) the effect of public policy and Federal and state securities laws on the enforceability of provisions relating to indemnification, contribution or exculpation, and (v) applicable laws which may affect the validity or enforceability of certain of the rights, remedies and waivers provided for in the Indenture, the Deed of Trust and the Security Agreement, which laws do not in such counsel's opinion affect the validity of the Indenture, the Deed of Trust or the Security Agreement or make the remedies provided for therein, taken as a whole, inadequate for the practical realization of the benefits intended to be afforded thereby.

(ii) The Collateral Agent has the functional equivalent of a perfected lien under New York common law in the "Proceeds Account" established by the Security Agreement (it being understood that such opinion will be a "qualified opinion" and will recite the absence of controlling precedent in the State of New York).

(iii) The provisions of the Security Agreement are effective to create in favor of the Collateral Agent a security interest in that portion of the Collateral, under and as defined in the Security Agreement (the "Collateral") that is subject to Article 9 of the New York UCC, to secure the Obligations.

(iv) Compliance with the provisions of clauses (i) through (iv) of Section 2(f) of the Security Agreement is effective to cause the perfection of the security interest of the Collateral Agent in the respective types of Collateral described in such clauses to the extent the New York UCC or, in the case of Government Securities included in the Collateral, Title 31, Section 306.118 of the Code of Federal Regulations of the United States is applicable thereto.

(l) You shall have received on the Closing Date an opinion, dated the Closing Date, of Latham & Watkins, counsel for the Underwriters, to the effect that:

(i) the Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company enforceable in accordance with their terms except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (b) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;

(ii) this Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable in accordance with its terms (except as rights to indemnity and contribution hereunder may be limited by applicable law); and

(iii) as to the matters referred to in clauses (vi), (viii) (but only with respect to the statements under the caption "Description of Senior Secured Notes" and "Underwriting") and (xvii) of paragraph (i) above. In giving such opinion with respect to the matters covered by clause (xvii) such counsel may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification except as specified.

(m) You shall have received a letter on and as of the Closing Date, in form and substance satisfactory to you, from Ernst & Young LLP, independent public accountants, with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus and substantially in the form and substance of the letter delivered to you by Ernst & Young LLP on the date of this Agreement.

(n) The Company shall not have failed at or prior to the Closing Date to perform or comply with any of the agreements herein contained and required to be performed or complied with by the Company at or prior to the Closing Date.

(o) The Company shall have furnished to the Underwriters and counsel for the Underwriters such additional documents, certificates and evidence as the Underwriters or they may have reasonably requested.

All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriters and counsel for the Underwriters.

9. Underwriters' Information. The Company acknowledges that the

statements with respect to the offering of the Notes set forth in the last paragraph of text on the cover page of such Prospectus Supplement, concerning the terms of offering by the Underwriters, the paragraph on page S-2 of such Prospectus Supplement, concerning the stabilization by the Underwriters, and the third paragraph of text and the third sentence of the fourth paragraph of text under the caption "Underwriting" in such Prospectus Supplement, also concerning the terms of offering by the Underwriters constitute the only information furnished in writing by the Underwriters expressly for use in the Prospectus Supplement.

10. Effective Date of Agreement and Termination. This Agreement shall

become effective upon the execution of this Agreement.

This Agreement may be terminated at any time prior to the Closing Date by you by written notice to the Company if any of the following has occurred: (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or development involving a prospective material

adverse change in the condition, financial or otherwise, of the Company and its subsidiaries or the earnings, affairs, or business prospects of the Company or any of its subsidiaries taken as a whole, whether or not arising in the ordinary course of business, which would, in your judgment, make it impracticable to market the Notes on the terms and in the manner contemplated in the Prospectus, (ii) any outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic conditions or in the financial markets of the United States or elsewhere that, in your judgment, is material and adverse and would, in your judgment, make it impracticable to market the Notes on the terms and in the manner contemplated in the Prospectus, (iii) the suspension or material limitation of trading in securities on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market System or limitation on prices for securities on any such exchange or National Market System, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your opinion materially and adversely affects, or will materially and adversely affect, the business or operations of the Company and its subsidiaries, taken as a whole, (v) the declaration of a banking moratorium by either federal or New York State authorities, or (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in your opinion has a material adverse effect on the financial markets in the United States.

If on the Closing Date any one or more of the Underwriters shall fail or refuse to purchase the Notes which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of Notes which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase is not more than one-tenth of the total principal amount of Notes to be purchased on such date by all Underwriters, each non-defaulting Underwriter shall be obligated severally, in the proportion which the principal amount of Notes set forth opposite its name in Schedule I bears to the total

principal amount of Notes which all the non-defaulting Underwriters, as the case may be, have agreed to purchase, or in such other proportion as you may specify, to purchase the Notes which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase on such date; provided

that in no event shall the principal amount of Notes which any Underwriter has agreed to purchase pursuant to Section 2 hereof be increased pursuant to this Section 10 by an amount in excess of one-ninth of such principal amount of Notes without the written consent of such Underwriter. If on the Closing Date any Underwriter or Underwriters shall fail or refuse to purchase Notes and the aggregate principal amount of Notes with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Notes to be purchased on such date by all Underwriters and arrangements satisfactory to you and the Company for purchase of such Notes are not made within 48 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter and the Company. In any such case which does not result in termination of this Agreement, either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and the Prospectus or any other documents or arrangements may be effected. Any action taken under this paragraph shall not

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relieve any defaulting Underwriter from liability in respect of any default of any such Underwriter under this Agreement.

11. Miscellaneous. Notices given pursuant to any provision of this

Agreement shall be addressed as follows: (a) if to the Company, to Advanced Micro Devices, Inc., One AMD Place, Sunnyvale, California 94088, Attention: General Counsel (b) if to the Underwriters collectively, to you c/o Donaldson, Lufkin & Jenrette Securities Corporation, 140 Broadway, New York, New York 10005, Attention: Syndicate Department and (c) if to the Underwriters individually, to Donaldson, Lufkin & Jenrette Securities Corporation to the address set forth in clause (b) above and to BA Securities, Inc., 231 S. LaSalle Street, 17th Floor, Chicago, Illinois 60697, Attention: Syndicate Department or in any case to such other address as the person to be notified may have requested in writing.

The respective indemnities, contribution agreements, representations, warranties and other statements of the Company, its officers and directors and of the several Underwriters set forth in or made pursuant to this Agreement shall remain operative and in full force and effect, and will survive delivery of and payment for the Notes, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter or by or on behalf of the Company, the officers or directors of the Company or any controlling person of the Company, (ii) acceptance of the Notes and payment for them hereunder, and (iii) termination of this Agreement.

If this Agreement shall be terminated by you because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, the Company agrees to reimburse the several Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel) reasonably incurred by them.

Except as otherwise provided, this Agreement has been and is made solely for the benefit of and shall be binding upon the Company, you, any controlling persons referred to herein and their respective successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include a purchaser of any of the Notes from either of you merely because of such purchase.

This Agreement shall be governed and construed in accordance with the laws of the State of New York.

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

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Please confirm that the foregoing correctly sets forth the agreement between the Company and the several Underwriters.

Very truly yours,

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

Name: Marvin D. Burkett
Title: Senior Vice President, Chief
Financial and Administrative

Officer and Treasurer

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
BA SECURITIES, INC.

By: DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

By: /s/ Kirk B. Wortman

Name: Kirk B. Wortman
Title: Vice President

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SCHEDULE I

<TABLE> <CAPTION> Underwriters -----	Principal Amount of Notes to be Purchased -----
<S> Donaldson, Lufkin & Jenrette Securities Corporation	<C> \$360,000,000
BA Securities, Inc.	40,000,000 -----
Total	\$400,000,000

</TABLE>

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SCHEDULE II

COLLATERAL DOCUMENTS

1. Deed of Trust
2. Security Agreements
3. Financing Statement (including after issuance filings)
4. Intercreditor Agreement
5. Reciprocal Easement Agreement
6. Payment, Reimbursement and Indemnity Agreement

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SCHEDULE III

LIST OF FOREIGN SUBSIDIARIES

Advanced Micro Devices Belgium, S.A.N.V.

AMD South America Ltds.

Advanced Micro Devices (Canada) Limited

Advanced Micro Devices (Suzhou) Limited/1/
-

Advanced Micro Devices S.A.

Advanced Micro Devices GmbH

AMD Saxony Manufacturing GmbH

AMD Foreign Sales Corporation

Advanced Micro Devices S.p.A.

AMD Japan Ltd.

Advanced Micro Devices Sdn. Bhd.

Advanced Micro Devices Export Sdn. Bhd./2/
-

Advanced Micro Devices Product Sdn. Bhd./2/
-

Advanced Micro Devices Technology Sdn. Bhd./2/
-

AMD (Netherlands) B.V./3/
-

Advanced Micro Devices (Singapore) Pte. Ltd.

AMD Holdings (Singapore) Pte. Ltd./4/
-

Advanced Micro Devices AB

Advanced Micro Devices S.A./5/

AMD (Thailand) Limited/4/

Advanced Micro Devices (U.K.) Limited
NexGen International ltd.

LIST OF DOMESTIC SUBSIDIARIES

Advanced Micro Ltd.
AMD Corporation
AMD Far East Ltd.
AMD International Sales and Service, Ltd.
AMD Merger Corporation
AMD Texas Properties, LLC
NSI

-
1. Subsidiary of AMD Holdings (Singapore) Pte. Ltd.
 2. Subsidiary of Advanced Micro Devices Sdn. Bhd.
 3. Subsidiary of Advanced Micro Devices Export Sdn. Bhd.
 4. Subsidiary of Advanced Micro Devices (Singapore) Pte. Ltd.
 5. Subsidiary of AMD International Sales and Service, Ltd.

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SCHEDULE IV

MATERIAL SUBSIDIARIES

Advanced Micro Devices (U.K.) Limited
Advanced Micro Devices GmbH
Advanced Micro Devices Sdn. Bhd.
Advanced Micro Devices Export Sdn. Bhd.
AMD Japan Ltd.
Advanced Micro Devices (Singapore) Pte. Ltd.
AMD (Thailand) Limited
AMD Foreign Sales Corporation
AMD International Sales & Service, Ltd.
AMD Texas Properties, LLC
AMD Saxony Manufacturing GmbH
Fujitsu AMD Semiconductor Limited (49.95% owned by the Company)

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(Face of Note)

11% Senior Secured Note due 2003

No. R-__

Cusip No. 007903 AB3
\$____,000,000

ADVANCED MICRO DEVICES, INC.

promises to pay to CEDE & CO
or registered assigns,
the principal sum of ____ Hundred Million
Dollars (\$____,000,000) on August 1, 2003.

Interest Payment Dates: February 1 and August 1

Record Dates: January 15 and July 15

Dated: August 13, 1996

ADVANCED MICRO DEVICES, INC.

[SEAL]

By: _____
Name: Marvin Burkett
Title: Senior Vice President, Chief
Financial and Administrative
Officer and Treasurer

By: _____
Name: Thomas M. McCoy
Title: Vice President, General Counsel
and Secretary

This is one of the Notes
referred to in the within-
mentioned Indenture:

UNITED STATES TRUST COMPANY OF NEW YORK,
as Trustee

By: _____
Authorized Signatory

(Back of Note)

11% SENIOR SECURED NOTE
DUE 2003

Unless and until it is exchanged in whole or in part for Notes in definitive form, this Note may not be transferred except as a whole by the Depository to a nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC (and any payment is made to Cede & Co. or such other entity as may be requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Capitalized terms used herein have the meanings assigned to them in the Indenture (as defined below) unless otherwise indicated.

1. INTEREST. Advanced Micro Devices, Inc., a Delaware corporation (or any successor thereto as provided in the Indenture, the "Company"), promises to pay interest at the rate of 11% per annum of the principal amount of this Note (the "Interest") from the Issue Date to the date of payment of such principal amount of this Note. Installments of Interest shall become due and payable semi-annually in arrears on February 1 and August 1 to the holder of record at the close of business on the immediately preceding January 15 or July 15

(whether or not a Business Day). Additionally, installments of accrued and unpaid Interest shall become due and payable with respect to any principal amount of this Note that matures (whether at stated maturity, upon acceleration, upon maturity of repurchase obligation or otherwise) upon such maturity of such principal amount of this Note. Interest on this Note shall be computed on the basis of a 360-day year, consisting of twelve 30-day months. Each installment of Interest shall be calculated to accrue from and including the most recent date to which Interest has been paid or provided for (or from and including the Issue Date if no installment of Interest has been paid) to, but not including, the date of payment.

2. METHOD OF PAYMENT. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the January 15 or July 15 immediately preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date (the "Record Date"), except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Holder hereof must surrender this Note to a Paying Agent to collect principal payments. The Notes shall be payable both as to principal and interest at the office or agency of the Company maintained for such purpose within the City and State of New York or, at the option of the Company, payment of interest may be made by check mailed to the Holders of Notes at their respective addresses set forth in the register of Holders of Notes; provided, however, that all payments with respect to the Global Note and definitive Notes the

Holders of which have given wire transfer instructions to the Company at least 10 Business Days prior to the applicable payment date shall be made by wire transfer of immediately available funds to the accounts specified by the Holders thereof. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. PAYING AGENT AND REGISTRAR. Initially, United States Trust Company of New York, (including any successor appointed under the Indenture, the "Trustee") the Trustee under the Indenture, shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. INDENTURE AND COLLATERAL DOCUMENTS. The Company issued the Notes under an Indenture dated as of August 1, 1996 (as it may be amended from time to time, the "Indenture") by and between the Company and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code (S) (S) 77aaa-77bbb) (the "TIA"), as in effect on the Issue Date. The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. The Notes are obligations of the Company. The terms of the Indenture shall govern any inconsistencies between the Indenture and the Notes. The Notes are secured by certain collateral pursuant to the Collateral Documents referred to in the Indenture and that may be released pursuant to the terms thereof.

5. OPTIONAL REDEMPTION. As set forth in Section 3.07 of the Indenture, the Notes are not redeemable at the Company's option prior to August 1, 2001 (the "First Optional Redemption Date"). From and after the First Optional Redemption Date, the Notes shall be subject to redemption at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on August 1 of the years indicated below:

Year	Percentage
----	-----
2001.....	105.500%
2002.....	102.275%

Any redemption pursuant to Section 3.07 of the Indenture shall be made pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

6. MANDATORY REDEMPTION. Except as set forth in paragraph 7 below, the Company shall not be required to make mandatory redemptions or sinking fund payments prior to maturity with respect to the Notes.

7. REPURCHASE AT OPTION OF HOLDER. Under certain circumstances, as provided in the Indenture, the Company may be required to purchase all or a portion of the Notes. Holders of Notes that are subject to an offer to purchase shall receive an offer to purchase

from the Company prior to any related purchase date, and may elect to have such Notes purchased by completing the form entitled "Option of Holders to Elect Purchase" appearing below.

8. NOTICE OF REDEMPTION. Notice of redemption shall be mailed at least

30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than \$1,000 may be redeemed in part but only in whole multiples of \$1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest ceases to accrue on Notes or portions thereof called for redemption.

9. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. PERSONS DEEMED OWNERS. Prior to due presentment to the Trustee for registration of the transfer of this Note, the Trustee, any Agent or the Company may deem and treat the Person in whose name this Note is registered as its absolute owner for the purpose of receiving payment of principal of and interest on this Note and for all other purposes whatsoever, whether or not this Note is overdue, and neither the Trustee, any Agent, nor the Company shall be affected by notice to the contrary. The registered holder of a Note shall be treated as its owner for all purposes.

11. AMENDMENT, SUPPLEMENT AND WAIVER. Subject to certain exceptions, the Indenture, the Notes or the Collateral Documents may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of all of the Notes then outstanding (including any consents obtained in connection with a tender offer or exchange offer for the Notes), and any existing default or compliance with any provision of the Indenture, the Notes or the Collateral Documents may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Company and the Trustee together may amend or supplement the Indenture, the Notes or the Collateral Documents to cure any ambiguity, defect or inconsistency, to comply with Section 5.01 of the Indenture, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's obligations to Holders of the Notes in case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, or to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA or to enter into additional or supplemental Collateral Documents.

12. DEFAULTS AND REMEDIES. Events of Default include: default in the payment of interest on the Notes when the same becomes due and payable and such default continues for a period of 30 days; default in the payment of principal of or premium, if any, on the Notes when the same becomes due and payable at maturity, upon redemption (including in connection with an offer to purchase) or otherwise; failure to observe or perform any covenant, condition or agreement on the part of the Company to be observed or performed pursuant to Sections 4.07, 4.09, 4.10 and 4.16 of the Indenture; failure to comply with any of their other respective agreements or covenants in, or provisions of, the Notes or the Indenture and the Default continues for 60 days after notice from the Trustee or the Holders of at least 25% in principal amount of the Notes then outstanding; default or event of default under the New Credit Agreement or any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$10.0 million or more; a final judgment or final judgments for the payment of money entered by a court or courts of competent jurisdiction against the Company or any of its Restricted Subsidiaries and such judgments are not paid, discharged or stayed for a period of 30 days, provided that the aggregate of all such undischarged judgments exceeds \$50.0 million; material breach by the Company of any representation or warranty set forth in the Collateral Documents, or material default by the Company in the performance of any covenant set forth in the Collateral Documents, or repudiation by the Company of its obligations under the Collateral Documents or the unenforceability of the Collateral Documents against the Company for any reason; and certain events of bankruptcy or insolvency with respect to the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or any group of Subsidiaries (not including the

Dresden, Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or group of Subsidiaries (not including the Dresden, Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. Solely for purposes of calculating "Directing Creditors" pursuant to the terms of the Intercreditor Agreement, the Holders of a majority in aggregate principal amount of the then outstanding Notes may delegate instructional authority under the Intercreditor Agreement to any committee of such Holders, in which event such Holders shall be deemed to represent 100% of the Credit Class (as defined in the Intercreditor Agreement) representing the Notes. The

Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

If an Event of Default occurs on or after August 1, 2001 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 of the Indenture, then, upon acceleration of the Notes, an equivalent premium shall also become and be immediately due and payable, to the extent permitted by law, anything herein or in the Indenture to the contrary notwithstanding. If an Event of Default occurs prior to August 1, 2001 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Notes prior to such date, then, upon acceleration of the Notes, an additional premium shall also become and be immediately due and payable in an amount, for each of the years beginning on August 1, of the years set forth below, as set forth below (expressed as a percentage of principal amount):

Year ----	Percentage -----
1996.....	11.000%
1997.....	9.900%
1998.....	8.800%
1999.....	7.700%
2000.....	6.600%

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

13. TRUSTEE DEALINGS WITH COMPANY. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

14. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator or stockholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes, the Indenture, the Collateral Documents, as applicable, or for any claim based on, in respect of, or by reason of such obligations or their creation. Each holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

15. AUTHENTICATION. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

16. ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. ADDITIONAL RIGHTS OF HOLDERS. In addition to the rights provided to Holders of Notes under the Indenture, Holders shall have all the rights set forth in the Collateral Documents.

18. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

19. ADDITIONAL INFORMATION. Any Holder of the Notes or prospective investor may obtain a copy of the Indenture and the Collateral Documents without charge by writing to the Company at the following address:

Advanced Micro Devices
One AMD Place
Sunnyvale, California 94088
Attention: General Counsel

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.16 of the Indenture, check the box below:

Section 4.10 Section 4.16

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.16 of the Indenture, state the amount you elect to have purchased: \$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the Note)

Tax Identification No.: _____

Signature Guarantee.

SCHEDULE OF EXCHANGES OF CERTIFICATED SECURITIES

The following exchanges of a part of this Global Note for Certificated Securities have been made:

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Amount of decrease in	Amount of increase in	Principal Amount of this Global	Signature of
-----------------------	-----------------------	---------------------------------	--------------

Date of Exchange -----	Principal Amount of this Global Note -----	Principal Amount of this Global Note -----	Note following such decrease (or increase) -----	authorized officer of Trustee or Note Custodian -----
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ADVANCED MICRO DEVICES, INC.

ISSUER

11% Senior Secured Notes due 2003

INDENTURE

Dated as of August 1, 1996

United States Trust Company of New York

TRUSTEE

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N.A. means not applicable.

*This Cross-Reference Table is not part of the Indenture.

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INDENTURE, dated as of August 1, 1996, by and between Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), and United States Trust Company of New York, as trustee (the "Trustee").

The Company and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the Company's 11% Senior Secured Notes due 2003 (the "Notes"):

ARTICLE 1
DEFINITIONS AND INCORPORATION
BY REFERENCE

Section 1.01. Definitions.

"Acquired Debt" means, with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the voting securities of a Person shall be deemed to be control.

"Agent" means any Registrar, Paying Agent or co-Registrar.

"Asset Sale" means (i) the sale, lease, conveyance or other disposition of any assets (including, without limitation, by way of a sale and leaseback) other than sales of inventory in the ordinary course of business consistent with past practices (provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of Section 4.16 and/or Section 5.01 hereof and not by the provisions of Section 4.10 hereof), and (ii) the issue or sale by the Company or any of its Restricted Subsidiaries of Equity Interests of any of the Company's Restricted Subsidiaries, in the case of either clause (i) or (ii), whether in a single transaction or a series of related transactions, (a) that have a fair market value in excess of \$5.0 million or (b) for net proceeds in excess of \$5.0 million. Notwithstanding the foregoing: (i) a transfer of assets by the Company to a Wholly Owned Restricted Subsidiary or by a Wholly Owned Restricted Subsidiary to the Company or to another Wholly Owned Restricted Subsidiary, (ii) an issuance of Equity Interests by a Wholly Owned Restricted Subsidiary to the Company or to another Wholly Owned Restricted Subsidiary, (iii) a Collateral Asset Sale, (iv) a Restricted Payment that is permitted by Section 4.07 hereof, (v) the sale or exchange of equipment with an aggregate value not to exceed \$50.0 million at any one time provided such equipment has been replaced by equipment of equal or greater value within 45 days of such sale or exchange, (vi) the transfer of assets by the Company or a Restricted Subsidiary to the Dresden, Germany Unrestricted Subsidiary provided such transfer is not a Restricted Payment under Section 4.07 hereof, (vii) the transfer of assets from the Company or a Restricted

Subsidiary to the FASL Unrestricted Subsidiary provided such transfer would be permitted pursuant to Section 4.07 hereof, (viii) any sale and leaseback transaction with respect to equipment so long as the equipment which is the subject of such transaction is acquired for the purpose of effecting such transaction and the sale and leaseback of such equipment occurs no later than 120 days following the original acquisition of such equipment and the lease is a Capital Lease Obligation and (ix) any transfer of the Equity Interests of the Dresden, Germany Unrestricted Subsidiary pursuant to the Lien described in clause (xvi) of the definition of "Permitted Liens" will not be deemed to be Asset Sales.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Banks" means the Bank of America National Trust and Savings Association, ABN AMRO Bank N.V. and Canadian Imperial Bank of Commerce, as lenders under the New Credit Agreement, and any other lenders from time to time under the New Credit Agreement.

"Board of Directors" means the Board of Directors of the Company or any authorized committee of the Board of Directors of the Company.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means (i) 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; (ii) 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 \$100.0 million and whose short-term securities are rated at least A-1 by S&P or at least P-1 by Moody's; (iii) 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; (iv) 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; (v) 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; (vi) investments in taxable or tax-exempt money market funds with assets greater than \$500.0 million 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 (vii) 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.

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"Certificated Notes" shall mean the Notes that are in the form of the Notes attached hereto as Exhibit A that do not include the information called for by footnotes 1 and 2 thereof.

"Change of Control" means the occurrence of any of the following: (i) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act); (ii) the adoption of a plan relating to the liquidation or dissolution of the Company, (iii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" becomes the "beneficial owner" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly, of more than 35% of the voting stock of the Company, or (iv) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"CIBC Guarantee" means the Third Amended and Restated Guaranty, dated as of August 21, 1995, by the Company in favor of CIBC, Inc. relating to the Land Lease, dated as of September 22, 1992, and the Building Lease, dated as of September 22, 1992, between CIBC, Inc., as lessor, and a Wholly Owned Restricted Subsidiary of the Company, as lessee, for the Company's headquarters, in each case as amended as of the Issue Date.

"Collateral" means the real and other property at Fab 25 described in the Deed of Trust and all other property and assets that from time to time secure the Notes pursuant to the applicable Collateral Documents, including any Replacement Collateral.

"Collateral Agent" means IBJ Schroder Bank & Trust Company until a successor replaces it in accordance with the applicable provisions of the Intercreditor Agreement and thereafter means the successor serving thereunder.

"Collateral Asset Sale" means any direct or indirect sale, conveyance, lease, transfer or other disposition, including, without limitation, by means of an amalgamation, merger, consolidation or similar transaction (each, a "Disposition"), or a series of related Dispositions by the Company or any of its Restricted Subsidiaries of the Collateral or any portion thereof, other than (a) the sale of machinery, equipment, furniture, apparatus, tools or implements or other similar property that may be defective or may have become worn out or obsolete or no longer used or useful in the operation of Fab 25, the aggregate fair market value of which does not exceed \$10.0 million in any year or (b) the sale or exchange of equipment in an alteration or improvement at Fab 25 with an aggregate value not to exceed \$25.0 million at any one time provided such equipment is replaced by equipment of equal or greater value within 45 days of such sale or exchange. A Collateral Asset Sale shall not include the requisition of title to or the seizure, condemnation, forfeiture or casualty of any Collateral.

"Collateral Documents" means, collectively, the Deed of Trust, the Security Agreement, the Intercreditor Agreement or any other agreements, instruments, financing statements or other documents that evidence, set forth or limit the Lien of the Collateral Agent in the Collateral.

"Company" means Advanced Micro Devices, Inc., a Delaware corporation, until a successor to Advanced Micro Devices, Inc. as the Company is appointed under this Indenture, and thereafter, means such successor.

"Company Book Value" means, as of the date of determination, (a) the Company's total assets less (b) the Company's Intangible Assets less (c) all of the Company's liabilities, in each

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case determined on a consolidated basis in accordance with GAAP; provided, however, in calculating Company Book Value the assets, Intangible Assets and liabilities of the Dresden, Germany Unrestricted Subsidiary shall be excluded.

"Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus (i) an amount equal to any extraordinary loss plus any net loss realized in connection with an Asset Sale (to the extent such losses were deducted in computing such Consolidated Net Income), plus (ii) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was included in computing such Consolidated Net Income, plus (iii) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income, plus (iv) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other noncash charges (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash charges in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges were deducted in computing such Consolidated Net Income, in each case, on a consolidated basis and determined in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that (i) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person or a Wholly Owned Restricted Subsidiary thereof, (ii) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule

or governmental regulation applicable to that Restricted Subsidiary or its stockholders, (iii) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded, (iv) the cumulative effect of a change in accounting principles shall be excluded and (v) the Net Income of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the Company or any of its Restricted Subsidiaries.

"Consolidated Net Worth" means, with respect to any Person as of any date, the sum of (i) the consolidated equity of the common stockholders of such Person and its consolidated Subsidiaries as of such date plus (ii) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Stock) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such preferred stock, less (x) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months

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after the acquisition of such business) subsequent to the Issue Date in the book value of any asset owned by such Person or a consolidated Subsidiary of such Person, (y) all investments as of such date in unconsolidated Subsidiaries and in Persons that are not Subsidiaries (except, in each case, Permitted Investments), and (z) all unamortized debt discount and expense and unamortized deferred charges as of such date, all of the foregoing determined in accordance with GAAP.

"Continuing Director" means, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors on the Issue Date or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 11.02 hereof or such other address as to which the Trustee may give notice to the Company.

"Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

"Deed of Trust" means the Deed of Trust, Assignment, Security Agreement and Financing Statement, dated as of August 1, 1996, from the Company to the Collateral Agent for the benefit of the Banks and the Trustee, for the further benefit of the holders of the Notes, as amended to the extent permitted by the terms thereof and of this Indenture.

"Default" means any event that is or with the passage of time or the giving of notice or both would be an Event of Default.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, until a successor shall have been appointed and become such pursuant to the applicable provision of this Indenture, and, thereafter, "Depositary" shall mean or include such successor.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the Holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature.

"Dresden, Germany Unrestricted Subsidiary" means, together, AMD Saxony Manufacturing GmbH and any Wholly Owned Subsidiary of the Company (other than directors' qualifying shares) and formed under the laws of a jurisdiction other than one of the United States of America which holds 100% of the equity in AMD Saxony Manufacturing GmbH.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Event of Loss" means (i) the loss or destruction of or damage to any Collateral, (ii) the condemnation, seizure, confiscation, requisition of the use or taking by exercise of the power of eminent domain or otherwise of any Collateral or (iii) any consensual settlement in lieu of any event listed in clause (ii), in each case whether in a single event or a series of related events, that results in Net Proceeds from all sources in excess of \$10.0 million.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Existing Indebtedness" means Indebtedness of the Company and its Restricted Subsidiaries (other than Indebtedness under the New Credit Agreement) in existence on the Issue Date, until such amounts are repaid.

"Fab 25 Complex" means the Company's recently constructed 950,000 square foot integrated circuit manufacturing facility, designated by the Company as Fab 25, located in Austin, Texas, including, among other things, its ancillary buildings for ultrapure water production, chemical supply, stock and gowning, and facility support.

"FASL Unrestricted Subsidiary" means Fujitsu AMD Semiconductor Limited, a joint venture between the Company and Fujitsu Limited.

"Fixed Charges" means, with respect to any Person for any period, the sum of (i) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations) and (ii) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period, and (iii) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, other than the Lien described under clause (xvi) of the definition of "Permitted Liens," whether or not such Guarantee or Lien is called upon, and (iv) the product of (a) all cash dividend payments (and non-cash dividend payments in the case of a Person that is a Restricted Subsidiary) on any series of preferred stock of such Person, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"Fixed Charge Coverage Ratio" means with respect to any Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the Company or any of its Restricted Subsidiaries incurs, assumes, Guarantees or redeems any Indebtedness (other than revolving credit borrowings) or issues preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee or redemption of Indebtedness, or such issuance or redemption of preferred stock, as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of making the computation referred to above, (i) acquisitions that have been made by the Company or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated without giving effect to clause (iii) of the proviso set forth in the definition of Consolidated Net Income, and (ii) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, and (iii) the Fixed Charges

attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the referent Person or any of its Restricted Subsidiaries following the Calculation Date.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"Government Securities" means securities that are (i) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by

and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Security or a specific payment of principal of or interest on any such Government Security held by such custodian for the account of the holder of such depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Security or the specific payment of principal of or interest on the Government Security evidenced by such depository receipt.

"Guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness. Notwithstanding the foregoing, a Guarantee shall not include any commitments or obligations of the Company or its Restricted Subsidiaries relating to the Dresden, Germany Unrestricted Subsidiary until such time as such commitments or obligations relate to Indebtedness of the Dresden, Germany Unrestricted Subsidiary.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under (i) interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and other agreements or arrangements designed to protect such Person or any Subsidiary of such Person against fluctuations in interest rates, and (ii) foreign exchange forward contracts, foreign currency options and other agreements or arrangements entered into by such Person in the ordinary course of business for the purpose of managing risks associated with receivables on the balance sheet of such Person or any Subsidiary of such Person denominated in foreign currencies.

"Holder" means a Person in whose name a Note is registered.

"Indebtedness" means, with respect to any Person, any indebtedness of such Person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or banker's acceptances or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property or representing any Hedging Obligations, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in

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accordance with GAAP, as well as all indebtedness of others secured by a Lien on any asset of such Person (whether or not such indebtedness is assumed by such Person) and, to the extent not otherwise included, the Guarantee by such Person of any Indebtedness of any other Person.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Initial Public Offering" means the first sale of securities of a Person to an underwriter for reoffering to the public.

"Intangible Assets" means (to the extent included in the Company's assets) (i) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business) subsequent to the Issue Date in the book value of any assets owned by the Company or a consolidated Subsidiary of the Company, (ii) all investments as of such date in unconsolidated Subsidiaries of the Company and in Persons which are not Subsidiaries of the Company (except, in each case, Permitted Investments) and (iii) all unamortized debt discounts and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, organization and developmental expenses and other intangible items, all of the foregoing as determined in accordance with GAAP.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as of August 1, 1996, by and among United States Trust Company of New York, as Trustee, Bank of America National Trust & Savings Association, as bank agent, and IBJ Schroder Bank & Trust Company, as Collateral Agent, as amended or modified from time to time.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity

Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; provided that (a) an acquisition of assets, Equity Interests or other securities by the Company for consideration consisting of common equity securities of the Company and (b) any loan or loans by the Company or its Subsidiaries to any employee in an aggregate amount less than \$1.0 million shall not be deemed to be an Investment. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of.

"Issue Date" means the date on which the Notes are originally issued.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or

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otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction); provided, however, that the express subordination by the Company or any Restricted Subsidiary of any direct or indirect loan to the Dresden, Germany Unrestricted Subsidiary permitted pursuant to Section 4.07 shall not be deemed a Lien.

"Moody's" means Moody's Investors Service, Inc.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (i) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (a) any Asset Sale or Collateral Asset Sale (including, without limitation, dispositions pursuant to sale and leaseback transactions) or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries and (ii) any extraordinary or nonrecurring gain (but not loss), together with any related provision for taxes on such extraordinary or nonrecurring gain (but not loss).

"Net Proceeds" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale or Collateral Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale or Collateral Asset Sale), net of the direct costs relating to such Asset Sale or Collateral Asset Sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), amounts required to be applied to the repayment of Indebtedness (other than the Notes) secured by a Lien on the asset or assets that were the subject of such Asset Sale or Collateral Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"New Credit Agreement" means that certain Credit Agreement, dated as of July 19, 1996, among the Banks and the Company providing for a \$150.0 million secured revolving line of credit and a \$250.0 million secured term loan, as amended or modified from time to time.

"Non-Recourse Debt" means Indebtedness (i) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable (as a guarantor or otherwise), or (c) constitutes the lender; and (ii) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness (other than the Notes being offered hereby) of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and (iii) as to which the lenders have been notified in writing that they will not

have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries (other than a Lien on Equity Interests of the Dresden, Germany Unrestricted Subsidiary permitted pursuant to clause (xvi) of the definition of "Permitted Liens"). Notwithstanding the foregoing, (a) a commitment or obligation of the Company or any Restricted Subsidiary to support the Dresden, Germany Unrestricted Subsidiary shall be Non-Recourse Debt unless such commitment or obligation constitutes a Guarantee; (b) any direct or indirect loan by the Company or any Restricted Subsidiary to the Dresden,

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Germany Unrestricted Subsidiary permitted pursuant to Section 4.07 shall be deemed Non-Recourse Debt of the Dresden, Germany Unrestricted Subsidiary; and (c) any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Dresden, Germany Unrestricted Subsidiary permitted pursuant to subclause (iv) (b) of Section 4.07 shall not, alone, cause any such Indebtedness of the Dresden, Germany Unrestricted Subsidiary to cease to be Non-Recourse Debt of the Dresden, Germany Unrestricted Subsidiary.

"Note Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering" means the offering of the Notes by the Company hereunder pursuant to the Prospectus, dated as of July 19, 1996, and the Prospectus Supplement, dated August 8, 1996.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice President of such Person.

"Officers' Certificate" means a certificate signed on behalf of the Company, by two Officers of the Company, one of whom must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company, that meets the requirements set forth in Section 11.05 hereof.

"Opinion of Counsel" means an opinion from legal counsel, that meets the requirements of Section 11.05 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"Permitted Investments" means (a) any Investment in the Company or in a Wholly Owned Restricted Subsidiary of the Company; (b) any Investment in Cash Equivalents; (c) any Investment by the Company or any Subsidiary of the Company in a Person, if as a result of such Investment (i) such Person becomes a Wholly Owned Restricted Subsidiary of the Company or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Wholly Owned Restricted Subsidiary of the Company; (d) any Restricted Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof and (e) any Restricted Strategic Investment, provided the aggregate amount of such Restricted Strategic Investment and all other outstanding Restricted Strategic Investments at such time does not exceed the sum of (i) \$50.0 million, plus (ii) the amount of any cash gain (after taking into effect disposition costs) on any Restricted Strategic Investments sold for cash or otherwise liquidated or repaid for cash, less (iii) the amount of any loss (after taking into effect disposition costs) on any Restricted Strategic Investments sold or otherwise liquidated or repaid.

"Permitted Liens" means (i) Liens on Collateral securing the Notes and amounts outstanding under the New Credit Agreement that are permitted by the terms of this Indenture to be incurred; (ii) Liens in favor of the Company; (iii) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Restricted Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such

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merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company; (iv) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company, provided that such Liens were in existence prior to the contemplation of such acquisition; (v) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business; (vi) Liens to secure Indebtedness permitted by clause (iv) of the second paragraph of Section 4.09 hereof covering only the assets acquired with such Indebtedness; (vii) Liens existing on the Issue Date; (viii) the renewal, extension or replacement of Liens securing Indebtedness extended, refinanced,

renewed, replaced, defeased or refunded with Permitted Refinancing Debt pursuant to clause (v) of the second paragraph of Section 4.09 hereof, (ix) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor; (x) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and 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; (xi) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary of the Company with respect to obligations that do not exceed \$5.0 million at any one time outstanding and that (a) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (b) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by the Company or such Restricted Subsidiary; (xii) Liens on assets of Unrestricted Subsidiaries that secure Non-Recourse Debt of Unrestricted Subsidiaries; (xiii) 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 (a) 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 Board of Governors of the Federal Reserve System, or any authority succeeding to any of its principal functions, and (b) such deposit account is not intended by the Company or any Restricted Subsidiary to provide collateral to the depository institution; (xiv) Liens on any assets, Equity Interests or other property of the Company or any Restricted Subsidiary (other than Collateral) securing Indebtedness of the Company or any Restricted Subsidiary permitted pursuant to clause (ii) of the second paragraph of Section 4.09 hereof, provided that (a) such Indebtedness ranks pari passu in right of payment with the Notes and (b) with respect to any such Lien securing Indebtedness pursuant to the New Credit Agreement, all payments due under this Indenture and the Notes are secured on an equal and ratable basis with the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien; (xv) Liens securing Permitted Refinancing Debt used to pay the Obligations of the Company under the CIBC Guarantee; and (xvi) any Lien on Equity Interests of the Dresden, Germany Unrestricted Subsidiary.

"Permitted Refinancing Debt" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness (including the CIBC Guarantee but excluding all other Guarantees) of the Company or any of its Restricted Subsidiaries; provided that: (i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of reasonable expenses incurred in connection therewith); (ii) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted

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Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (iv) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"PLD Subsidiary" means any Restricted Subsidiary formed after the Issue Date, to operate the business currently operated by the Company's Programmable Logic Division.

"Replacement Collateral" means, at any relevant date in connection with a Collateral Asset Sale or Event of Loss, assets used in the Company's business other than the Collateral, which on such date (a) constitute similar assets to Collateral disposed of or destroyed and do not constitute Capital Stock of any Person, (b) are acquired by the Company at a purchase price which does not exceed the fair market value of such Replacement Collateral (as determined in the case of each of (a) and (b), in good faith by the Board of Directors of the Company, on the basis of the written opinion of a qualified independent

appraiser or financial advisor prepared contemporaneously with such purchase) and made available to the Collateral Agent, (c) are free and clear of all Liens other than Permitted Liens, and (d) are subject to the Collateral Documents.

"Repurchase Offer" means an offer made by the Company to purchase all or any portion of a Holder's Notes pursuant to Section 4.10 or 4.16 hereof.

"Responsible Officer" means with respect to the Trustee, any officer within the corporate trust department of the Trustee located at the Corporate Trust Office (or any successor group of the Trustee) and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Strategic Investments" means one or more investments by the Company or a Restricted Subsidiary after the Issue Date in the same or a substantially related industry or line of business as that conducted by the Company or any Subsidiary, or as that conducted by any customer or supplier of the Company or any Subsidiary that would provide vertical integration with such industry or line of business, as of the Issue Date, provided such investment is identified as such in a resolution of the Board of Directors set forth in an Officer's Certificate delivered to the Trustee.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Corporation.

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"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Security Agreement" means that certain Security Agreement, dated as of August 1, 1996, between the Company and the Collateral Agent.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof. Notwithstanding the foregoing, the Dresden, Germany Unrestricted Subsidiary shall not be deemed a Significant Subsidiary for purposes of this Indenture.

"Subsidiary" means, with respect to any Person, (i) the FASL Unrestricted Subsidiary, (ii) any corporation, limited liability company, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (iii) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

"Tangible Assets" means any asset of the Company which is not an Intangible Asset.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. (S) (S) 77aaa-77bbb) as in effect on the date on which this Indenture is qualified under the TIA.

"Trustee" means the party named as such above unless and until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Unrestricted Subsidiary" means (i) the Dresden, Germany Unrestricted Subsidiary, (ii) the FASL Unrestricted Subsidiary, and (iii) any other Subsidiary that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors; but only to the extent that such Subsidiary: (a) has no Indebtedness other than Non-Recourse Debt; (b) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; (c) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (x) to subscribe for additional Equity Interests or (y) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; (d) has not guaranteed or otherwise directly or indirectly provided credit support for

any Indebtedness of the Company or any of its Restricted Subsidiaries; and (e) has at least one director on its board of directors that is not a director or executive officer of the Company or any of its Restricted Subsidiaries and has at least one executive officer that is not a director or executive officer of the Company or any of its Restricted Subsidiaries. Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolutions of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions and was permitted under Section 4.07 hereof.

If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09 hereof, the Company shall be in default of such Section 4.09). The board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary, provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (i) such Indebtedness is permitted under Section 4.09 hereof, (ii) no Default or Event of Default would be in existence following such designation and (iii) such Obligation would be allowed under Section 4.07 hereof.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Restricted Subsidiary" of any Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person and one or more Wholly Owned Restricted Subsidiaries of such Person.

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person and one or more Wholly Owned Subsidiaries of such Person.

Section 1.02. Other Definitions.

<TABLE>
<CAPTION>

Term ----- <S>	Defined in Section ----- <C>
"Affiliate Transaction".....	4.12
"Change of Control Payment".....	4.16
"Closing Date".....	2.01
"Contribution Margin".....	4.12
"Covenant Defeasance".....	8.03
"Collateral Agent".....	10.07
"DTC".....	2.03
"Event of Default".....	6.01
"Excess Proceeds".....	4.10
"First Optional Redemption Date".....	3.07
"Global Note".....	2.01
"Global Note Holder".....	2.01
"incur" and "incurrence".....	4.09
"Legal Defeasance".....	8.02

</TABLE>

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"Offer Amount".....	3.09
"Offer Period".....	3.09
"Paying Agent".....	2.03
"Payment Default".....	6.01
"Purchase Date".....	3.09

<C>

"Purchase Price".....	3.09
"Registrar".....	2.03
"Restricted Payments".....	4.07
"Surviving Corporation".....	5.01

</TABLE>

Section 1.03. Incorporation By Reference Of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee;

"obligor" on the Notes means the Company, and any successor obligor upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

Section 1.04. Rules Of Construction.

Unless the context otherwise requires:

- (i) a term has the meaning assigned to it;
- (ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (iii) "or" is not exclusive;
- (iv) words in the singular include the plural, and in the plural include the singular;
- (v) provisions apply to successive events and transactions; and

(vi) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

Section 2.01. Form and Dating.

(a) The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto which is part of this Indenture and shall be in a principal amount of no greater than \$400,000,000. The Notes may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject or usage. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of \$1,000 and integral multiples thereof.

(b) The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

(c) The Notes shall be issued in the form of one or more global notes, substantially in the form of Exhibit A hereto which is part of this Indenture (each a "Global Note"). The Global Notes shall be deposited on the date of the closing of the sale of the Notes offered pursuant to the Offering (the "Closing Date") with, or on behalf of, the Depositary (such nominee being referred to herein as the "Global Note Holder"). Except as set forth in Section 2.06, the Global Notes may be transferred, in whole and not in part, only to another nominee of the Depositary or to a successor of the Depositary or its nominee.

The Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the text referred to in footnotes 1 and 2 thereto). The Notes issued in certificated form shall be substantially in the form of Exhibit A attached hereto (but without including the text referred to in

footnotes 1 and 2 thereto). The Global Notes shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

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Section 2.02. Execution and Authentication.

(a) Two Officers of the Company shall sign each Note issued hereunder for the Company by manual or facsimile signature. The Company's seal shall be reproduced on each Note and may be in facsimile form.

(b) If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

(c) A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

(d) The Trustee shall, upon a written order of the Company signed by two Officers of the Company, authenticate Notes for original issue up to the aggregate principal amount of \$400,000,000. The aggregate principal amount of Notes outstanding at any time may not exceed such amount except as provided in Section 2.07 hereof.

(e) The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

Section 2.03. Registrar and Paying Agent.

(a) The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-Registrars and one or more additional Paying Agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional Paying Agent. The Company may change any Paying Agent, Registrar or co-Registrar without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar, except that for purposes of Articles 3 and 8 and Section 4.16 neither the Company nor any of its Subsidiaries shall act as Paying Agent.

(b) The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

(c) The Company initially appoints The Depository Trust Company ("DTC") to act as Depository with respect to the Global Notes.

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Section 2.04. Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and shall notify the Trustee of any Default by the Company in making any such payment. While any such Default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably

practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA (S) 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with TIA (S) 312(a).

Section 2.06. Transfer and Exchange.

(a) Transfer and Exchange of Certificated Notes. When Certificated Notes are presented by a Holder to the Registrar with a request:

- (x) to register the transfer of the Certificated Notes; or
- (y) to exchange such Certificated Notes for an equal principal amount of Certificated Notes of other authorized denominations,

the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met; provided, however, that the Certificated Notes presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing.

(b) Transfer of a Certificated Security for a Beneficial Interest in the Global Notes. A Certificated Security may not be exchanged for a beneficial interest in a Global Note except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Certificated Security, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with written instructions from the Holder thereof directing the Trustee to make, or to direct the Note Custodian to make, an endorsement on a

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Global Note to reflect an increase in the aggregate principal amount of the Notes represented by such Global Note, in which case the Trustee shall cancel such Certificated Security in accordance with Section 2.11 hereof and cause, or direct the Note Custodian to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Note Custodian, the aggregate principal amount of Notes represented by such Global Note to be increased accordingly. If no Global Note is then outstanding, the Company shall issue and, upon receipt of an authentication order in accordance with Section 2.02 hereof, the Trustee shall authenticate a new Global Note in the appropriate principal amount.

(c) Transfer and Exchange of Global Note. The transfer and exchange of a

Global Note or beneficial interests therein shall be effected through the Depositary, in accordance with this Indenture and the procedures of the Depositary therefor.

(d) Restrictions on Transfer and Exchange of Global Notes.

Notwithstanding any other provision of this Indenture (other than the provisions set forth in subsection (g) of this Section 2.06), a Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(e) Authentication of Certificated Notes. If at any time:

(i) the Depositary for the Notes notifies the Company that the Depositary is unwilling or unable to continue as Depositary for a Global Note and a successor Depositary for such Global Note is not appointed by the Company within 90 days after delivery of such notice;

(ii) the Company, at its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of Certificated Notes under this Indenture; or

(iii) if there shall have occurred and be continuing an Event of Default or any event which after notice or lapse of time or both would be an Event of Default with respect to the Notes.

then the Company shall execute, and the Trustee shall, upon receipt of an authentication order in accordance with Section 2.02 hereof, authenticate and deliver, Certificated Notes in an aggregate principal amount equal to the principal amount of such Global Note in exchange for such Global Note. Certificated Notes issued pursuant to this Section 2.06(e) shall be registered in such names and in such authorized denominations as the Depositary, pursuant

to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Certificated Notes to the Persons in whose names such Notes are so registered.

(f) Cancellation and/or Adjustment of Global Note. At such time as all beneficial interests in a Global Note have been exchanged for Certificated Notes, or when all outstanding Notes have been redeemed, repurchased or cancelled, such Global Note shall be returned to or retained and cancelled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Certificated

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Notes, or outstanding Notes are redeemed, repurchased or cancelled, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Notes, by the Trustee or the Note Custodian, at the direction of the Trustee, to reflect such reduction.

(g) General Provisions Relating to Transfers and Exchanges.

- (i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Certificated Notes and the Global Note at the Registrar's request.
- (ii) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.07, 4.10, 4.16 and 9.05 hereof).
- (iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.
- (iv) All Certificated Notes and Global Notes issued upon any registration of transfer or exchange of Certificated Notes or Global Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Certificated Notes or the Global Notes surrendered upon such registration of transfer or exchange.
- (v) The Company shall not be required:
 - (A) to issue, to register the transfer of or to exchange Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection; or
 - (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or
 - (C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.
- (vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes, and

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neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary.

- (vii) The Trustee shall authenticate Certificated Notes and the Global Notes in accordance with the provisions of Section 2.02 hereof.

Section 2.07. Replacement Notes.

(a) If any mutilated Note is surrendered to the Trustee, or the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon the written order of the Company signed by two Officers of the Company, shall authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee or the Company, as the case may be, to

protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company and the Trustee may charge for their expenses in replacing a Note.

(b) Every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08. Outstanding Notes.

(a) The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note.

(b) If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

(c) If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

(d) If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.09. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Affiliate of the Company, shall be considered as though not outstanding, except that for the purposes of

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determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Trustee knows are so owned shall be so disregarded.

Section 2.10. Temporary Notes.

(a) Until definitive Notes are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Notes upon a written order of the Company signed by two Officers of the Company. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

(b) Until such exchange, Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.11. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy cancelled Notes (subject to the record retention requirement of the Exchange Act), unless the Company directs cancelled Notes to be returned to it. The Company may not issue new Notes to replace Notes that it has redeemed or paid or that have been delivered to the Trustee for cancellation.

Section 2.12. Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, the Company shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders of Notes on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company shall notify the Trustee in writing of the amount of such defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13. Record Date.

The record date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture shall be determined as the Company determines or, if not so determined, as provided in TIA (S) 316(c).

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Section 2.14. CUSIP Number.

The Company in issuing the Notes may use a "CUSIP" number and, if it does so, the Trustee shall use the CUSIP number in notices of redemption or exchange as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Notes and that reliance may be placed only on the other identification numbers printed on the Notes. The Company will promptly notify the Trustee of any change in the CUSIP number.

ARTICLE 3
OFFERS TO PURCHASE OR REDEMPTION

Section 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it shall furnish to the Trustee, at least 30 days but not more than 60 days (or such shorter period as shall be acceptable to the Trustee) before a redemption date, an Officers' Certificate setting forth (i) the Section of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the Notes to be redeemed, (iv) the principal amount of Notes to be redeemed and (v) the redemption price.

Section 3.02. Selection of Notes to be Redeemed.

(a) If less than all of the Notes are to be redeemed at any time, selection of the Notes for redemption shall be made by the Trustee in compliance with the requirements of the New York Stock Exchange or the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not so listed, on a pro rata basis, by lot or by such other method as the Trustee shall deem fair and appropriate (and in such manner as complies with applicable legal requirements).

(b) The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of \$1,000 or whole multiples of \$1,000; except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not a multiple of \$1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.03. Notice of Redemption.

(a) At least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

(b) The notice shall identify the Notes to be redeemed and shall state:

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(i) the redemption date;

(ii) the redemption price;

(iii) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;

(vi) the name and address of the Paying Agent;

(v) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(vi) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(vii) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(viii) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

(c) At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense.

Section 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

Section 3.05. Deposit of Redemption Price.

(a) At least one Business Day prior to any redemption date, the Company shall deposit, or cause to be deposited, with the Trustee or with the Paying Agent money sufficient to pay the redemption price of, and accrued and unpaid interest, if any, on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued and unpaid interest, if any, on, all Notes to be redeemed.

(b) If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date.

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If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06. Notes Redeemed in Part.

Upon surrender of a Note that is redeemed in part, the Company shall issue and, upon the Company's written request, the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07. Optional Redemption.

(a) The Notes are not redeemable at the Company's option prior to August 1, 2001 (the "First Optional Redemption Date"). From and after the First Optional Redemption Date, the Notes will be subject to redemption at the option of the Company, in whole or in part, at the redemption prices plus accrued and unpaid interest, if any, thereon to the applicable redemption date as set forth in paragraph 5 of the Notes.

(b) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.08. Mandatory Redemption.

Except as set forth in Sections 4.10 and 4.16 hereof, the Company shall not be required to make mandatory redemptions or sinking fund payments prior to maturity with respect to the Notes.

Section 3.09. Repurchase Offers.

(a) In the event that, pursuant to Section 4.10 or 4.16 hereof, the Company shall be required to make a Repurchase Offer to all Holders, it shall follow the procedures specified below.

(b) The Repurchase Offer shall remain open for a period of 30 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than five Business Days after the termination of the Offer Period (the "Purchase Date"), the Company shall purchase at the purchase price as determined in accordance with Section 4.10 or 4.16 hereof, as the case may be (the "Purchase Price"), the principal amount of Notes required to be purchased pursuant to Section 4.10 or 4.16 hereof, as the case may be (the "Offer Amount"), or, if less than the Offer Amount has been tendered, all Notes tendered in response to

the Repurchase Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

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(c) If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Repurchase Offer.

(d) Upon the commencement of a Repurchase Offer, the Company shall send, by first class mail, a notice to each of the Holders, with a copy to the Trustee, and a notice to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Repurchase Offer. The Repurchase Offer shall be made to all Holders. The notice, which shall govern the terms of the Repurchase Offer, shall state:

(i) that the Repurchase Offer is being made pursuant to this Section 3.09 and Section 4.10 or 4.16 hereof, as the case may be, and the length of time the Repurchase Offer shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not properly tendered or accepted for payment shall remain outstanding and continue to accrue interest;

(iv) that, unless the Company defaults in making such payment, all Notes accepted for payment pursuant to the Repurchase Offer shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have any Notes purchased pursuant to a Repurchase Offer shall be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes completed, or transfer by book-entry transfer, to the Paying Agent or a depository, if appointed by the Company, specified in the notice, at the address specified in the notice prior to the close of business on the third Business Day preceding the Purchase Date;

(vi) that Holders shall be entitled to withdraw their tendered Notes and their election to require the Company to purchase the Notes, provided, that the Paying Agent or the depository, as the case may be, receives, not later than the close of business on the last day of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing his tendered Notes and his election to have such Notes purchased;

(vii) that if Notes in an aggregate principal amount in excess of the Offer Amount are tendered and not withdrawn pursuant to the Repurchase Offer, the Company shall purchase Notes having an aggregate principal amount equal to the Offer Amount on a pro rata basis (with such adjustment as may be deemed appropriate so that only Notes in denominations of \$1,000 or integral multiples thereof shall be purchased); and

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(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

(e) Prior to the commencement of any Repurchase Offer, the Company shall deliver to the Trustee an Officers' Certificate to the effect that the Repurchase Offer complies with the provisions of this Indenture.

(f) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to a Repurchase Offer.

(g) On the Purchase Date, the Company shall, to the extent permitted by law, (i) accept for payment the Offer Amount of Notes or portions thereof properly tendered pursuant to the Repurchase Offer, or if less than the Offer Amount has been tendered, all Notes tendered, (ii) deposit, or cause to be deposited, with the Paying Agent an amount equal to the aggregate Purchase Price in respect of all Notes or portions thereof so tendered and accepted and (iii) deliver, or cause to be delivered, to the Trustee (A) for cancellation the Notes so accepted together with an Officers' Certificate stating that such Notes or portions thereof have been tendered to and purchased by the Company and (B) an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Paying Agent shall promptly (but in any case not later than three days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the Purchase Price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company shall promptly issue a new Note, and

the Trustee, upon written request from the Company, shall promptly authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder equal in principal amount to any unpurchased portion of the Notes surrendered, if any, provided that each such new Note shall be in a principal amount of \$1,000 or an integral multiple thereof. Any Note not so accepted shall be promptly mailed or delivered by the Company or the Paying Agent to the Holder thereof. The Company shall publicly announce the results of the Repurchase Offer in The Wall Street Journal, or if no longer published, a national newspaper of general circulation, on or as soon as practicable after the Purchase Date.

(h) In the event the Company is required to make a Repurchase Offer pursuant to Section 4.10, and the amount of Excess Proceeds to be applied to such purchase would result in the purchase of a principal amount of Notes that is not evenly divisible by \$1,000, the Trustee shall promptly refund to the Company the amount of Excess Proceeds that are not applied pursuant to the terms of this Indenture, as the case may be, that is not necessary to purchase the immediately lesser principal amount of Notes that is so divisible.

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ARTICLE 4
COVENANTS

Section 4.01. Payment of Notes.

(a) The Company shall pay or cause to be paid the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

(b) The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 4.02. Maintenance of Office or Agency.

(a) The Company shall maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

(b) The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03.

Section 4.03. SEC Reports.

Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, the Company will furnish to the Holders of the Notes all quarterly and annual

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financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Company were required to file such Forms, including a "Management's Discussion and Analysis of Results of Operations and Financial Condition" and, with respect to the annual information only, a report thereon by the Company's certified independent accountants. In addition, whether or not required by the rules and regulations of the SEC, the Company will file a copy of all such information and reports with the SEC for public availability (unless the SEC will not accept such a filing) and make such information

available to securities analysts and prospective investors upon request.

Section 4.04. Compliance Certificate.

(a) The Company shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers of the Company with a view to determining whether the Company is in compliance with this Indenture and each Collateral Document and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge, the Company is in compliance with each and every covenant contained in this Indenture and each Collateral Document and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture or any Collateral Document (or, if a Default or Event of Default shall exist, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred that remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event exists, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants or to a written policy adopted by the Company's independent public accountants previously applied (a copy of which shall be delivered to the Trustee), the year-end financial statements delivered pursuant to Section 4.03 above shall be accompanied by a written statement of the Company's independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Company is in violation of any provisions of Article 4 or Article 5 hereof or, if any such violation exists, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, within five Business Days upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

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Section 4.05. Taxes.

The Company shall pay, and shall cause each of its Restricted Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06. Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07. Restricted Payments.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly: (i) declare or pay any dividend or make any other payment or distribution on account of the Company's Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company) or to the direct or indirect holders of the Company's Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or dividends or distributions payable to the Company or any Wholly Owned Restricted Subsidiary of the Company); (ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company or such Restricted Subsidiary (except for (a) up to an aggregate of \$2.0 million used to make fractional payments in the event of a merger or reverse stock split involving the Equity Interests of the Company or its Restricted Subsidiaries and (b) the cashless exercise of stock options or warrants issued by the Company); (iii) make any principal payment on, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Notes, except (a) at final maturity or (b) retirement of existing issues of debt

securities by application of the proceeds from the sale of the Notes, (iv) make any Restricted Investment (provided that (a) an Investment (other than any direct or indirect loan or Guarantee referred to in clause (b) or (c)) by the Company or a Restricted Subsidiary of up to \$350.0 million in the Dresden, Germany Unrestricted Subsidiary; (b) a direct or indirect loan by the Company or a Restricted Subsidiary to its Dresden, Germany Unrestricted Subsidiary (including a Guarantee and any payment of such Guarantee) in an amount not to exceed \$150.0 million and (c) any Guarantee arising from the Company's or any Restricted Subsidiary's commitments or obligations with respect to the Dresden, Germany Unrestricted Subsidiary or any guarantee of any obligation (other than Indebtedness) of the Dresden, Germany Unrestricted Subsidiary (but, in each case, not the payment thereof), shall not be deemed to be a Restricted Investment; provided that no more than \$225.0 million shall be invested or loaned by the Company pursuant to subclauses (a) and (b) above in any four consecutive quarters) or (v) designate any Restricted Subsidiary to be an Unrestricted Subsidiary (all such payments and

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other actions set forth in clauses (i) through (v) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(b) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof; and

(c) such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted pursuant to subclauses (i) and (ii) of the next succeeding paragraph), is less than the sum of (i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the Issue Date to the end of the Company's most recently ended fiscal quarter for which financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus (ii) 100% of the aggregate net cash proceeds received by the Company from the issue or sale since the Issue Date of Equity Interests of the Company or of debt securities of the Company that have been converted into such Equity Interests (other than Equity Interests (or convertible debt securities) sold to a Subsidiary of the Company and other than Disqualified Stock or debt securities that have been converted into Disqualified Stock), plus (iii) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (A) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (B) the initial amount of such Restricted Investment, plus (iv) 50% of any cash dividends received by the Company or a Wholly Owned Restricted Subsidiary after the date of this Indenture from an Unrestricted Subsidiary of the Company (excluding any cash dividends from the Dresden, Germany Unrestricted Subsidiary in an amount equal to the sum of (a) any Investment by the Company in the Dresden, Germany Unrestricted Subsidiary provided for in clause (iv)(a) of the first paragraph of this Section 4.07 and (b) any loan by the Company in the Dresden, Germany Unrestricted Subsidiary provided for in clause (iv)(b) of the first paragraph of this Section 4.07).

Provided that no Event of Default shall have occurred and be continuing, the foregoing provisions will not prohibit (i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture; (ii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company) of other Equity Interests of the Company (other than any Disqualified Stock) or the substantially concurrent conversion of such Equity Interests for other Equity Interests of the Company (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c)(ii) of

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the preceding paragraph; (iii) the making of any principal payment on, or the purchase, redemption, defeasance or other acquisition or retirement for value of any subordinated Indebtedness with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness or the substantially concurrent sale (other than to a Subsidiary of the Company) of Equity Interests of the Company (other than Disqualified Stock) or the substantially concurrent conversion of such Indebtedness into Equity Interests of the Company (other than Disqualified

Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c) (ii) of the preceding paragraph; (iv) an Investment by the Company of up to \$50.0 million in the Company's FASL Unrestricted Subsidiary and the making of a Guarantee (but not the payment of such Guarantee) by the Company of up to \$175.0 million of the FASL Unrestricted Subsidiary's Indebtedness; (v) any payments by the Company required pursuant to the terms of the CIBC Guarantee; and (vi) Restricted Payments in an aggregate amount not to exceed \$10.0 million.

The Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause a Default and if, immediately after giving effect to such designation on a pro forma basis, the Company would be in compliance with this Section 4.07. For purposes of making such determination, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid in cash) in the Subsidiary so designated will be deemed to be Restricted Payments at the time of such designation and will reduce the amount available for Restricted Payments under the first paragraph of this Section 4.07. All such outstanding Investments will be deemed to constitute Investments in an amount equal to the greatest of (x) the net book value of the Investments at the time of such designation, (y) the fair market value of such Investments at the time of such designation and (z) the original fair market value of such Investments at the time they were made. Such designation will only be permitted if such Restricted Payment would be permitted at such time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

The amount of all Restricted Payments (other than cash) shall be the fair market value (evidenced, in the case of Restricted Payments (other than cash) with a fair market value in excess of \$25.0 million, by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee) on the date of the Restricted Payment of the asset(s) proposed to be transferred by the Company or such Subsidiary, as the case may be, pursuant to the Restricted Payment. Not later than the date of making any Restricted Payment, the Company shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 4.07 were computed, which calculations may be based upon the Company's latest available financial statements.

Section 4.08. Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or consensual restriction on the ability of any Restricted Subsidiary to (i) (a) pay dividends or make any other distributions to the Company or any of its Restricted Subsidiaries (1) on its

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Capital Stock or (2) with respect to any other interest or participation in, or measured by, its profits, or (b) pay any indebtedness owed to the Company or any of its Restricted Subsidiaries, (ii) make loans or advances to the Company or any of its Restricted Subsidiaries or (iii) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries, except (in each case) for such encumbrances or restrictions existing under or by reason of (a) Existing Indebtedness as in effect on the Issue Date, (b) this Indenture, the Notes and the Collateral Documents, (c) the New Credit Agreement, (d) applicable law, (e) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any Restricted Subsidiary as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or than the property or assets of the Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred, (f) by reason of customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (g) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (iii) above on the property so acquired, or (h) Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are in the good faith judgment of the Board of Directors of the Company (as evidenced by a resolution thereof set forth in an Officers' Certificate delivered to the Trustee) no more restrictive with respect to such dividend and other payment restrictions than those contained in the agreements governing the Indebtedness being refinanced.

Section 4.09. Incurrence of Indebtedness and Issuance of Preferred Stock.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guaranty or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt) and the

Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that the Company or any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue shares of Disqualified Stock if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.5 to 1, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The foregoing provisions will not apply to:

(i) the incurrence by the Company of the Indebtedness represented by the Notes;

(ii) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness, provided such Indebtedness does not exceed, as of the date of determination, 50% of Company Book Value less (a) the principal amount outstanding under the Notes,

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less (b) the Obligations outstanding under the New Credit Agreement and less (c) the aggregate amount of outstanding Indebtedness of the Company or any Restricted Subsidiary previously incurred pursuant to this clause (ii); provided, however, under no circumstances shall the aggregate amount of Indebtedness (x) outstanding under the Notes, (y) incurred and outstanding under the New Credit Agreement and (z) pursuant to outstanding Capital Lease Obligations relating to property or equipment at the Fab 25 Complex exceed, (A) \$650.0 million on or before January 1, 1997 and (B) \$800.0 million thereafter, in each case, less any permanent reduction in the obligations and commitments of the Company under the New Credit Agreement as provided under Section 4.10 hereof;

(iii) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(iv) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations (other than Capital Lease Obligations relating to property or equipment at the Fab 25 Complex covered by subclause (ii) above), mortgage financings or purchase money obligations, in each case incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Restricted Subsidiary, in an aggregate principal amount not to exceed \$100.0 million at any time outstanding;

(v) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Debt in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, Indebtedness that was permitted by this Indenture to be incurred;

(vi) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Wholly Owned Restricted Subsidiaries; provided, however, that (i) if the Company is the obligor on such Indebtedness, such Indebtedness is expressly subordinate to the payment in full of all Obligations with respect to the Notes and (ii) (A) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Wholly Owned Restricted Subsidiary and (B) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Wholly Owned Restricted Subsidiary shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(vii) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or managing (a) foreign currency risk or (b) interest rate risk with respect to any floating rate Indebtedness that is permitted by the terms of this Indenture to be outstanding;

(viii) the incurrence by the Company's Unrestricted Subsidiaries of Non-Recourse Debt, provided, however, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Company;

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(ix) a Guarantee by the Company of up to \$175.0 million of the FASL Unrestricted Subsidiary's Indebtedness;

(x) a Guarantee by the Company pursuant to clause (iv) (b) of the first paragraph of Section 4.07 hereof; or

(xi) any Lien on Equity Interests of the Dresden, Germany Unrestricted Subsidiary permitted pursuant to clause (xvi) of the definition of "Permitted Liens."

Section 4.10. Asset Sales, Collateral Asset Sales and Events of Loss.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Sale unless (i) the Company or the Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets, Equity Interests or other property issued or sold or otherwise disposed of (evidenced by an Officers' Certificate delivered to the Trustee certifying as to (x) such value, (y) the consideration received (including the value of any non-cash consideration) and (z) if the assets, Equity Interests or other property disposed of equals or exceeds \$25.0 million in fair market value, a resolution of the Board of Directors approving such Asset Sale and acknowledging the values set forth in (x) and (y) above) and (ii) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents; provided that the amount of (x) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or any Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability and (y) any notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are immediately converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received), shall be deemed to be cash for purposes of this provision.

Within 24 months after the receipt of any Net Proceeds from an Asset Sale, the Company may apply, or may cause the applicable Restricted Subsidiary to apply, such Net Proceeds to (i) the acquisition by the Company of all of the Capital Stock of any Person in the same or a substantially similar line of business as that conducted by the Company or any of its Subsidiaries as of the Issue Date, (ii) the making of a capital expenditure, (iii) the acquisition of other long-term Tangible Assets, (iv) the permanent reduction of amounts outstanding under the New Credit Agreement (and to correspondingly reduce commitments with respect thereto) and (v) the making of a Restricted Strategic Investment which is a Permitted Investment. Pending the final application of any such Net Proceeds, the Company shall hold such Net Proceeds in the form of cash or Cash Equivalents. Any Net Proceeds from Asset Sales that are not applied or invested as provided in the first sentence of this paragraph will be deemed to constitute "Excess Proceeds."

(b) The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in a Collateral Asset Sale unless (i) such Collateral Asset Sale involves the Collateral in its entirety, or, if such Collateral Asset Sale involves less than all of the Collateral (a "Partial

Collateral Asset Sale"), such Partial Collateral Asset Sale involves a single Collateral Asset Sale with a fair market value at the time of consummation of such Collateral Asset Sale not exceeding \$2.0 million and is not part of a series of Collateral Asset Sales in any twelve month period with an aggregate value (measured as of the time of consummation of such sales) exceeding \$10.0 million in the aggregate; (ii) the Company receives consideration in respect of and concurrently with such Collateral Asset Sale at least equal to the fair market value of such Collateral; (iii) with respect to each such Collateral Asset Sale, the Company delivers an Officers' Certificate to the Trustee dated no more than 15 days prior to the date of consummation of the relevant Collateral Asset Sale, certifying that (a) such sale complies with clauses (i) and (ii) of this paragraph and (b) if the fair market value of the Collateral being sold exceeds \$25.0 million, the fair market value of such Collateral was determined in good faith by the Board of Directors of the Company (whose determination, if the Collateral Asset Sale involves the Collateral in its entirety, was based on the opinion of a nationally recognized qualified independent appraiser prepared contemporaneously with such Collateral Asset Sale and which opinion, in such case, will be evidenced by an opinion letter of the independent appraiser and attached to the Officers' Certificate) as evidenced by copies of a resolution of the Board of Directors of the Company adopted in respect of and concurrently with such Collateral Asset Sale; (iv) 100% of such consideration is in cash or Cash Equivalents; and (v) the Net Proceeds therefrom shall be paid directly by the purchaser thereof to the Collateral Agent, pursuant to the applicable Collateral Document, as additional Collateral. In the case of a Partial Collateral Asset Sale, the Company, within ninety (90) days from the date of consummation of a Partial Collateral Asset Sale, may apply all of the Net Proceeds therefrom to purchase or otherwise invest in Replacement Collateral. Any such Net Proceeds not so applied shall constitute "Excess Proceeds." In the case of a Collateral Asset Sale other than a Partial Collateral Asset Sale all of the Net Proceeds therefrom shall constitute "Excess

Proceeds."

(c) If the Company suffers an Event of Loss, (i) the Net Proceeds therefrom shall be paid directly by the party providing such Net Proceeds to the Collateral Agent, pursuant to the applicable Collateral Document, as additional Collateral and (ii) the Company shall take such actions, at its sole expense, as may be required to ensure that the Collateral Agent pursuant to the applicable Collateral Document, has from the date of such deposit a first ranking Lien (subject to Permitted Liens) on such Net Proceeds pursuant to the terms of the applicable Collateral Document. As any portion or all of the Net Proceeds from any such Event of Loss are received by the Collateral Agent, the Company may apply all of such amount or amounts, as received, together with all interest earned thereon, individually or in combination, (a) to purchase or otherwise invest in Replacement Collateral or (b) to restore the relevant Collateral. In the event that the Company elects to restore the relevant Collateral pursuant to the foregoing clause (b), within six months of receipt of such Net Proceeds from an Event of Loss, the Company shall (x) give the Trustee irrevocable written notice of such election and (y) enter into a binding commitment to restore such Collateral, a copy of which shall be supplied to the Trustee, and shall have 24 months from the date of such binding commitment to complete such restoration, which shall be carried out with due diligence. Any such Net Proceeds not so applied shall constitute "Excess Proceeds."

(d) In the event that the Company decides pursuant to this Section 4.10 to apply any portion of the Net Proceeds from a Collateral Asset Sale or an Event of Loss to purchase or otherwise invest in Replacement Collateral, (i) the Company shall deliver an Officers' Certificate to the

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Trustee dated no more than 30 days prior to the date of consummation of the relevant investment in Replacement Collateral, certifying that the purchase price for the amount of the investment in Replacement Collateral does not exceed the fair market value of such Replacement Collateral and, if the fair market value of such Replacement Collateral exceeds \$25.0 million, certifying that the fair market value of such Replacement Collateral was determined in good faith by the Board of Directors of the Company and was based on the opinion of a nationally recognized qualified independent appraiser, attached to the Officers' Certificate, adopted in respect of and concurrently with the investment in such Replacement Collateral; (ii) the Trustee shall instruct the Collateral Agent to release such certified purchase price to the Company, together with any investment income thereon, free of the Lien of the Collateral Documents; and (iii) the Company shall take such actions, at its sole expense, as shall be required to ensure that the Collateral Agent has, from the date of such purchase or investment, a first ranking Lien (subject to Permitted Liens on such Collateral) on such Replacement Collateral under the applicable Collateral Document.

(e) When the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company will be required to apply such Excess Proceeds (i) to make a Repurchase Offer to all Holders of Notes to purchase the Notes at an offer price in cash in an amount equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon to the date of purchase in accordance with the procedures set forth in Section 3.09 hereof and (ii) to repay and permanently reduce amounts outstanding under the New Credit Agreement, in each case, in proportion to the respective amounts outstanding thereunder. The Company shall commence such Repurchase Offer within 10 Business Days after the date that the aggregate amount of Excess Proceeds exceeds \$25.0 million by mailing the notice required in Section 3.09 hereof to the Holders. To the extent that the aggregate amount of Notes tendered pursuant to such Repurchase Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. The Trustee shall instruct the Collateral Agent to release the Net Proceeds, together with any investment income thereon, to be applied to a Repurchase Offer and to the repayment of amounts outstanding under the New Credit Agreement to the Person entitled thereto in accordance with this Indenture and the Intercreditor Agreement. If the aggregate principal amount of the Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes to be purchased on a pro rata basis. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero.

Section 4.11. Limitation on Issuances and Sales of Capital Stock of Wholly Owned Restricted Subsidiaries.

The Company (i) will not, and will not permit any Wholly Owned Restricted Subsidiary of the Company to, transfer, convey, sell, lease or otherwise dispose of any Capital Stock of any Wholly Owned Restricted Subsidiary of the Company to any Person (other than the Company or a Wholly Owned Restricted Subsidiary of the Company), unless (a) such transfer, conveyance, sale, lease or other disposition is of all the Capital Stock of such Wholly Owned Restricted Subsidiary and (b) the cash Net Proceeds from such transfer, conveyance, sale, lease or other disposition are applied in accordance with Section 4.10(a) hereof and (ii) will not permit any Wholly Owned Restricted Subsidiary of the Company to issue any of its Equity Interests (other than, if necessary, shares of its Capital Stock constituting directors' qualifying shares) to

any Person other than to the Company or a Wholly Owned Restricted Subsidiary of the Company. Notwithstanding the foregoing, nothing in this Section 4.11 shall prohibit (x) the Company from selling more than 35% of its Equity Interest in any Wholly Owned Restricted Subsidiary in connection with the Initial Public Offering of such Wholly Owned Restricted Subsidiary, provided 100% of the net proceeds from such Initial Public Offering received by the Company are in the form of cash and all such proceeds are applied in accordance with Section 4.10(a) hereof or (y) the issuance and exchange of Equity Interests (other than Disqualified Stock) of the Company's PLD Subsidiary (as defined herein) in connection with the merger of the PLD Subsidiary with or into any Person, provided (a) at the time of such merger, the Consolidated Cash Flow of the PLD Subsidiary for the Company's most recently ended four full fiscal-quarters for which financial statements are available represents less than 10% of the Consolidated Cash Flow of the Company for the same period, (b) the Company and the PLD Subsidiary shall enter into a written agreement providing that the product transfer pricing in effect following such merger shall be no less favorable to the Company than the product transfer pricing in effect during the period set forth in (a) above, and (c) the Fixed Charge Coverage Ratio for the period set forth in (a) above would have been 2.5 to 1, determined on a pro forma basis, as if such merger had occurred at the beginning of such period.

Section 4.12. Transactions with Affiliates.

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless (i) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person and (ii) the Company delivers to the Trustee (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$5.0 million, a resolution adopted by the majority of the disinterested non-employee directors of the Board of Directors approving such Affiliate Transaction or series of related Affiliate Transactions and set forth in an Officers' Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions comply with clause (i) above and (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in the principal amount of \$25.0 million or more, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction or series of related Affiliate Transactions from a financial point of view issued by an independent financial advisor of national standing. Notwithstanding the foregoing, the following transactions shall not be deemed Affiliate Transactions: (1) any purchases of products by the Company from the FASL Unrestricted Subsidiary on terms no less favorable to the Company than those determined pursuant to transfer pricing in effect on the Issue Date; (2) any purchases of wafers from the Dresden, Germany Unrestricted Subsidiary such that the sale of the products produced from such wafers have a Contribution Margin of no less than 50%; (3) any employee compensation arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of the Company or such Restricted Subsidiary; (4) transactions between or among the Company and/or any of its Restricted Subsidiaries or (5) purchases of Equity Interests (other than Disqualified Stock) by any

stockholder of the Company (or an Affiliate of a stockholder of the Company) from the Company or any Restricted Subsidiary; provided that such Equity Interests do not bear cash dividends. For purposes of this Section 4.12, "Contribution Margin" shall mean the margin determined by dividing (a) the net cash revenue realized by the Company from the sale of such products less the cash cost to the Company of the wafer utilized in the production of such products divided by (b) the net cash revenue realized by the Company from the sale of such products.

Section 4.13. Liens.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien on any asset now owned or hereafter acquired, or any income or profits therefrom or assign or convey any right to receive income therefrom, except Permitted Liens.

Section 4.14. New Credit Agreement.

For so long as any Notes are outstanding, the Company will not amend, modify or change in any manner the terms of the New Credit Agreement as in effect on the Issue Date, if any such amendment, modification or change (i) changes (to earlier dates) the dates upon which principal and interest are due thereon; (ii) alters the redemption or prepayment provisions thereof; (iii)

alters the provisions thereof relating to dispositions of Collateral; or (iv) alters the provisions thereof to the extent the Trustee is an express third party beneficiary.

Section 4.15. Corporate Existence.

Subject to Article 5 and Article 11 hereof, as the case may be, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Restricted Subsidiary and (ii) the rights (charter and statutory), licenses and franchises of the Company and Restricted Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of their respective Restricted Subsidiaries, if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

Section 4.16. Change of Control.

Upon the occurrence of a Change of Control, each Holder of the Notes will have the right to require the Company to commence a Repurchase Offer in accordance with the procedures set forth in Section 3.09 to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of such Holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon to the date of purchase (the "Change of Control Payment"). The Company will comply with the requirements of Rule 14e-1

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under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with a Repurchase Offer resulting from a Change of Control.

The Company shall commence such Repurchase Offer within 10 days following any Change of Control by mailing the notice required in Section 3.09 hereof to the Holders.

The Company will not be required to make a Repurchase Offer upon a Change of Control if a third party makes the Repurchase Offer in the manner, at the times and otherwise in compliance with the requirements set forth in Section 3.09 of this Indenture applicable to a Repurchase Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Repurchase Offer.

Section 4.17. Maintenance of Insurance.

The Company shall at all times provide, maintain, and keep in full force, or cause to be provided, maintained and kept in full force, at no expense to the Collateral Agent, the Trustee or the Holders of the Notes, policies of insurance for the Collateral in an amount of not less than 100% of the full insurable value of the Collateral with a deductible of not more than \$1.0 million per occurrence, and, if issued by companies, associations or organizations licensed to do business in the state of California, having a rating in Best's Key Rating Guide of not less than B+:VII, and otherwise consistent with the Company's then existing generally applicable risk management policies, covering such casualties, risks, perils, liabilities and other hazards as are customary for improvements similar to the improvements in the general geographic area in which the improvements are located. All such policies of insurance required by this Section 4.17 shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of the Company or any party holding under the Company which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against the Company.

Section 4.18. Collateral Documents.

Neither the Company nor any of its Subsidiaries shall amend, waive or modify, or take or refrain from taking any action that has the effect of amending, waiving or modifying, any provision of the Collateral Documents to which the Company or any of its Subsidiaries is a party to the extent that such amendment, waiver, modification or action could have an adverse effect on the rights of the Collateral Agent, the Trustee or the Holders, provided that: (i) the Collateral may be released or replaced as expressly provided in this Indenture and in the Collateral Documents; (ii) this Indenture and any of the Collateral Documents may be otherwise amended, waived or modified as set forth in Article 9 hereof and (iii) for purposes of this Indenture, neither the Company nor its Subsidiaries shall be deemed to be a party to the Intercreditor Agreement.

Section 4.19. Further Assurances.

The Company shall (and shall cause each of its Subsidiaries to) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, any and all such further acts, deeds, conveyances, security agreements, mortgages, assignments, estoppel certificates, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments as may be required from time to time in order (i) to carry out more effectively the purposes of the Collateral Documents, (ii) to subject to the Liens created by any of the Collateral Documents any of the properties, rights or interests required to be encumbered thereby, (iii) to perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer, preserve, protect and confirm to the Trustee any of the rights granted or now or hereafter intended by the parties thereto to be granted to the Trustee or under any other instrument executed in connection therewith or granted to the Company under the Collateral Documents or under any other instrument executed in connection therewith.

ARTICLE 5
SUCCESSORS

Section 5.01. Merger, Consolidation or Sale of Assets.

The Company shall not consolidate or merge with or into or wind-up into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to any Person unless (i) the Company is the surviving corporation (the "Surviving Corporation") or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia; (ii) the Surviving Corporation or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of the Company under the Notes, this Indenture and the Collateral Documents pursuant to a supplemental indenture or other documents or instruments in form reasonably satisfactory to the Trustee; (iii) immediately after such transaction, no Default or Event of Default exists under this Indenture or the Collateral Documents; and (iv) except in the case of a merger of the Company with or into a Wholly Owned Subsidiary of the Company, the Surviving Corporation or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) will have Consolidated Net Worth immediately after the transaction (but prior to any purchase accounting adjustments resulting from such transaction) equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction and (B) will, at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof. The Trustee shall receive an Opinion of Counsel and an Officers' Certificate, each

stating that any such consolidation, merger, winding-up, sale, transfer, lease, conveyance or other disposition meets the requirements of this Section 5.01, and that all conditions precedent herein provided for in clauses (i) through (iv) above relating to such transaction have been complied with.

Section 5.02. Successor Corporation Substituted.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.01 hereof, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the Company shall refer to or include instead the successor Person and not the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; provided, however, that the predecessor Company shall not be relieved from the obligation to pay the principal of, premium, if any, and interest, if any, on the Notes.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01. Events of Default and Remedies.

An "Event of Default" occurs if:

(a) the Company defaults in the payment of interest on the Notes when the same becomes due and payable and such default continues for a period of 30 days;

(b) the Company defaults in the payment of principal of or premium, if any, on the Notes when the same becomes due and payable at maturity, upon redemption (including in connection with an offer to purchase) or otherwise;

(c) the Company fails to observe or perform any covenant, condition or agreement on the part of the Company to be observed or performed pursuant to Sections 3.09, 4.07, 4.09, 4.10 and 4.16 hereof;

(d) the Company fails to comply with any of its other agreements or covenants in, or provisions of, the Notes or this Indenture and the Default continues for the period and after the notice specified below;

(e) a default or event of default occurs under the New Credit Agreement or any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any

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of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$10.0 million or more;

(f) a final judgment or final judgments for the payment of money are entered by a court or courts of competent jurisdiction against the Company or any of its Restricted Subsidiaries and such judgments are not paid, discharged or stayed for a period of 30 days, provided that the aggregate of all such undischarged judgments exceeds \$50.0 million;

(g) the Company materially breaches any representation or warranty set forth in the Collateral Documents, or a material default by the Company in the performance of any covenant set forth in the Collateral Documents, or repudiation by the Company of its obligations under the Collateral Documents or the unenforceability of the Collateral Documents against the Company for any reason;

(h) the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or any group of Subsidiaries (not including the Dresden, Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(iv) makes a general assignment for the benefit of its creditors, or

(v) generally is not paying its debts as they become due; or

(i) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or any group of Subsidiaries (not including the Dresden, Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case,

(ii) appoints a Custodian of the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or any group of Subsidiaries (not including the Dresden,

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Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or any group of Subsidiaries (not including the Dresden, Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary, or

(iii) orders the liquidation of the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or any group of Subsidiaries (not including the Dresden, Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary,

and the order or decree remains unstayed and in effect for 60 consecutive days.

A Default under clause (d) is not an Event of Default until the Trustee notifies the Company, or the Holders of at least 25% in principal amount of the then outstanding Notes notify the Company and the Trustee, of the Default and the Company does not cure the Default within 60 days after receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default."

If an Event of Default occurs on or after August 1, 2001 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company or any Subsidiary with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 hereof, then, upon acceleration of the Notes, an equivalent premium shall also become and be immediately due and payable, to the extent permitted by law, anything in this Indenture or in the Notes to the contrary notwithstanding. If an Event of Default occurs prior to August 1, 2001 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company or any Subsidiary with the intention of avoiding the prohibition on redemption of the Notes prior to such date, then, upon acceleration of the Notes, an additional premium shall also become and be immediately due and payable in an amount, for each of the years beginning on August 1, of the years set forth below, as set forth below (expressed as a percentage of principal amount):

Year ----	Percentage -----
1996.....	11.000%
1997.....	9.900%
1998.....	8.800%
1999.....	7.700%
2000.....	6.600%

Section 6.02. Acceleration.

If an Event of Default (other than an Event of Default specified in clauses (h) and (i) of Section 6.01 hereof relating to either the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or group of Subsidiaries (not including the Dresden, Germany Unrestricted Subsidiary) that, taken together, would constitute a Significant Subsidiary) occurs and is

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continuing, the Trustee by notice to the Company or the Holders of at least 25% in principal amount of the then outstanding Notes by notice to the Company and the Trustee may declare the unpaid principal of and any accrued interest on all the Notes to be due and payable. Upon such declaration the principal and interest, if any, shall be due and payable immediately. If an Event of Default specified in clause (h) or (i) of Section 6.01 hereof relating to either the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or group of Subsidiaries (not including the Dresden, Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary occurs, such an amount shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. The Holders of a majority in principal amount of the then outstanding Notes by written notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal and interest, that has become due solely because of the acceleration) have been cured or waived.

Section 6.03. Other Remedies.

(a) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or

omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04. Waiver of Certain Existing Defaults.

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on, the Notes (including in connection with an offer to purchase) (provided, however, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05. Control by Majority.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it, including providing instructions to the

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Collateral Agent to exercise any remedy under the Collateral Documents. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

Solely for purposes of calculating "Directing Creditors" pursuant to the terms of the Intercreditor Agreement, the Holders of a majority in aggregate principal amount of the then outstanding Notes may delegate instructional authority under the Intercreditor Agreement to any committee of such Holders, in which event such Holders shall be deemed to represent 100% of the Credit Class (as defined in the Intercreditor Agreement) representing the Notes.

Section 6.06. Limitation on Suits.

(a) A Holder of a Note may pursue a remedy with respect to this Indenture or the Notes only if:

(i) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default or the Trustee receives such notice from the Company;

(ii) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(iii) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(v) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request; provided, however, that such provision does not affect the right of a Holder to sue for enforcement of any overdue payment thereon.

(b) A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07. Rights of Holders of Notes to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08. Collection Suit by Trustee.

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If an Event of Default specified in Section 6.01(a) or Section 6.01(b) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09. Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. Priorities.

(a) If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

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Third: without duplication, to Holders for any other obligations owing to the Holders under the Notes, this Indenture or the Collateral Documents; and

Fourth: to the Company or to such party as a court of competent jurisdiction shall direct.

(b) The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

Section 7.01. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and

the Collateral Documents, and use the degree of care of a prudent person in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Collateral Documents and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming in all material respects to the requirements of this Indenture and the Collateral Documents. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform in all material respects to the requirements of this Indenture and the Collateral Documents.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

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(i) this paragraph (c) does not limit the effect of paragraph (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture before or following the occurrence of any Event of Default at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02. Rights of Trustee.

Subject to TIA (S) 315:

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

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(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee shall be under no obligation to exercise any of the rights

or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have requested such action in accordance with this Indenture and have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(g) Except with respect to Sections 4.01 and 4.02 hereof, the Trustee shall have no duty to inquire as to the performance of the Company's covenants in Article Four hereof. In addition, the Trustee shall not be deemed to have knowledge of any Default or Event of Default except (i) any Event of Default occurring pursuant to Sections 6.01(a), 6.01(b) and 6.01(d) hereof or (ii) any Default or Event of Default of which a Responsible Officer of the Trustee shall have received written notification from the Company, any Holder, the Collateral Agent, the Bank Agent or the Banks or obtained actual knowledge.

Section 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest (as defined under the TIA) it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

Section 7.04. Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Collateral Documents or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture or the Collateral Documents, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05. Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to a Responsible Officer of the Trustee as set forth in Section 7.02(g), the Trustee shall mail to Holders of Notes, at the Company's expense, a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as the Trustee in good faith determines that withholding the notice is in the interests of the Holders of the Notes. The Trustee shall comply with TIA (S) 315(b).

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Section 7.06. Reports by Trustee to Holders of the Notes.

(a) Within 60 days after each August 1 beginning with the August 1 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA (S) 313(a) (but if no event described in TIA (S) 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA (S) 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA (S) 313(c).

(b) A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the SEC and each stock exchange, if any, on which the Notes are listed in accordance with TIA (S) 313(d). The Company shall promptly notify the Trustee when and if the Notes are listed on any stock exchange.

Section 7.07. Compensation and Indemnity.

(a) The Company shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder in accordance with a written schedule provided by the Trustee to the Company. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company shall indemnify the Trustee for, and hold it harmless against, any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture and the Collateral Documents, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.07) and

defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel, but the fees and expenses of such counsel shall be at the expense of the Trustee unless (i) the employment of such counsel shall have been specifically authorized in writing by the Company, (ii) the Company shall have timely failed to assume the defense of the Trustee or to employ counsel for the Trustee, or (iii) the named parties to any such action (including any impleaded parties) include both the Trustee and the Company, and the Trustee shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Company or that the Trustee has one or more interests that conflict with those of the Company. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld. The provisions of this Section 7.07(b) shall survive payment of the Notes and any resignation, removal or replacement of the Trustee.

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(c) The obligations of the Company under this Section 7.07 shall survive the satisfaction and discharge of this Indenture.

(d) When the Trustee incurs expenses or renders services after an Event of Default specified in Sections 6.01(h) and 6.01(i) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

(e) The Trustee shall comply with the provisions of TIA (S) 313(b)(2) to the extent applicable.

(f) The Trustee's right to receive payment of any amount due under this Section 7.07 shall not be subordinate to any other liability or Indebtedness of the Company (even though the Notes may be so subordinated). Such right shall survive the satisfaction and discharge of this Indenture.

Section 7.08. Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment and taking of office as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of Notes of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(i) the Trustee fails to comply with Section 7.10 hereof;

(ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(iii) a Custodian or public officer takes charge of the Trustee or its property; or

(iv) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. For up to one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may by written action appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of Notes of at least

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10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10 hereof, such Holder of a Note may petition any court of competent

jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

Section 7.09. Successor Trustee by Merger, Etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee; provided such corporation shall be otherwise eligible and qualified under this Article.

Section 7.10. Eligibility; Disqualification.

(a) There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least \$50.0 million as set forth in its most recent annual report of condition.

(b) This Indenture shall always have a Trustee who satisfies the requirements of TIA (S) 310(a)(1), (2) and (5). The Trustee is subject to TIA (S) 310(b).

Section 7.11. Preferential Collection of Claims Against Company.

The Trustee is subject to TIA (S) 311(a), excluding any creditor relationship listed in TIA (S) 311(b). A Trustee who has resigned or been removed shall be subject to TIA (S) 311(a) to the extent provided therein.

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ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01. Legal Defeasance or Covenant Defeasance.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate delivered to the Trustee, at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article Eight.

Section 8.02. Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes and cured all existing Events of Default, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (i) and (ii) below, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions, which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of outstanding Notes to receive solely out of the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due from the trust referred to in Section 8.04 hereof, (ii) the Company's obligations with respect to the Notes under Article 2 and Section 4.02 hereof, (iii) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's obligations in connection therewith and (iv) this Article Eight. Subject to compliance with this Article Eight, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03. Covenant Defeasance.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from its obligations under the covenants contained in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19 and 5.01 hereof with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders of the Notes (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit

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to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(d) through 6.01(f) hereof shall not constitute Events of Default.

Section 8.04. Conditions To Legal or Covenant Defeasance.

(a) The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes:

(i) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding Notes on the stated maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(ii) in the case of an election under Section 8.02 hereof, the Company shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(iii) in the case of an election under Section 8.03 hereof, the Company shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or insofar as Events of Default from

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bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(v) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(vi) the Company must have delivered to the Trustee an opinion of counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights

generally;

(vii) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(viii) the Company must deliver to the Trustee an Officers' Certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05. Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.

(a) Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

(b) The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

(c) Anything in this Article Eight to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under

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Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06. Repayment to Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining shall be repaid to the Company.

Section 8.07. Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided, however, that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

Section 8.08. Collateral.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to either Section 8.02 or 8.03, the Collateral, except the funds in

the trust fund described in Section 8.04 hereof, shall be released pursuant to Section 10.04 hereof; provided, however, if at any time after such release the Company's obligations under this Indenture and the Notes shall be revived and reinstated pursuant to Section 8.07 hereof, then the Company shall immediately take all steps necessary to cause the Collateral Documents to be re-recorded pursuant to Section 10.02 hereof to create and maintain, as security for the Obligations of the Company under this Indenture and the Notes, valid and enforceable, perfected first priority Liens in and on all the Collateral, in favor of the Collateral Agent for the benefit of the Trustee, for the further benefit of the Holders of the Notes, and for the benefit of the Banks under the New Credit Agreement, superior to and prior to the rights of all third persons, and subject to no other Liens, other than as provided herein and therein.

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ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01. Without Consent of Holders of Notes.

(a) Notwithstanding Section 9.02 hereof, without the consent of any Holder of Notes, the Company and the Trustee together may amend or supplement this Indenture, the Notes or the Collateral Documents:

(i) to cure any ambiguity, defect or inconsistency;

(ii) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(iii) to provide for the assumption of the Company's obligations to the Holders of the Notes in the case of a merger or consolidation pursuant to Article 5 hereof;

(iv) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any such Holder of Notes;

(v) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA; or

(vi) to enter into additional or supplemental Collateral Documents, to correct or amplify the description of the Collateral or to assure or convey and confirm better unto the Collateral Agent any property subject or required or intended to be subject to the Liens created by the Collateral Documents or to subject any additional property to the Lien created by the Collateral Documents.

(b) Upon the request of the Company accompanied by a resolution of the Board of Directors of the Company authorizing the execution of any such amended or supplemental Indenture, Notes or Collateral Documents, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Company in the execution of any amended or supplemental Indenture, Notes or Collateral Documents authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental Indenture, Notes or Collateral Documents that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.02. With Consent of Holders of Notes.

(a) Except as provided below in this Section 9.02 or elsewhere in this Indenture, the Company and the Trustee may amend or supplement this Indenture, the Notes or the Collateral Documents with the consent of the Holders of at least a majority in principal amount of all of the Notes then outstanding (including consents obtained in connection with a tender offer or

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exchange offer for Notes) and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Notes or the Collateral Documents may be waived with the consent of the Holders of a majority in principal amount of all of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for Notes).

(b) Upon the request of the Company accompanied by a resolution of the Board of Directors of the Company authorizing the execution of any such amended or supplemental Indenture, Notes or Collateral Documents, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Company in the execution of such amended or supplemental Indenture, Notes or Collateral

Documents, unless such amended or supplemental Indenture, Notes or Collateral Documents affects the Trustee's own rights, duties or immunities under this Indenture, the Notes, the Collateral Documents or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental Indenture, Notes or Collateral Documents.

(c) It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

(d) After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture, Notes or Collateral Documents or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance with any provision of this Indenture, the Notes or the Collateral Documents. However, without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a nonconsenting Holder of Notes):

(i) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption provisions of the Notes (other than Sections 3.09, 4.10 and 4.16 hereof);

(iii) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(iv) waive a Default or Event of Default in the payment of principal of, premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the

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Holders of at least a majority in aggregate principal amount of the Notes then outstanding and a waiver of the payment default that resulted from such acceleration);

(v) make any Note payable in money other than that stated in the Notes;

(vi) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or premium, if any, or interest on the Notes;

(vii) waive a redemption payment with respect to any Note (other than Sections 3.09, 4.10 and 4.16 hereof);

(viii) release the Lien of the Collateral Agent in any of the Collateral other than pursuant to the terms of this Indenture or the Collateral Documents; or

(ix) make any change in Section 6.04 or Section 6.07 hereof or in the foregoing amendment and waiver provisions.

Section 9.03. Compliance with Trust Indenture Act.

Every amendment or supplement to this Indenture, the Notes and the Collateral Documents shall be set forth in an amended or supplemental Indenture or Collateral Document that complies with the TIA as then in effect, if applicable.

Section 9.04. Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05. Notation on or Exchange of Notes.

(a) The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall authenticate new Notes

that reflect the amendment, supplement or waiver.

(b) Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

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Section 9.06. Trustee to Sign Amendments, etc.

The Trustee shall sign any amended or supplemental Indenture, Note or Collateral Document, if necessary, authorized pursuant to this Article Nine if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental Indenture, Note or Collateral Document until the Board of Directors approves it. In executing any amended or supplemental Indenture, Note or Collateral Document, if necessary, the Trustee shall be entitled to receive and (subject to Section 7.01) shall be fully protected in relying upon, an Officer's Certificate and an Opinion of Counsel, which Opinion of Counsel may be subject to customary assumptions and exclusions, stating that the execution of such amended or supplemental Indenture, Note or Collateral Document is authorized or permitted by this Indenture.

ARTICLE 10
COLLATERAL AND SECURITY

Section 10.01. Collateral and Security.

The due and punctual payment of the principal of and interest on the Notes when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of and interest (to the extent permitted by law), if any, on the Notes and performance of all other Obligations of the Company to the Holders or the Trustee under this Indenture and the Notes, according to the terms hereunder or thereunder, shall be secured as provided herein and in the Collateral Documents. Each Holder, by its acceptance of a Note, consents and agrees to the terms hereof and of the Collateral Documents (including, without limitation, the provisions providing for foreclosure and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with the terms thereof and hereof and authorizes and directs the Trustee to enter into any of the Collateral Documents and to perform its respective obligations and exercise its respective rights thereunder in accordance therewith, and to provide instructions to the Collateral Agent thereunder. The Company will do or cause to be done all such acts and things as may be necessary or proper, or as may be required by the provisions hereof and of the Collateral Documents, to assure and confirm to the Trustee the security interest in the Collateral contemplated hereby and by the Collateral Documents, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Notes secured hereby, according to the intent and purposes herein expressed. The Company shall take any and all actions reasonably required to cause the Collateral Documents to create and maintain, as security for the Obligations of the Company under this Indenture and the Notes, valid and enforceable, perfected first priority Liens in and on all the Collateral, in favor of the Collateral Agent for the benefit of the Trustee, for the further benefit of the Holders of the Notes, and for the benefit of the Banks under the New Credit Agreement, superior to and prior to the rights of all third persons, and subject to no other Liens, other than as provided herein and therein.

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Section 10.02. Recording, Etc.

(a) The Company will cause, at its own expense, the Collateral Documents, this Indenture and all amendments or supplements thereto, to be registered, recorded and filed or re-recorded, re-filed and renewed in such manner and in such place or places, if any, as may be required by law in order fully to preserve and protect the Liens created hereby and by the Collateral Documents.

(b) The Company shall furnish to the Trustee promptly after the execution and delivery of this Indenture an Opinion of Counsel either (i) stating that in the opinion of such counsel, assuming the taking of certain actions with respect to the recording, registering and filing of this Indenture, financing statements or other instruments, the Lien intended to be created by the Collateral Documents will become effective, and reciting the details of such action, or (ii) stating that, in the opinion of such counsel, no such action is necessary to make such Lien effective.

(c) The Company shall furnish to the Trustee within 30 days after each anniversary of the date of this Indenture, an Opinion of Counsel, dated as of such date, stating either that (i) in the opinion of such counsel, all action has been taken with respect to the recording, registering, filing, re-recording, re-registering and re-filing of this Indenture and all supplemental indentures, financing statements, continuation statements or other instruments of further

assurance as is necessary to maintain the Lien of the Collateral Documents and reciting the details of such action or (ii) in the opinion of such Counsel, no such action is necessary to maintain such Lien.

Section 10.03. Protection of the Trust Estate.

The Trustee shall have the power to enforce the obligations of the Company and its Subsidiaries under this Indenture or the Collateral Documents, to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral under any of the Collateral Documents and in the profits, rents, revenues and other income arising therefrom, including the power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair any Collateral or be prejudicial to the interests of the Holders or the Trustee, to the extent permitted thereunder.

Section 10.04. Release of Lien.

(a) Collateral may be released from the Lien and security interest created by this Indenture and the Collateral Documents at any time or from time to time in accordance with the provisions of the Collateral Documents and as provided hereby.

(b) The release of any Collateral from the terms of this Indenture and the Collateral Documents will not be deemed to impair the security under this Indenture in contravention of the provisions hereof if and to the extent the Collateral is released pursuant to the terms hereof and thereof. To the extent applicable, the Company and any other obligor shall cause TIA (S) 314(d) relating to the release of property from the Lien arising out of the Collateral

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Documents to be complied with. Any certificate or opinion required by TIA (S) 314(d) may be made by an Officer of the Company; provided, however, that to the extent required by TIA (S) 314(d), any such certificate or opinion shall be made by an independent engineer, appraiser or other expert (as such terms are set forth in TIA (S) 314(d)), who is not an Affiliate of the Company.

(c) Whenever Collateral is to be released pursuant to this Section 10.04, the Trustee will execute any reasonable document or termination statement necessary to release the Lien of this Indenture and Collateral Documents.

Section 10.05. Authorization of Actions to Be Taken by the Trustee Under the Collateral Documents.

Each Holder, by acceptance of a Note, authorizes and directs the Trustee to enter into the Collateral Documents to which the Trustee is a party. The Trustee may, in its sole discretion and without the consent of the Holders, on behalf of the Holders, take all actions it deems necessary or appropriate in order to (a) enforce any of the terms of the Collateral Documents and (b) collect and receive any and all amounts payable in respect of the Obligations of the Company hereunder. The Trustee shall have power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Collateral Documents or this Indenture, and such suits and proceedings as the Trustee may deem expedient to preserve or protect its interests and the interests of the Holders in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders or of the Trustee).

Section 10.06. Authorization of Receipt of Funds by the Trustee Under the Collateral Documents.

The Trustee is authorized to receive any funds for the benefit of the Holders distributed under the Collateral Documents, and to make further distributions of such funds to the Holders according to the provisions of this Indenture.

Section 10.07. Collateral Agent.

The Trustee may, from time to time, appoint one or more collateral agents and may delegate to such collateral agent or agents any one or more of the duties or rights of the Trustee hereunder or under the Collateral Documents or that are specified in any Collateral Documents, including without limitation, the right to hold any Collateral in the name of, registered to, or in the physical possession of, such collateral agent, for the ratable benefit of the Holders of the Notes. Each such collateral agent shall have such rights and duties as may be specified in an agreement between the Trustee and such collateral agent. The Trustee and any collateral agent shall be authorized

hereunder to give any acknowledgment reasonably requested by any party under the Intercreditor Agreement to confirm the rights and obligations of the parties under the

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Intercreditor Agreement. IBJ Schroder Bank & Trust Company shall initially act as the Collateral Agent hereunder and under the Collateral Documents pursuant to the Intercreditor Agreement.

ARTICLE 11
MISCELLANEOUS

Section 11.01. Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA (S) 318(c), the imposed duties shall control.

Section 11.02. Notices.

(a) Any notice or communication by the Company or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94088-3453
Attention: General Counsel

With a copy to:

Bronson, Bronson & McKinnon LLP
505 Montgomery Street
San Francisco, California 94111
Attention: Victor Bacigalupi, Esq.

If to the Trustee:

United States Trust Company of New York
114 West 47th Street
New York, New York 10036
Attention: Corporate Trust Department

(b) The Company or the Trustee, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

(c) All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business

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Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next-day delivery.

(d) Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA (S) 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

(e) If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

(f) If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Section 11.03. Communication by Holders of Notes with Other Holders of Notes.

Holders may communicate pursuant to TIA (S) 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA (S) 312(c).

Section 11.04. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(i) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 11.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(ii) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 11.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied; and

(iii) any certificate or opinion of an independent public accountant selected by the Trustee in the exercise of reasonable care, pursuant to, and to the extent required by, TIA (S) 314(c)(3).

Section 11.05. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA (S) 314(a)(4)) shall comply with the provisions of TIA (S) 314(e) and shall include:

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(i) a statement that the Person making such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 11.06. Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 11.07. No Personal Liability of Directors, Officers, Employees and Stockholders.

No director, officer, employee, incorporator or stockholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes, this Indenture, the Collateral Documents, as applicable, or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 11.08. Governing Law.

THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CHOICE OF LAW RULES THEREOF.

Section 11.09. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 11.10. Successors.

All agreements of the Company in this Indenture and the Notes, as applicable, shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

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Section 11.11. Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.12. Counterpart Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 11.13. Table of Contents, Headings, etc.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Signature pages follow]

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SIGNATURES

Dated as of August 1, 1996 ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

Name: Marvin D. Burkett
Title: Senior Vice President, Chief
 Financial & Administrative
 Officer and Treasurer

Dated as of August 1, 1996 United States Trust Company of New York,
Trustee

By: /s/ Albert J. Edwards

Name: Albert J. Edwards
Title: Vice President

EXHIBIT A

(Face of Note)

11% Senior Secured Note due 2003

No. R-__

Cusip No. 007903 AB3
\$ ____,000,000

ADVANCED MICRO DEVICES, INC.

promises to pay to CEDE & CO
or registered assigns,
the principal sum of ____ Hundred Million
Dollars (\$ ____,000,000) on August 1, 2003.

Interest Payment Dates: February 1 and August 1

Record Dates: January 15 and July 15

Dated: August 13, 1996

ADVANCED MICRO DEVICES, INC.

[SEAL]

By: /s/ Marvin Burkett

Name: Marvin Burkett
Title: Senior Vice President, Chief
 Financial and Administrative
 Officer and Treasurer

By: /s/ Thomas M. McCoy

Name: Thomas M. McCoy
Title: Vice President, General Counsel
 and Secretary

This is one of the Notes referred to in the within-mentioned Indenture:

UNITED STATES TRUST COMPANY OF NEW YORK,
as Trustee

By: _____
Authorized Signatory

(Back of Note)

11% SENIOR SECURED NOTE
DUE 2003

[Unless and until it is exchanged in whole or in part for Notes in definitive form, this Note may not be transferred except as a whole by the Depository to a nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC (and any payment is made to Cede & Co. or such other entity as may be requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]/1/

Capitalized terms used herein have the meanings assigned to them in the Indenture (as defined below) unless otherwise indicated.

1. Interest. Advanced Micro Devices, Inc., a Delaware corporation (or any successor thereto as provided in the Indenture, the "Company"), promises to pay interest at the rate of 11% per annum of the principal amount of this Note (the "Interest") from the Issue Date to the date of payment of such principal amount of this Note. Installments of Interest shall become due and payable semi-annually in arrears on February 1 and August 1 to the holder of record at the close of business on the immediately preceding January 15 or July 15 (whether or not a Business Day). Additionally, installments of accrued and unpaid Interest shall become due and payable with respect to any principal amount of this Note that matures (whether at stated maturity, upon acceleration, upon maturity of repurchase obligation or otherwise) upon such maturity of such principal amount of this Note. Interest on this Note shall be computed on the basis of a 360-day year, consisting of twelve 30-day months. Each installment of Interest shall be calculated to accrue from and including the most recent date to which Interest has been paid or provided for (or from and including the Issue Date if no installment of Interest has been paid) to, but not including, the date of payment.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the January 15 or July 15 immediately preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date (the "Record Date"), except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Holder hereof must surrender this Note to a Paying Agent to collect principal payments. The Notes shall be payable both as to principal and interest at the office or agency of the Company maintained for such purpose within the City and State of New York or, at the option of the Company, payment of interest may be made by check mailed to the Holders of Notes at their respective addresses set forth in the register of Holders of Notes; provided,

1. This paragraph should be included only for Notes issued in global form.

however, that all payments with respect to the Global Note and definitive Notes the Holders of which have given wire transfer instructions to the Company at least 10 Business Days prior to the applicable payment date shall be made by wire transfer of immediately available funds to the accounts specified by the Holders thereof. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar. Initially, United States Trust Company of New York, (including any successor appointed under the Indenture, the "Trustee") the Trustee under the Indenture, shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. Indenture and Collateral Documents. The Company issued the Notes under an Indenture dated as of August 1, 1996 (as it may be amended from time to time, the "Indenture") by and between the Company and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the

Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code (S) (S) 77aaa-77bbb) (the "TIA"), as in effect on the Issue Date. The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. The Notes are obligations of the Company. The terms of the Indenture shall govern any inconsistencies between the Indenture and the Notes. The Notes are secured by certain collateral pursuant to the Collateral Documents referred to in the Indenture and that may be released pursuant to the terms thereof.

5. Optional Redemption. As set forth in Section 3.07 of the Indenture, the Notes are not redeemable at the Company's option prior to August 1, 2001 (the "First Optional Redemption Date"). From and after the First Optional Redemption Date, the Notes shall be subject to redemption at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on August 1 of the years indicated below:

Year ----	Percentage -----
2001	105.500%
2002	102.275%

Any redemption pursuant to Section 3.07 of the Indenture shall be made pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

6. Mandatory Redemption. Except as set forth in paragraph 7 below, the Company shall not be required to make mandatory redemptions or sinking fund payments prior to maturity with respect to the Notes.

7. Repurchase at Option of Holder. Under certain circumstances, as provided in the Indenture, the Company may be required to purchase all or a portion of the Notes. Holders of Notes that are subject to an offer to purchase shall receive an offer to purchase from

the Company prior to any related purchase date, and may elect to have such Notes purchased by completing the form entitled "Option of Holders to Elect Purchase" appearing below.

8. Notice of Redemption. Notice of redemption shall be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than \$1,000 may be redeemed in part but only in whole multiples of \$1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest ceases to accrue on Notes or portions thereof called for redemption.

9. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. Persons Deemed Owners. Prior to due presentment to the Trustee for registration of the transfer of this Note, the Trustee, any Agent or the Company may deem and treat the Person in whose name this Note is registered as its absolute owner for the purpose of receiving payment of principal of and interest on this Note and for all other purposes whatsoever, whether or not this Note is overdue, and neither the Trustee, any Agent, nor the Company shall be affected by notice to the contrary. The registered holder of a Note shall be treated as its owner for all purposes.

11. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture, the Notes or the Collateral Documents may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of all of the Notes then outstanding (including any consents obtained in connection with a tender offer or exchange offer for the Notes), and any existing default or compliance with any provision of the Indenture, the Notes or the Collateral Documents may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Company and the Trustee together may amend or supplement the Indenture, the Notes or the Collateral Documents to cure any ambiguity, defect or inconsistency, to comply with Section 5.01 of the Indenture, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's obligations to Holders of the Notes in case of a merger or consolidation, to make any change

that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, or to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA or to enter into additional or supplemental Collateral Documents.

12. Defaults and Remedies. Events of Default include: default in the payment of interest on the Notes when the same becomes due and payable and such default continues for a

period of 30 days; default in the payment of principal of or premium, if any, on the Notes when the same becomes due and payable at maturity, upon redemption (including in connection with an offer to purchase) or otherwise; failure to observe or perform any covenant, condition or agreement on the part of the Company to be observed or performed pursuant to Sections 4.07, 4.09, 4.10 and 4.16 of the Indenture; failure to comply with any of their other respective agreements or covenants in, or provisions of, the Notes or the Indenture and the Default continues for 60 days after notice from the Trustee or the Holders of at least 25% in principal amount of the Notes then outstanding; default or event of default under the New Credit Agreement or any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$10.0 million or more; a final judgment or final judgments for the payment of money entered by a court or courts of competent jurisdiction against the Company or any of its Restricted Subsidiaries and such judgments are not paid, discharged or stayed for a period of 30 days, provided that the aggregate of all such undischarged judgments exceeds \$50.0 million; material breach by the Company of any representation or warranty set forth in the Collateral Documents, or material default by the Company in the performance of any covenant set forth in the Collateral Documents, or repudiation by the Company of its obligations under the Collateral Documents or the unenforceability of the Collateral Documents against the Company for any reason; and certain events of bankruptcy or insolvency with respect to the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or any group of Subsidiaries (not including the Dresden, Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, the FASL Unrestricted Subsidiary or any Significant Subsidiary or group of Subsidiaries (not including the Dresden, Germany Unrestricted Subsidiary) that, taken as a whole, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. Solely for purposes of calculating "Directing Creditors" pursuant to the terms of the Intercreditor Agreement, the Holders of a majority in aggregate principal amount of the then outstanding Notes may delegate instructional authority under the Intercreditor Agreement to any committee of such Holders, in which event such Holders shall be deemed to represent 100% of the Credit Class (as defined in the Intercreditor Agreement) representing the Notes. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

If an Event of Default occurs on or after August 1, 2001 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 of the Indenture, then, upon acceleration of the Notes, an equivalent premium shall also become and be immediately due and payable, to the extent permitted by law, anything herein or in the Indenture to the contrary notwithstanding. If an Event of Default occurs prior to August 1, 2001 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Notes prior to such date, then, upon acceleration of the Notes, an additional premium shall also become and be immediately due and payable in an amount, for each of the years beginning on August 1, of the years set forth below, as set forth below (expressed as a percentage of principal amount):

Year	Percentage
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1996	11.000%
1997	9.900%
1998	8.800%
1999	7.700%
2000	6.600%

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

13. Trustee Dealings with Company. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

14. No Recourse Against Others. No director, officer, employee, incorporator or stockholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes, the Indenture, the Collateral Documents, as applicable, or for any claim based on, in respect of, or by reason of such obligations or their creation. Each holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

15. Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

16. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. Additional Rights of Holders. In addition to the rights provided to Holders of Notes under the Indenture, Holders shall have all the rights set forth in the Collateral Documents.

18. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

19. Additional Information. Any Holder of the Notes or prospective investor may obtain a copy of the Indenture and the Collateral Documents without charge by writing to the Company at the following address:

Advanced Micro Devices
 One AMD Place
 Sunnyvale, California 94088
 Attention: General Counsel

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

 (Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
 to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the
face of this Note)

Signature Guarantee.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant
to Section 4.10 or 4.16 of the Indenture, check the box below:

Section 4.10 Section 4.16

If you want to elect to have only part of the Note purchased by the
Company pursuant to Section 4.10 or Section 4.16 of the Indenture, state the
amount you elect to have purchased: \$ _____

Date:

Your Signature: _____
(Sign exactly as your name appears on the Note)

Tax Identification No.: _____

Signature Guarantee.

SCHEDULE OF EXCHANGES OF CERTIFICATED SECURITIES/2/

The following exchanges of a part of this Global Note for Certificated
Securities have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Principal Amount of increase in Principal Amount of this Gobal Note	Principal Amount of this Gobal Note following such decrease (or increase)	Signature of authorized officer of Trustee or Note Custodian
_____	_____	_____	_____	_____

2. To be included only for Senior Notes issued in global form.

INTERCREDITOR AND COLLATERAL AGENCY AGREEMENT

This INTERCREDITOR AND COLLATERAL AGENCY AGREEMENT ("Agreement"), dated as of August 1, 1996, by and among UNITED STATES TRUST COMPANY OF NEW YORK, as trustee for the Noteholders under the Indenture (as defined below) (the "Trustee"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as administrative agent for the financial institutions ("Banks") from time to time party to the Credit Agreement (as defined below) (the "Bank Agent") and IBJ SCHRODER BANK & TRUST COMPANY, as agent for the Trustee and the Bank Agent under this Agreement ("Collateral Agent").

A. Pursuant to the Indenture dated as of August 1, 1996 (as amended, modified or supplemented from time to time, the "Indenture") by and between the Trustee and Advanced Micro Devices, Inc. (the "Company"), the Company has issued its \$400,000,000 of Senior Secured Notes due 2003 ("Senior Secured Notes").

B. Pursuant to the Credit Agreement dated as of July 19, 1996 (the "Credit Agreement", as such term is further defined below) by and among Bank Agent, the Company and the Banks, the Banks have agreed to lend to the Company, subject to the terms and conditions of the Credit Agreement, up to \$400,000,000 of term and revolving loans (the "Bank Credit", as such term is further defined below).

C. The intent of this Agreement is, among other things, to describe the relative rights and obligations of the Banks and the Trustee with respect to the collateral of the Company in which they jointly benefit from the security interest of the Collateral Agent.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Definitions; Rules of Interpretation.

(a) Rules of Interpretation. In this Agreement, (i) the singular includes the plural and the plural includes the singular; (ii) "or" is not exclusive; (iii) a reference to a Person includes its permitted successors and permitted assigns; (iv) the words "include," "includes" and "including" are not limiting; (v) a reference to a section is to the cited section of this Agreement; and (vi) any reference to "party," "parties" or to "the parties hereto" refers to one or more of the Trustee, the Bank Agent and the Collateral Agent, and any successor of any such persons, and not the Company.

(b) Definitions. The following terms have the respective meanings given:

"Aggregate Credit" means the aggregate principal amount of the Senior Secured Notes outstanding at the time such term is used, plus the aggregate principal amount of the loans outstanding under the Credit Agreement at the time such term is used.

"AMD Texas" means AMD Texas Properties, LLC, a Delaware limited liability company.

"Bank Credit" has the meaning given in Paragraph B of the recitals hereto, and includes any such amounts under any Credit Agreement, provided that the principal amount

of Bank Credit which may be secured by the Collateral and participate in voting under this Agreement may under no circumstances exceed \$400,000,000 minus the sum of each "Bank Portion", as defined in Section 3(c).

"Bank Loans" means the loans of the Banks to the Company under the Credit

Agreement.

"Business Day" means any day other than a Saturday, a Sunday or a day on

which banking institutions in New York, New York or San Francisco, California or at a place of payment are authorized by law, regulation or executive order to remain closed.

"Collateral" means, collectively, (i) the "Collateral" as such term is used

in the Deed of Trust, (ii) the "Mortgaged Property" as such term is used in the Deed of Trust, (iii) the "Collateral" as such term is used in the Security Agreement, (iv) any collateral in which the Company hereafter grants the Collateral Agent a lien or security interest pursuant to any other Collateral Document, (v) any proceeds of title insurance with respect to the Collateral, (vi) any proceeds of an "Event of Loss", as such term is defined in the Indenture or as such term in defined in the Credit Agreement, including without limitation any proceeds of insurance for which the Collateral Agent is insured or loss payee pursuant to the Credit Agreement, Indenture or Collateral documents (amounts in this clause (vi), "Event of Loss Proceeds"), or (vii) any

proceeds of a "Collateral Asset Sale", as such term is defined in the Indenture ("Collateral Asset Sale Proceeds").

"Collateral Documents" means the Deed of Trust, the Security Agreement and

any related security documents or instruments to which the Company is a party.

"Credit Agreement" has the meaning given in Paragraph B of the recitals

hereto, and also includes any amendment, modification, supplement, restatement, refinancing document or replacement of such Credit Agreement.

"Credit Class" means either the Noteholders or the Banks, as the context

may require.

"Creditors" means the Noteholders and the Banks, collectively.

"Deed of Trust" means the Deed of Trust, Assignment, Security Agreement and

Financing Statement, dated as of August 1, 1996, by the Company for the benefit of the Collateral Agent, and also includes any amendment, modification, supplement, restatement, or replacement thereof executed by the Company for the benefit of the Collateral Agent.

"Directing Creditors" has the meaning given in Section 7(a).

"Easement Agreement" means the Reciprocal Easement Agreement, dated as of

August 1, 1996, between the Company and AMD Texas, and also includes any amendment, modification, supplement, restatement, or replacement thereof executed by the Company and AMD Texas.

"Exceptional Decisions" has the meaning given in Section 7(b).

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"Excess Proceeds Offer" has the meaning given in the Indenture.

"Indemnity Agreement" means the Payment, Reimbursement and Indemnity

Agreement, dated as of August 1, 1996, between the Company and the Collateral Agent, and also includes any amendment, modification, supplement, restatement or replacement thereof executed by the Company and the Collateral Agent.

"Lease Agreement" means the Lease, Option to Purchase, and Put Option

Agreement, dated as of August 1, 1996, between the Company and AMD Texas, and also includes any amendment, modification, supplement, restatement, or replacement thereof executed by the Company and AMD Texas.

"Lease Documents" means the Lease Agreement, Easement Agreement, Sublease,

and any subsequent subleases contemplated by Sections 9.2 and 10.1 of the Lease Agreement.

"Noteholders" means the holders of the Senior Secured Notes from time to

time.

"Note Obligations" means all present and future obligations of the Company

to the Noteholders and the Trustee under the Indenture, provided that the principal amount of Note Obligations which may be secured by the Collateral and participate in voting under this Agreement may under no circumstances exceed \$400,000,000 minus the sum of the portions of the "Note Portion", as defined in Section 3(c), accepted by the Noteholders pursuant to an Excess Proceeds Offer.

"Notice of Acceleration" has the meaning given in Section 4(b).

"Permitted Investments" means: (i) United States dollars, (ii) securities

issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof having maturities of not more than six months from the date of acquisition, (iii) certificates of deposit, time deposits and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case with the Collateral Agent, any of the Banks or any domestic commercial bank having capital and surplus in excess of \$500 million and a Keefe Bank Watch Rating of "B" or better, (iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in clause (iii) above and (v) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Ratings Group and in each case maturing within six months after the date of acquisition.

"Person" means any natural person, corporation, partnership, firm,

association, governmental authority, or any other entity whether acting in an individual, fiduciary or other capacity.

"pro rata" means, as between the Noteholders and the Banks, in proportion

to the aggregate outstanding amounts of principal outstanding under the Senior Secured Notes and Bank Loans, determined on the day of application of such term.

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"Security Agreement" means the Security Agreement, dated as of August 1,

1996, between the Company and the Collateral Agent, and also includes any amendment, modification, supplement, restatement, or replacement thereof executed by the Company and the Collateral Agent.

"Sublease" means the Sublease Agreement, dated as of August 1, 1996,

between the Company and AMD Texas, and also includes any amendment, modification, supplement, restatement, or replacement thereof executed by the Company and AMD Texas.

2. Appointment of Collateral Agent; Duties. -----

(a) Collateral Agent is hereby appointed by the Trustee and the Bank Agent as their collateral agent hereunder, and the Collateral Agent hereby agrees to act as their Collateral Agent pursuant to the terms of this Agreement.

(b) Subject to the terms and conditions of this Agreement, the Collateral Agent shall act as secured party under the Security Agreement, beneficiary under the Deed of Trust and lienholder under any other Collateral Documents during the term of this Agreement, in each case as collateral agent for the Trustee and the Bank Agent.

(c) Subject to the terms and conditions of this Agreement, the Collateral Agent shall act as depository agent under the Security Agreement with respect to the "Proceeds Account" established thereunder, and as such shall accept all cash, payments, or other amounts to be delivered to or held by the Collateral Agent pursuant to the terms of the Security Agreement. The Collateral Agent shall hold and safeguard the Proceeds Account (and the cash, instruments and securities on deposit therein in accordance with the terms of the Security Agreement) during the term of this Agreement.

(d) Subject to the terms and conditions of this Agreement, the Collateral Agent shall act as "Lender" under and as defined in the Lease Documents.

(e) Subject to the terms and conditions of this Agreement, the Collateral Agent shall follow the instructions of the Directing Creditors from time to time, subject to and consistent with the Collateral Agent's rights and obligations expressed in the Collateral Documents and in accordance with applicable law. The Noteholders' representative for purposes of delivering notices and instructions to the Collateral Agent shall be the Trustee and the

Banks' representative for purposes of delivering notices and instructions to the Collateral Agent shall be the Bank Agent. The Collateral Agent shall disregard notices and instructions from any other Person in respect of the applicable Credit Class.

(f) The Collateral Agent shall provide the Bank Agent and the Trustee with a copy of all notices received from the Company under the Collateral Documents.

(g) The Collateral Agent shall timely file Uniform Commercial Code continuation statements to continue the perfection of the security interests under the Security Agreement.

(h) During any period when the Collateral Agent is exercising remedies against the Company or the Collateral, the Collateral Agent shall furnish the Bank Agent and

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the Trustee with reports of its activities in connection therewith upon the occurrence of significant events and upon the request of the Trustee or the Bank Agent, but in any event at least monthly.

(i) The Collateral Agent acknowledges the provisions of (A) the Indenture involving potential actions which the Company may take after an Event of Loss (as defined in the Indenture) and a Collateral Asset Sale, which may necessitate activity by the Collateral Agent; (B) Section 2.07(c) of the Credit Agreement, which may necessitate activity by the Collateral Agent; (C) the Lease Documents in effect as of the date hereof and (D) the Collateral Documents.

(j) Except to the extent otherwise provided in the immediately succeeding sentence, the duties of the Collateral Agent hereunder and under the Collateral Documents shall be ministerial and administrative in nature; the Collateral Agent shall not have by reason of this Agreement or the Collateral Documents a fiduciary or trust relationship with respect to the Bank Agent, any Bank, the Trustee, or any Noteholder, and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to imply such obligations or impose, upon the Collateral Agent, any obligations whatsoever arising under this Agreement, the Indenture, the Credit Agreement or any Collateral Document, except as expressly set forth herein or therein. Notwithstanding the immediately preceding sentence, for the limited purpose of holding and distributing or applying proceeds of Collateral and Permitted Investments, the Collateral Agent shall hold such proceeds and Permitted Investments in trust for the benefit of the Bank Agent and the Trustee, in accordance with their rights and priorities provided for herein.

3. Collateral; Collateral-Sharing.

(a) Additional Collateral. Without implying that either the Indenture or

the Credit Agreement allows such additional collateral, any collateral other than the Collateral in which the Company grants the Bank Agent, the Banks, the Trustee or the Noteholders (or, in each case, any agent or trustee therefor) any security interest or lien in respect of such collateral shall not be part of the Collateral hereunder or otherwise subject to this Agreement unless agreed by all the parties hereto. Neither the Trustee, the Bank Agent nor the Banks may take as such additional collateral for the Bank Credit or Note Obligations any real property in California unless such party provides to the other reasonable assurances, including, if requested, appropriate indemnities, that such real property collateral will not allow the Company under any circumstances to assert the benefits of California Code of Civil Procedure (S) (S) 580d or 726 or other California anti-deficiency statutes or any other similar statutes in any other jurisdiction.

(b) Sharing of Collateral. Neither the Trustee nor the Bank Agent shall be

entitled to exercise any remedies directly under the Collateral Documents, but only through providing instructions to the Collateral Agent under this Agreement, either jointly or as Directing Creditors. In the event of the realization of proceeds of any collection or disposition of Collateral pursuant to the Collateral Documents, except as otherwise provided in Section 3(c), Collateral Agent shall distribute such proceeds to the specified Persons in the following order of priority:

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(i) to the Collateral Agent and any predecessor Collateral Agent(s) in reimbursement of its (or their) fees, charges and expenses in accordance with the terms of the Indemnity Agreement, including the fees, expenses and disbursements of its (or their) agents and legal counsel, and any and all claims of the Collateral Agent against the Company for indemnification in accordance with the terms of the Indemnity Agreement; provided that the Collateral Agent (or its predecessor, as the case may be) shall not be entitled to payment from such proceeds of such fees, charges, expenses and claims for indemnification, if any, that arise prior to the commencement by or against the Company of a

bankruptcy case under Title 11 of the United States Code and as to which the Collateral Agent (or its predecessor, as the case may be) had a reasonable opportunity to submit to the Company an invoice and demand for payment prior to such commencement, unless the Collateral Agent (or its predecessor, as the case may be) actually submitted such invoice and demand prior to such commencement;

(ii) to the out-of-pocket costs of collection and enforcement of remedies incurred by the Trustee and the Bank Agent, on a pari passu basis, inclusive of any amounts owed to the Trustee under Section 7.07 of the Indenture and of fees, expenses and disbursements of agents and legal counsel to the Trustee and the Bank Agent, and costs of appraisals, environmental reports and receivers all in accordance with the terms of the Indenture, the Credit Agreement and any Loan Documents (as defined in the Credit Agreement);

(iii) to accrued and unpaid interest on the Bank Loans and accrued and unpaid interest on the Senior Secured Notes, on a pro rata basis;

(iv) to the due and unpaid principal of the Bank Loans and the due and unpaid principal of the Senior Secured Notes, on a pro rata basis;

(v) to any remaining unpaid amounts of (A) the Bank Credit and other amounts owing under or in connection with the Credit Agreement (other than amounts described in clause (vi) below) and (B) the Note Obligations and other amounts owing under or in connection with the Indenture, on a pro rata basis;

(vi) to the fees of legal counsel for each Bank, if applicable, on a pari passu basis in accordance with the terms of the Credit Agreement and any Loan Documents (as defined in the Credit Agreement); and

(vii) to other Persons as their interests may appear or as instructed by a court of competent authority.

No party hereto shall be entitled to a distribution on any lower priority pursuant to clauses (ii) through (vii) above unless and until all higher priorities have been paid in full.

(c) Sharing of Event of Loss Proceeds and Collateral Asset Sale Proceeds.

In any circumstance when the Collateral Agent receives Event of Loss Proceeds or Collateral Asset Sale Proceeds pursuant to the Indenture and the Security Agreement and the Indenture specifies that all or a portion of such proceeds are to be applied to an Excess Proceeds Offer, the Collateral Agent shall divide such proceeds between the Credit Classes on a pro rata basis. The portion thereof calculated by reference to the Bank Loans ("Bank Portion") shall be paid

to the Bank Agent for application toward the prepayment of Bank Loans in accordance with the

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Credit Agreement. The portion thereof calculated by reference to the Senior Secured Notes ("Note Portion") shall be paid to the Trustee upon its request,

for application to an Excess Proceeds Offer. The parties acknowledge that the Indenture provides that in the event the Noteholders do not accept Excess Proceeds (as defined in the Indenture) or proceeds of a Collateral Asset Sale in the full amount to which they are entitled, the portion thereof which would otherwise have been applied to the redemption of Senior Secured Notes in accordance herewith will be paid to the Company, subject to any right of the Collateral Agent to set off or apply all or any part of such portion with any investment income thereon pursuant to Section 5.4 of the Indemnity Agreement.

4. Notices; Exercise of Remedies.

(a) Notice by Trustee of Event of Default. The Trustee shall notify the Collateral Agent if an Event of Default has occurred under (and as defined in) the Indenture, and of the forbearance, waiver or other termination, if any, of such Event of Default.

(b) Notice of Acceleration. In the event an "Event of Default", however

such term is defined in the Indenture or Credit Agreement, occurs, and either the Note Obligations or Bank Credit is accelerated, the Trustee or Bank Agent shall notify the other and the Collateral Agent of such acceleration, certifying: (i) that such acceleration has occurred and (ii) the principal, interest, fees and other amounts owed by the Company (such certification, a "Notice of Acceleration").

(c) Mandatory Cross-Acceleration. Upon receipt of a Notice of

Acceleration from the other Credit Class, the members of a Credit Class shall accelerate their Bank Credit or Note Obligations, as the case may be, and shall

deliver a separate Notice of Acceleration as provided in Section 4(b).

(d) Remedies. Upon receipt by the Collateral Agent of a Notice of

Acceleration from both the Trustee and the Bank Agent, or upon receipt by the Collateral Agent of notice of the commencement by or against the Company of a bankruptcy case or other insolvency proceeding, the Collateral Agent shall retain legal counsel acceptable to the Bank Agent and the Trustee, and shall exercise such remedies under the Collateral Documents as it shall be instructed by the Directing Creditors.

(e) No Inconsistent Actions. The Trustee agrees to take no action in a

bankruptcy proceeding with respect to the Company or the Collateral which is inconsistent with the terms of this Agreement. The Bank Agent and the Banks have agreed to a similar provision for the benefit of the Trustee in Section 9.11 of the Credit Agreement.

5. Investment. Except as otherwise provided in the Collateral Documents:

any cash held by the Collateral Agent hereunder pending distribution thereof shall be invested by the Collateral Agent from time to time as directed by the Directing Creditors in Permitted Investments. Any income or gain realized as a result of any such investment shall be reinvested in Permitted Investments. Neither the Collateral Agent nor the Directing Creditors shall have any liability for any loss resulting from any such investment or sale thereof. Any cash held by the Collateral Agent that is not invested in Permitted Investments pursuant to instructions from the Directing Creditors shall not earn or accrue interest during the period such

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cash is not so invested. The Collateral Agent shall provide the Trustee and the Bank Agent with monthly statements at any time that it holds cash or Permitted Investments hereunder.

6. Restrictions on Amendments. The Bank Agent shall not permit any term

of the Credit Agreement to be amended, modified or waived, and the Trustee, acting on behalf of the Noteholders, shall not amend, modify or waive any provision of the Indenture, in each case in a manner which is intended by the Bank Agent or the Trustee to circumvent or undermine the terms of this Agreement or the results intended by this Agreement to be achieved with respect to the Collateral or proceeds thereof. The foregoing sentence is not intended to impair the ability of each Credit Class to manage and administer its credit to the Company in any manner such Credit Class otherwise deems appropriate.

7. Directing Creditors.

(a) Defined. Except with respect to Exceptional Decisions, as defined

below, all instructions to the Collateral Agent, including specific instructions as to the implementation of the general instruction described in Section 7(b)(i) (including, without limitation, delivery of a notice of foreclosure, foreclosure, and appointment of a receiver), shall be given by the Directing Creditors. The term "Directing Creditors" means Creditors holding more than 50%

of the Aggregate Credit. For purposes of calculation of the Directing Creditors, either Credit Class may, by vote of its Credit Class, delegate instructional authority to any subset of such Credit Class, in which event the Persons having been granted such instructional authority shall be deemed to represent 100% of the members of their respective Credit Class. Any such delegation of authority may be rescinded at any time by majority vote of the applicable Credit Class.

(b) Exceptional Decisions. The circumstances set forth in this section

(b) shall call for "Exceptional Decisions", as such term is used herein, and

instruction to the Collateral Agent in connection with such circumstances shall be effected as provided below:

(i) Commencement of Remedies. Either Credit Class, after

determining to do so by vote solely within such class after the representative of such Credit Class (either the Trustee or Bank Agent) has delivered a Notice of Acceleration as provided in Section 4(b), may instruct the Collateral Agent to "generally realize upon the Collateral and protect the Creditors' interests in connection therewith, all as expeditiously as reasonably possible." Upon receipt by the Collateral Agent of a Notice of Acceleration from both Credit Classes, the Collateral Agent shall follow such general instruction and shall thereupon follow the instructions of the Directing Creditors. No subsequent instruction by the Directing Creditors shall be inconsistent with the foregoing general instruction and the Collateral Agent shall disregard any such

inconsistent instruction.

(ii) Amendment of Collateral Documents. The Collateral Agent shall

not agree to any amendment of the Collateral Documents except upon notice to the Collateral Agent by the representative of each Credit Class of the concurrence of such Credit Class, determined by the applicable vote solely within such class; provided that no agreement of any Creditor nor notice of the concurrence of any Credit Class shall be required for (A) the Collateral Agent to take the actions contemplated by Section 6.25 of the Deed of Trust in connection with releasing certain Collateral after the Company's Austin real property is re-platted or (B) such amendments to financing statements or other Collateral Documents as

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Collateral Agent determines are necessary to effectuate the intent of this Agreement or the Collateral Documents.

(iii) Amendment of this Agreement. The Collateral Agent shall not

agree to any amendment of this Agreement except upon notice to the Collateral Agent by the representative of each Credit Class of the concurrence of such Credit Class, determined by the applicable vote solely within such class.

(iv) Release of Collateral. The Collateral Agent shall not release

any Collateral from the lien and security interests created by the Collateral Documents except as expressly provided therein or except upon notice to the Collateral Agent by the representative of each Credit Class of the concurrence of such Credit Class, determined by the applicable vote solely within such class; provided that no agreement of any Creditor shall be required for the Collateral Agent to take the actions contemplated by Section 6.25 of the Deed of Trust in connection with re-plattling of the Company's Austin real property.

(v) Certain Actions Under Lease Documents and Deed of Trust. So

long as no Event of Default under and as defined in the Indenture shall have occurred and be continuing and shall have been noticed to the Collateral Agent, the Bank Agent, acting alone or after consultation with the Banks and in accordance with Section 7(f), may instruct the Collateral Agent to grant or withhold the consents contemplated by the Lease Documents and the Deed of Trust to be given solely by the Bank Agent under those circumstances. The Trustee, the Bank Agent and the Collateral Agent agree that, when the conditions specified in Section 6.25 of the Deed of Trust have been satisfied to the reasonable satisfaction of the Bank Agent, then the Bank Agent, acting alone or after consultation with the Banks, but not acting in any way as agent or fiduciary for the Trustee, shall instruct the Collateral Agent to execute and deliver the Partial Release of Lien (as defined in Section 6.25 of the Deed of Trust).

(vi) Disposition of Certain Proceeds. The Trustee may instruct the

Collateral Agent as to the disposition of the Note Portion, as defined in Section 3(c), and the Bank Agent may instruct the Collateral Agent as to the disposition of the Bank Portion, as defined in Section 3(c).

(c) Certificates of Trustee and Bank Agent. Concurrently with any

calculation of Directing Creditors or any Exceptional Decision requiring the vote of both Credit Classes, the Trustee and the Bank Agent shall certify to the Collateral Agent (i) the aggregate principal amount of the Aggregate Credit held by the Noteholders or the Banks, as the case may be, and (ii) the votes cast by the members of the applicable Credit Class.

(d) Calculations Binding. All calculations of the Directing Creditors

shall be made by the Collateral Agent upon receipt of and in exclusive reliance upon the certificates described in Section 7(c), and shall be binding upon each Credit Class.

(e) Directing Creditors Held Harmless. In considering how to pursue

creditor remedies against the Company or the Collateral and before initiating any such creditor remedies, the Creditors shall first determine whether any proposed creditor remedies or other actions create a risk that the remaining interests of the Banks or the Noteholders (including, without limitation, the right to seek a deficiency judgment against the Company or the right to pursue other collateral) will be impaired or prejudiced. To the greatest extent possible, all

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instructions given or actions taken concerning the exercise of creditor remedies or other actions under this Agreement shall attempt to maximize the return for all Creditors and attempt to minimize (to the greatest extent possible) the risk

that the rights and interests of some of the Creditors (including, without limitation, the ability to seek and enforce a deficiency judgment against the Company or the right to pursue other collateral) may be diminished or impaired following the exercise of such creditor remedies or actions. Each Creditor agrees that it shall not provide or cause or vote to be provided any instruction to the Collateral Agent which would cause or result in disproportionate prejudice or impairment to the other Creditors hereunder; and the Bank Agent agrees that it shall not take any action under the Lease Documents or Deed of Trust which would cause or result in disproportionate prejudice or impairment to the interests of the Trustee and Noteholders. However, subject to the previous sentence, the Directing Creditors shall be entitled to provide any instruction and take any action which they in good faith believe is in the interest of the Noteholders and the Banks.

(f) Bank Agent Held Harmless. The following provisions shall apply, as

among the parties hereto, to the rights, duties and liabilities of the Bank Agent in taking the actions contemplated by Section 7(b) (v):

(i) The Bank Agent shall be protected in acting or refraining from acting upon any written notice, certificate, instruction, request or other paper or document, as to the due execution thereof and the validity and effectiveness of the provisions thereof and as to the truth of any information therein contained, which it in good faith believes to be genuine.

(ii) The Bank Agent shall not be liable for any error of judgment or for any act done or step taken or omitted (including, without limitation, all judgments or determinations made, and instructions given, by the Bank Agent regarding whether the conditions specified in Section 6.25 of the Deed of Trust have been satisfied and whether the Partial Release of Lien (as defined therein) should be delivered), except in the case of its gross negligence or willful misconduct, provided, that if any such liability attaches, such liability shall be limited to actual damages resulting directly from such gross negligence or willful misconduct.

(iii) The Bank Agent may consult with and obtain advice from counsel of its own choice in the event of any dispute or question as to the construction of any provision in the Lease Documents or Deed of Trust, or any question about the legal issues or risks faced by the Bank Agent in connection with any action taken or contemplated, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel.

(iv) The Bank Agent shall have no duty to ascertain or inquire as to the performance or observance by the Company or AMD Texas of any of the terms, covenants, or conditions of the Lease Documents or Deed of Trust.

(v) The Bank Agent is not acting at any time as agent for the Trustee or Noteholders and the Bank Agent shall not have any fiduciary obligations or duties of any kind under this Agreement or any trust relationship with the Collateral Agent, the Trustee or the Noteholders.

8. Collateral Agent.

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(a) Rights, Duties, etc. of Collateral Agent. The acceptance by the

Collateral Agent of its duties hereunder is subject to the following terms and conditions which the parties hereby agree shall, as among the parties hereto, govern and control with respect to the rights, duties, liabilities and immunities of the Collateral Agent:

(i) it shall act hereunder as an agent only and shall not be responsible or liable in any manner whatever for soliciting any funds or for the sufficiency, correctness, genuineness or validity of any funds or securities deposited with or held by it;

(ii) it shall be protected in acting or refraining from acting upon any written notice, certificate, instruction, request or other paper or document, including any actual or purported Notice of Acceleration or other document received by the Collateral Agent from the Bank Agent or the Trustee, as to the due execution thereof and the validity and effectiveness of the provisions thereof and as to the truth of any information therein contained, which it in good faith believes to be genuine;

(iii) it shall not be liable for any error of judgment or for any act done or step taken or omitted except in the case of its gross negligence or willful misconduct, provided, that if any such liability attaches, such liability shall be limited to actual damages resulting directly from such gross negligence or willful misconduct;

(iv) it may consult with and obtain advice from counsel of its own choice in the event of any dispute or question as to the construction of any provision in this Agreement or any Collateral Document, or any question about

the legal issues or risks faced by the Collateral Agent in connection with any action taken or contemplated, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel;

(v) it shall have no duties as Collateral Agent except those which are expressly set forth herein and in the Collateral Documents and in any modification or amendment hereof or thereof;

(vi) it may execute or perform any duties hereunder either directly or through agents or attorneys, and Collateral Agent shall not be responsible for the negligence or misconduct of any such agents or attorneys unless the selection or oversight of such agents or attorneys constituted gross negligence or willful misconduct;

(vii) it may engage or be interested in any financial or other transactions with any party hereto, or the Company, and may act on, or as depository, trustee or agent for, any committee or body of holders of obligations of such Persons as freely as if it were not the Collateral Agent hereunder, except to the extent such activities would render the Collateral Agent unable to satisfy its obligations to the Trustee and the Bank Agent hereunder.

(viii) it shall not be obligated to take any action or omit to take any action which in its reasonable judgment would subject it to any expense or risk of liability unless it has received, from one or more Persons reasonably acceptable to Collateral Agent, indemnity satisfactory to it specifically covering all liability and expense that it may incur in taking or omitting to take such action;

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(ix) it shall have no duty to ascertain or inquire as to the performance or observance by the Company of any of the terms, covenants, or conditions of the Credit Agreement, the Indenture, the Senior Secured Notes, or any of the Collateral Documents;

(x) it shall have no responsibility for (A) the due authorization, execution, legality, validity, enforceability, genuineness, sufficiency, or value of the Credit Agreement, the Indenture, the Senior Secured Notes, or any of the Collateral Documents, or (B) the perfection or priority of any of the liens and security interests created or evidenced by the Collateral Documents (except as otherwise required by Section 2(g));

(xi) it shall have no obligation or duty to take any action under this Agreement or the Collateral Documents if taking such action would subject Collateral Agent to a tax in any jurisdiction where it is not then subject to a tax, unless the Collateral Agent is indemnified to its satisfaction in connection with such action; and

(xii) it shall have no obligation or duty to take any action under this Agreement or the Collateral Documents in any jurisdiction other than the states of California, Texas or New York if taking such action would (A) require the Collateral Agent to qualify to do business in any such other jurisdiction where it is not then so qualified, or (B) subject the Collateral Agent to in personam jurisdiction in any such other jurisdiction where it is not then so subject.

(b) No Reliance. Bank Agent, each of the Banks, and Trustee, on its own behalf and on behalf of each of the Noteholders, acknowledges that (i) it has, independently of and without reliance upon the Collateral Agent, based on such information and documents as it has deemed appropriate, made its own credit analysis and decision to enter into the transactions evidenced by the Credit Agreement or the Indenture and the Senior Secured Notes and the Collateral Documents, as the case may be, and (ii) it will, independently of and without reliance upon the Collateral Agent, based on such information and documents as it deems appropriate, continue to make its own credit decisions in taking or omitting to take action under or in connection with the obligations under the Credit Agreement or the Indenture and the Senior Secured Notes, as the case may be.

(c) Resignation or Removal.

(i) The Collateral Agent may at any time resign by giving notice to each other party, such resignation to be effective upon the appointment of a successor Collateral Agent as hereinafter provided.

(ii) The Trustee and the Bank Agent may remove the Collateral Agent at any time by giving joint notice of such removal to the Collateral Agent, each such removal to be effective upon the appointment of a successor Collateral Agent as hereinafter provided.

(iii) In the event of any resignation or removal of the Collateral

Agent, a successor Collateral Agent, which shall be a bank or trust company organized under the laws of the United States of America or of the State of New York, having a corporate trust office in New York and a capital and surplus of not less than \$250,000,000, shall be jointly appointed by the Trustee (with or without the vote of the Noteholders) and the Bank Agent. If a successor Collateral Agent shall not have been appointed and accepted its appointment as the Collateral

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Agent hereunder within 45 days after such notice of resignation of the Collateral Agent or such notice of removal of the Collateral Agent, the Collateral Agent or the Trustee and the Bank Agent may apply to any court of competent jurisdiction to appoint a successor Collateral Agent to act until such time, if any, as a successor Collateral Agent shall have accepted its appointment as above provided. Any successor Collateral Agent so appointed by such court shall immediately and without further act be superseded by any successor Collateral Agent appointed by the Trustee and Bank Agent. Any such successor Collateral Agent shall deliver to each party a written instrument accepting such appointment hereunder and thereupon such successor Collateral Agent shall succeed to all the rights and duties of the Collateral Agent hereunder and shall be entitled to receive assignment of all rights from the predecessor Collateral Agent.

(iv) Upon the appointment of a successor Collateral Agent as provided in Section 8(c)(iii), the resigning or removed Collateral Agent shall be discharged from all further duties and obligations under this Agreement and the Collateral Documents; provided, that the resigned or removed Collateral Agent shall cooperate in assigning to such successor Collateral Agent all of its right, title, and interest under this Agreement and the Collateral Documents and executing all documentation necessary or appropriate to evidence such assignment in all appropriate filing offices and jurisdictions.

(d) Fees and Indemnification of Collateral Agent. The Collateral Agent

agrees to be compensated for its services as Collateral Agent hereunder and under the Collateral Documents directly from the Company, to obtain appropriate indemnities directly from the Company pursuant to the Indemnity Agreement and any successor or related agreement and to waive recourse to the Collateral, the Trustee, the Bank Agent and the Creditors for payment of its fees, expenses and indemnities, except in the event of a disposition of Collateral and distribution of the proceeds as provided in Section 3(b).

9. Miscellaneous.

(a) Agreement Supersedes. As among the parties hereto, the terms and

conditions of this Agreement shall govern notwithstanding (i) the time or place of execution or filing of any financing statement or other security document, (ii) the validity, enforceability, priority or perfection of any lien, (iii) the status of the indebtedness owed by the Company to the Noteholders, the Bank Agent or the Banks being characterized as "purchase money" or otherwise, or (iv) any defenses against the validity or enforceability of the Senior Secured Notes or Bank Loans, or any claim of fraudulent conveyance.

(b) Trustee on Behalf of Noteholders. For all purposes of this Agreement

relating to payments received or receivable hereunder, payments to the Noteholders shall be deemed made if such payments are made to Trustee on behalf of the Noteholders in accordance with the Indenture.

(c) Turnover. Any payment or other distribution of any kind or character

wrongfully received by any party under the terms of this Agreement shall be held in the form received, in trust for the other parties entitled thereto, and such party wrongfully receiving any such payment or distribution shall promptly turn such portion of such payment or distribution over to the other party or parties entitled thereto as shall be necessary to ensure that such payment or distribution is distributed as would have been effected under this Agreement.

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(d) No Warranties. Except as expressly set forth herein, the parties have

not made to each other nor do they hereby or otherwise make to each other any warranties, express or implied, or do they assume any liability to each other with respect to the enforceability, validity, value or collectability of the Collateral (or any portion thereof) or as to title to the Collateral. No party shall be liable to the other for any action or failure to act or any error of judgment, negligence, or mistake, or oversight whatsoever on the part of such party or its agents, officers, employees or attorneys with respect to any transaction relating hereto, provided such party has acted in good faith and has not been guilty of gross negligence or willful misconduct. No party shall be prejudiced in its rights under this Agreement by any act or failure to act of

the Company, or any noncompliance by the Company with any agreement or obligation, regardless of any knowledge thereof which any such party may have or with which such party may be charged.

(e) Further Assurances. The parties agree to execute such further

documents and instruments, and to take such other actions, as shall be reasonably necessary to carry out the intent of this Agreement.

(f) Notices; Instructions to Collateral Agent. All notices and other

communications, including instructions to the Collateral Agent, required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been duly given and received, regardless of when and whether received, either: (a) on the day of hand delivery; (b) on the Business Day after the day sent, when sent by overnight courier (such as Federal Express, Air Borne, UPS Next Day Service or DHL); or (c) when telecopied, when receipt is confirmed by machine or otherwise in writing, addressed as follows:

To the Trustee:

United States Trust Company of New York
114 West 47th Street
New York, NY 10036
Attention: Corporate Trust Department
Telephone: (212) 852-1000
Telecopy: (212) 852-1625

To the Bank Agent:

Bank of America National Trust and Savings Association
555 California Street, 41st Floor
San Francisco, CA 94104
Attention: Kevin McMahon, Vice President
Telephone: (415) 622-8088
Telecopy: (415) 622-2514

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To the Collateral Agent:

IBJ Schroder Bank & Trust Company
One State Street
New York, NY 10004
Attention: Corporate Trust Administration
Telephone: (212) 858-2000
Telecopy: (212) 425-0542

or at such other address as the specified entity most recently may have designated in writing in accordance with this section to the others.

(g) Headings. The headings in this Agreement are for purposes of

reference only and shall not affect the meaning or construction of any provision of this Agreement.

(h) Severability. The provisions of this Agreement are severable, and if

any clause or provision shall be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect in that jurisdiction only such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Agreement in any jurisdiction.

(i) Binding Agreement; Parties' Right to Assign. This Agreement shall be

binding upon the parties and their respective successors and assigns and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may only be enforced by the parties (including their respective successors and assigns) against each other. This Agreement is not intended to give rise to any third party beneficiaries.

(j) Amendments, Waivers and Consents. Any amendment or waiver of any

provision of this Agreement shall be effective only if made in writing and signed by the Person sought to be bound. The parties hereto agree that they shall not amend any term of this Agreement if such amendment would materially adversely affect the rights or obligations of the Company under the Indenture, the Notes, the Credit Agreement or any Collateral Document unless such amendment is consented to in a writing signed by the Company.

(k) Fees, Etc. of Collateral Agent. This Agreement shall not be

terminated, nor shall the Collateral Agent be instructed to release the lien of

the Collateral Documents, unless the Collateral Agent has been paid all amounts owed to the Collateral Agent under the Indemnity Agreement.

(1) Counterparts. This Agreement may be executed in any number of

counterparts and by the different parties on separate counterparts, each of which, when so executed and delivered, shall be deemed an original but all of which shall together constitute one and the same agreement.

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(m) Governing Law. The validity, interpretation and enforcement of

this Agreement shall be governed by the laws of the State of New York without reference to the conflicts of laws (other than Section 5-1401 of the New York General Obligations Law).

IN WITNESS WHEREOF, the parties have caused this Intercreditor and Collateral Agency Agreement to be duly executed by their officers thereunto duly authorized, as of the day and year first above written.

TRUSTEE UNITED STATES TRUST COMPANY OF
NEW YORK, as Trustee

By: /s/ Albert J. Edwards

Name: Albert J. Edwards
Title: Vice President

BANK AGENT BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Agent

By: /s/ Kevin McMahon

Name: Kevin McMahon
Title: Vice President

COLLATERAL AGENT IBJ SCHRODER BANK & TRUST
COMPANY, as Collateral Agent

By: /s/ Thomas J. Bogert

Name: Thomas J. Bogert
Title: Vice President

ACKNOWLEDGMENT

The Intercreditor and Collateral Agency Agreement set forth above is acknowledged and consented to by the undersigned.

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

Name: Marvin D. Burkett
Title: Senior Vice President, Chief Financial
and Administrative Officer and Treasurer

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PAYMENT, REIMBURSEMENT AND INDEMNITY AGREEMENT

THIS PAYMENT, REIMBURSEMENT AND INDEMNITY AGREEMENT (this "Agreement") is made as of August 1, 1996, between ADVANCED MICRO DEVICES, INC., a Delaware corporation ("AMD"), and IBJ SCHRODER BANK & TRUST COMPANY, a New York banking corporation ("Schroder"). This Agreement is made with reference to the following facts:

RECITALS

A. AMD, Bank of America National Trust and Savings Association, as administrative agent ("Bank Agent") and certain financial institutions have entered into that certain Credit Agreement dated as of July 19, 1996, as amended by that certain First Amendment to Credit Agreement dated as of August 7, 1996 (as so amended, the "Credit Agreement"), providing for loans to AMD in the aggregate principal amount of \$400,000,000.

B. United States Trust Company of New York, as trustee ("Indenture Trustee") and AMD have entered into that certain Indenture dated as of August 1, 1996 (the "Indenture") relating to AMD's 11% Senior Secured Notes due 2003 (the "Senior Secured Notes") issued in the aggregate principal amount of \$400,000,000.

C. AMD's obligations under the Credit Agreement and the Indenture are secured by liens and security interests created by (i) that certain Deed of Trust, Assignment, Security Agreement and Financing Statement ("Deed of Trust") dated as of August 1, 1996 among AMD as grantor, Schroder as grantee and Shelley W. Austin as trustee, (ii) that certain Security Agreement dated as of August 1, 1996 among AMD and Schroder as collateral agent ("Security Agreement"), and (iii) any related UCC financing statements and security documents or instruments, but excluding the "Intercreditor and Collateral Agency Agreement" (as defined below) (collectively referred to herein as the "Collateral Documents").

D. Schroder has agreed to serve as collateral agent as set forth in that certain Intercreditor and Collateral Agency Agreement ("Intercreditor and Collateral Agency Agreement"), of even date herewith, among the Indenture Trustee, the Bank Agent and Schroder, in connection with the extension of credit under the Credit Agreement and the issuance of the Senior Secured Notes under the Indenture on the condition, among others, that AMD shall have entered into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. Acknowledgement of Recitals. The parties hereto acknowledge that the -----
recitals are accurate, true, and correct.

2. Fees.

2.1 Acceptance Fee. AMD shall pay to Schroder on August 13, 1996 (the -----
"Closing Date"), a non-refundable acceptance fee as set forth on Exhibit A attached hereto.

2.2 Collateral Agent's Fee. AMD shall pay to Schroder on the Closing -----
Date and on each anniversary of the Closing Date, a non-refundable fee (the "Collateral Agent's Fee") as set forth on Exhibit A attached hereto. The Collateral Agent's Fee is payable from the Closing Date and on each anniversary of the Closing Date thereafter until such time as Schroder has no obligations under the Collateral Documents, the Intercreditor and Collateral Agency Agreement or any other document executed in connection with any of the foregoing.

2.3 Activity Fees. AMD shall pay to Schroder within thirty (30) days -----
of receipt of an invoice from Schroder, the administrative and other fees reasonably charged by Schroder for services rendered (including, but not limited to, wire transfer fees, check processing fees, investment transaction fees, collateral release/exchange fees, NSF check fees and check issuance fees), all

as more fully set forth on Exhibit A attached hereto.

2.4 Payment of Fees. AMD agrees to pay the fees set forth in this

Section 2 and any other fees as hereafter agreed between AMD and Schroder, as and when due, without any reduction for offset, deduction, recoupment, or counterclaim.

2.5 Fees Cumulative. All fees payable under this Agreement shall be

cumulative and fully earned on the date of payment.

3. Reimbursement of Expenses. On the 28th day of each calendar month, or

more or less frequently as Schroder may determine in its absolute discretion, Schroder shall send to AMD an invoice for Schroder's reimbursable expenses ("Reimbursable Expenses") including, but not limited to, all costs or out-of-pocket expenses (including all reasonable fees and disbursements of any law firm or other external counsel, or other professional advisors or consultants employed by Schroder, the allocated costs of internal counsel and all disbursements of internal counsel) incurred by Schroder in connection with the preparation,

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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, the Intercreditor and Collateral Agency Agreement, any of the Collateral Documents, or any document related thereto or hereto. AMD agrees to pay all Reimbursable Expenses as set forth in this Section 3 within thirty (30) days of receipt of Schroder's invoice for such Reimbursable Expenses, without any reduction for offset, deduction, recoupment, or counterclaim.

4. Indemnification of Schroder.

AMD assumes liability for, and agrees absolutely and unconditionally to indemnify, protect, save and keep harmless Schroder and its officers, directors, employees, successors, assigns, agents and servants from and against, any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, legal proceedings and cases, costs and expenses that may be imposed on, incurred by, or asserted against, at any time, Schroder and in any way relating to or arising out of the execution and delivery and performance of this Agreement, the Intercreditor and Collateral Agency Agreement or the exercise of remedies or taking of any other action under the Collateral Documents, including any and all Environmental Matters and other Indemnified Matters (each as defined in the Deed of Trust), the purchase or sale of Permitted Investments (as defined in the Intercreditor and Collateral Agency Agreement), the retention of cash and Permitted Investments or the proceeds thereof and any payment, transfer or other application of cash or Permitted Investments in accordance with the provisions of the Intercreditor and Collateral Agency Agreement, or as may arise by reason of any act, omission or error of Schroder in its capacity as collateral agent made in the conduct of its duties or upon advice of legal counsel; except that AMD shall not be required to indemnify, protect, save and keep harmless Schroder against matters arising directly from its own gross negligence or willful misconduct. Schroder shall use commercially reasonable efforts to provide notice to AMD of any event reasonably likely to give rise to a claim for indemnification under this Section 4 promptly upon learning of such event; provided, that the failure of

Schroder to provide any such notice, or to provide any such notice after the time specified, shall not (i) reduce or affect in any way Schroder's right to indemnity under this Section 4, or (ii) create any liability whatsoever to Schroder or any defense whatsoever by AMD under this Agreement. The indemnities contained in this Section 4 shall survive the termination of this Agreement, the Intercreditor and Collateral Agency Agreement and the Collateral Documents, and shall survive any foreclosure on other enforcement of rights and remedies under the Collateral Documents.

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5. Miscellaneous.

5.1 Costs and Expenses. In addition to the other obligations set

forth in this Agreement, AMD agrees that it will, upon demand therefor, reimburse Schroder for all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Schroder in connection with the preparation and negotiation of this Agreement and the Collateral Documents and the collection of any amount due from AMD hereunder or in any action or proceeding brought by Schroder to enforce the obligations of AMD hereunder.

5.2 Separate Obligations. The obligations and liabilities of AMD to

Schroder under this Agreement are in addition to the obligations and liabilities of AMD to Schroder under the Collateral Documents. The discharge of AMD's obligations and liabilities to Schroder under the Collateral Documents or by reason of operation of law or otherwise shall in no event or under any circumstance constitute or be deemed to constitute a discharge, in whole or in part, of AMD's obligations and liabilities to Schroder under this Agreement. Conversely, the discharge of AMD's obligations and liabilities to Schroder under this Agreement by reason of operation of law or otherwise shall in no event or under any circumstance constitute or be deemed to constitute a discharge, in whole or in part, of AMD's obligations and liabilities to Schroder under any of the Collateral Documents. Notwithstanding anything in the immediately preceding sentences to the contrary, Schroder shall be limited to a single recovery on any claim arising both under this Agreement and under any of the Collateral Documents.

5.3 Successors and Assigns. Each reference herein to Schroder shall be

deemed to include its successors and assigns (including any successor collateral agent appointed pursuant to the terms of the Intercreditor and Collateral Agency Agreement and any successor organization to Schroder in its individual capacity), in whose favor the provisions of this Agreement shall also inure. Each reference herein to AMD shall be deemed to include the administrators, legal representatives, trustees, beneficiaries, successors and assigns of AMD, all of whom shall be bound by the provisions of this Agreement, provided,

however, that AMD shall in no event or under any circumstance have the right

without obtaining the prior written consent of Schroder to assign or transfer its obligations and liabilities under this Agreement (which consent may be withheld by Schroder in its sole and absolute discretion), in whole or in part, to any other person, party or entity; provided, further, however, that nothing

in this Section 5.3 shall prohibit AMD from consolidating or merging with or into any Person (as defined in the Indenture) to the extent not prohibited by Section 5.01 of the Indenture. Upon the resignation or removal of Schroder as collateral agent and the appointment of a successor collateral

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agent pursuant to Section 8(c) of the Intercreditor and Collateral Agency Agreement, Schroder shall use reasonable commercial efforts to provide notice of such resignation or removal and appointment to AMD; provided, that the failure

of Schroder to deliver such notice shall not create any liability whatsoever of Schroder to AMD or any defense whatsoever of AMD to Schroder.

5.4 Set-Off. In addition to any rights and remedies of Schroder

provided by law, if AMD fails to pay any amounts owing under this Agreement, Schroder is authorized at any time and from time to time, without prior notice to AMD, any such notice being waived by AMD 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 including, but not limited to, deposits in the "Proceeds Account" established under, and as defined in, the Security Agreement) at any time held by, and other indebtedness at any time owing by, Schroder to or for the credit or for the account of AMD against any and all obligations owing to Schroder under this Agreement, now or hereafter existing, irrespective of whether or not Schroder shall have made demand under this Agreement or any Collateral Document and although such obligations may be contingent or unmaturred; provided, that Schroder may only set-off and apply any such deposits

or indebtedness if and to the extent that any such deposits or indebtedness would be paid or would result in a payment to AMD. Schroder agrees to promptly notify AMD after any such set-off and application; provided, that failure to

give such notice shall not affect the validity of such set-off and application.

5.5 No Waiver by Schroder. No delay on the part of Schroder in

exercising any right or remedy under this Agreement or failure to exercise the same shall operate as a waiver in whole or in part of any such right or remedy. No notice to or demand on AMD shall be deemed to be a waiver of the obligation of AMD or of the right of Schroder to take further action without notice or demand as provided in this Agreement.

5.6 Modifications in Writing. This Agreement may only be modified,

amended, changed or terminated by an agreement in writing signed by Schroder and AMD. No waiver of any term, covenant or provision of this Agreement shall be effective unless given in writing by Schroder and if so given by Schroder shall only be effective in the specific instance in which given.

5.7 Obligations Absolute. AMD acknowledges that this Agreement and

AMD's obligations under this Agreement are and shall at all times be absolute

and unconditional in all respects, and are and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any

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nature whatsoever which might otherwise constitute a defense to the obligations of AMD under this Agreement.

5.8 Integration Clause. This Agreement and the Collateral Documents

set forth the entire agreement and understanding of Schroder and AMD and supersede and replace that certain fee letter agreement among Schroder and AMD dated July 8, 1996. AMD acknowledges that no oral or other agreements, understandings, representations or warranties exist with respect to this Agreement or the Collateral Documents or with respect to the obligations of AMD under this Agreement or the Collateral Documents, except those specifically set forth in this Agreement and the Collateral Documents.

5.9 Notices. Any notice, demand or other communication which the

parties hereto may desire or may be required to give to the other party hereto shall be in writing, and shall be deemed given and received, regardless of when and whether received, (a) if by facsimile, upon transmission to the appropriate facsimile number set forth below if the transmission occurs between 8:00 a.m. and 5:00 p.m., New York time, on any Business Day (as defined in the Intercreditor and Collateral Agency Agreement), provided, that any matter

transmitted by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number set forth below and (ii) shall be followed promptly by delivery of a hard copy original thereof in the manner specified in either (b), (c) or (d) below, (b) on the day when personally delivered, (c) on the Business Day after the day sent, if sent by overnight courier (such as Federal Express, Air Borne, UPS Next Day Service or DHL), addressed to either party hereto at its address set forth below, or (d) on the third (3rd) business day after being deposited in United States registered or certified mail, postage prepaid, addressed to either party hereto at its address set forth below, or to such other address as either party hereto may have designated to the other party hereto by notice in writing in accordance herewith:

(a) If to AMD:

Advanced Micro Devices, Inc.
One AMD Place
P.O. Box 3453
Sunnyvale, California 94088
Attention: Mr. Marvin Burkett
Senior Vice President,
Chief Financial and Administrative
Officer and Treasurer
Telephone: (408) 749-2818
Facsimile: (408) 749-3945

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(b) If to Schroder:

IBJ Schroder Bank and Trust Company
One State Street, 11th Floor
New York, New York 10004
Attention: Mr. Thomas J. Bogert
Vice President Corporate Trust
Administration
Telephone: (212) 858-2736
Facsimile: (212) 858-2952

Each party to this Agreement may designate a change of address by notice given to the other parties fifteen (15) days prior to the date such change of address is to become effective.

5.10 Counterparts. This Agreement may be executed in identical

counterpart copies, each of which shall be an original, but all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement. Any Person (as defined in the Intercreditor and Collateral Agency Agreement) delivering this Agreement by facsimile shall send the original manually executed counterpart of this Agreement to Schroder at the address set forth in Section 5.9 above, immediately after such facsimile transmission.

5.11 Authority. Each Person executing this Agreement represents

and warrants that he or she is lawfully authorized and empowered to execute this Agreement on behalf of the entity on whose behalf such Person is signing, and that upon execution, this Agreement will be binding upon such entity, without any further approval, ratification or other action.

5.12 Headings. Section headings used herein are for convenience

of reference only, are not part of this Agreement and are not to be taken into consideration in interpreting this Agreement.

5.13 Severability. The provisions of this Agreement are

severable, and if any clause or provision shall be held invalid, illegal or unenforceable in whole or in part by a court of competent jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and shall not affect any other clause or provision of this Agreement which remaining portions shall be valid and enforceable.

5.14 Governing Law. This Agreement is, and shall be deemed to

be, a contract entered into under and pursuant to the laws of the State of New York and shall be in all respects governed, construed, applied and enforced in accordance with the

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laws of the State of New York. No defense given or allowed by the laws of any other state or country shall be interposed in any action or proceeding hereon unless such defense is also given or allowed by the laws of the State of New York.

5.15 Submission to Jurisdiction. AMD agrees to submit to

personal jurisdiction in the State of New York in any action or proceeding arising out of this Agreement and, in furtherance of such agreement, AMD hereby agrees and consents that without limiting other methods of obtaining jurisdiction, personal jurisdiction over AMD in any such action or proceeding may be obtained within or without the jurisdiction of any court located in New York and that any process or notice of motion or other application to any such court in connection with any such action or proceeding may be served upon AMD by registered or certified mail to or by personal service at the last known address of AMD, whether such address be within or without the jurisdiction of any such court.

IN WITNESS WHEREOF, the parties hereto intending to be legally bound hereby, each have duly executed this Agreement as of the date first written above.

AMD:

ADVANCED MICRO DEVICES, INC.,
a Delaware corporation

By: /s/ Marvin D. Burkett

Marvin D. Burkett, Senior Vice
President, Chief Financial and
Administrative Officer and
Treasurer

SCHRODER:

IBJ SCHRODER BANK & TRUST COMPANY,
a New York banking corporation, as
Collateral Agent

By: /s/ Thomas J. Bogert

Name: Thomas J. Bogert

Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

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ACKNOWLEDGED AND CONSENTED
to this 12th day of August, 1996

BANK AGENT:
- -----

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as
Administrative Agent under the
Credit Agreement

By: /s/ Kevin McMahon

Name: Kevin McMahon

Title: Vice President

INDENTURE TRUSTEE:

UNITED STATES TRUST COMPANY OF
NEW YORK, as Trustee under the
Indenture

By: /s/ Albert J. Edwards

Name: Albert J. Edwards

Title: Vice President

EXHIBIT A

A. Acceptance Fee.

AMD shall pay to Schroder on the Closing Date, a non-refundable
acceptance fee in the amount of \$6,000.

B. Collateral Agent's Fee.

AMD shall pay to Schroder on the Closing Date, and on each anniversary
of the Closing Date, a non-refundable fee in the amount of \$7,500.

C. Activity Fee.

AMD shall pay to Schroder within thirty (30) days of receipt of an
invoice from Schroder, the administrative and other fees reasonably charged by
Schroder for services rendered, including, but not limited to, the fees set
forth on page 2 of this Exhibit A.

[LETTERHEAD OF IBJ SCHRODER APPEARS HERE]

COLLATERAL AGENCY ACTIVITY

FEE SCHEDULE

(To The Extent Applicable)

<TABLE>

<S>	<C>
For each wire transfer made.....	\$25.00
For processing checks returned as uncollectible.....	\$10.00

For each investment transaction..... \$50.00
(purchase 'sale' collection)

For each release, exchange, substitution or withdrawal of property.. \$200.00

For each check issued and mailed..... \$5.00

For each Form 1099 or Form 1099-B issued and mailed, including..... \$1.00
tape supplied to the IRS

</TABLE>

Incidental or Extraordinary Services:

Charges for services of this nature will be based on an analysis
of the work to be provided.

Out of Pocket Expenses:

The above fees do not include out-of-pocket expenses that may include, but
are not limited to, FDIC assessment, if any, postage, stationery, fees and
expenses of counsel, telephone, messenger, overtime, insurance, etc.

STATE OF TEXAS (S)
(S)
(S) KNOW ALL PERSONS BY THESE PRESENTS
(S)
COUNTY OF TRAVIS (S)

DEED OF TRUST, ASSIGNMENT, SECURITY
AGREEMENT AND FINANCING STATEMENT

THIS DEED OF TRUST, ASSIGNMENT, SECURITY AGREEMENT AND FINANCING STATEMENT
(this "Mortgage") dated to be effective as of August 1, 1996 is executed and
delivered by Grantor to Grantee for good and valuable consideration, the receipt
and adequacy of which are hereby acknowledged by Grantor.

RECITALS:

1. Grantor, Bank of America National Trust and Savings Association, as
administrative agent for itself and the banks and financial institutions shown
on the signature pages of the Credit Agreement and any other bank that may
thereafter become a party thereto (such banks and financial institutions,
together with the Bank of America National Trust and Savings Association,
collectively, the "Banks"), and the Banks have entered into the Credit

Agreement, dated as of July 19, 1996, as amended by the First Amendment to
Credit Agreement, dated as of August 7, 1996, covering loans in the aggregate
principal amount of up to \$400,000,000.00 (as heretofore amended and as
hereafter amended, modified or restated from time to time, the "Credit

Agreement"). Grantor and Indenture Trustee have entered into the Indenture

covering the Senior Secured Notes in the aggregate principal amount of
\$400,000,000.00.

2. This Mortgage is part of the security for the Secured Indebtedness.

ARTICLE 1 - Certain Definitions; Granting Clauses;

Secured Indebtedness

Section 1.1. Certain Definitions and Reference Terms. Capitalized

terms not otherwise defined herein shall have the meaning set forth in the
Credit Agreement or Indenture (as hereinafter defined). In addition to other
terms defined herein, each of the following terms shall have the meaning
assigned to it:

"Agent": Bank of America National Trust and Savings Association, as

administrative agent for itself and the Banks under the Credit Agreement.

"Banks": The Banks as defined in paragraph 1 of the Recitals in this

Mortgage.

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"Collateral Agent": The Collateral Agent as defined in the definition of

"Grantee" contained in this Mortgage, whose duties and obligations on behalf of
Agent and Indenture Trustee are governed by the Intercreditor Agreement.

"Credit Agreement": The Credit Agreement described in paragraph 1 of the

Recitals.

"Credit Documents": The Credit Documents as defined in Section 1.4 hereof.

"Easement Agreement": The Reciprocal Easement Agreement more particularly

described as item 3 of Exhibit B to this Mortgage.

"Easement Tracts": The real property described as "Easement Tracts" on

Exhibit A to this Mortgage.

- -----
"Fab 25 Facilities": The Fab 25 Facilities as defined in Section 1.2(b)

hereof.

"Grantee": IBJ Schroder Bank & Trust Company, as collateral agent

("Collateral Agent"), its successors and assigns, for the ratable benefit of (i)

Bank of America National Trust and Savings Association, as administrative agent
("Agent"), its successors and assigns, for the benefit of itself and the Banks

under the Credit Agreement; and (ii) Indenture Trustee, its successors and
assigns, for the benefit of the Noteholders under the Indenture and any
subsequent Noteholders.

"Grantor": ADVANCED MICRO DEVICES, INC., a Delaware corporation.

"Holders": The Banks, Agent, Indenture Trustee, the Noteholders and any

subsequent holders of all or part of any of the indebtedness secured hereunder.

"Indemnity Agreement": Payment, Reimbursement and Indemnity Agreement dated

as of August 1, 1996 by and between Grantor and Collateral Agent, as the same
shall be amended, modified, or restated from time to time.

"Indenture": Indenture dated as of August 1, 1996, by and between Grantor

and Indenture Trustee, as the same may hereafter be amended, modified or
restated from time to time.

"Indenture Trustee": United States Trust Company of New York, a New York

trust company, being the Indenture Trustee described in the Indenture, or any
successor or substitute appointed from time to time acting under the Indenture.

"Intercreditor Agreement": Intercreditor and Collateral Agency Agreement

dated as of August 1, 1996, by and among Agent, Indenture Trustee and Collateral
Agent.

"Lease Agreement": The Lease, Option to Purchase and Put Option Agreement

more particularly described as item 2 of Exhibit B to this Mortgage.

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"Noteholders": The Noteholders as defined in Section 1.4 hereof.

"Release Tract": The Release Tract as defined in Section 6.25 hereof.

"Senior Secured Notes": 11% Senior Secured Notes due 2003 issued by

Grantor in the aggregate principal amount of \$400,000,000.00.

"Security Agreement": The Security Agreement, dated as of August 1, 1996,

by and between Grantor and Grantee, as the same may hereafter be amended,
modified, or restated from time to time.

"Security Tract": The Security Tract as defined in Section 6.25 hereof.

"Secured Indebtedness": The Secured Indebtedness as defined in Section 1.4

hereof.

"Sublease Agreement": The Sublease Agreement described as item 4 in

Exhibit B to this Mortgage.

"Tenant": The Tenant as defined in item 2 of Exhibit B to this Mortgage.

"Trustee": Shelley W. Austin, a resident of Travis County, Texas, or any

successor or substitute appointed and designated as herein provided from time to
time acting hereunder.

Section 1.2. Mortgaged Property. Grantor does hereby GRANT, BARGAIN,

SELL, CONVEY, TRANSFER, ASSIGN and SET OVER to Trustee for the benefit of Grantee (as defined above) the following, whether now owned or hereafter acquired or created:

(a) the real estate including the fee tracts and the Easement Tracts (herein called the "Land") described in Exhibit A which is attached hereto and incorporated herein by reference, and (i) all improvements now or hereafter situated on the Land (herein together called the "Improvements"); and (ii) all

right, title and interest of Grantor in and to (1) all streets, roads, alleys, easements, rights-of-way, licenses in and to real property, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to the Land or the Improvements; (2) any strips or gores between the Land and abutting or adjacent properties; and (3) all water and water rights, all wastewater and wastewater rights, timber, crops and mineral interests on or pertaining to the Land (the Land, Improvements and other rights, titles and interests referred to in this clause (a) being herein sometimes collectively called the "Premises");

(b) all equipment, including without limitation machinery, tools, machine tools, furniture, furnishings and fixtures of every nature, located on or used in connection with, the Security Tract and the Improvements located thereon (including without limitation the "Fab 25" integrated circuit manufacturing facility and related support facilities (collectively, the "Fab 25

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Facilities")), all accessions, additions and improvements thereto and

substitutions therefor and all parts and equipment which may be attached to or which are necessary for the operation and use of such personal property, whether or not the same shall be deemed to be affixed to real property (any and all of the foregoing being the "Equipment");

(c) (i) purchase orders for Equipment, including all rights thereunder, whether or not such Equipment has yet been delivered; (ii) warranty claims for construction of the Fab 25 Facilities or any Equipment therein; (iii) the as-built plans and specifications for the Fab 25 Facilities; (iv) governmental licenses and permits for the construction and operation of the Fab 25 Facilities (but not those for Proprietary Property and Rights, as defined below); (v) operating manuals supplied by sellers of, and maintenance agreements for, the Equipment, building heating and air conditioning equipment, and electrical, plumbing, and mechanical systems for the Fab 25 Facilities; and (vi) any other general intangibles used specifically in the construction, ownership or operation of the Fab 25 Facilities, excluding from the property described in this clause (vi) general intangibles associated with the Equipment or manufacturing process, other than licenses and other intellectual property licensed with the Equipment and made available by equipment vendors generally to purchasers of such equipment (any and all of the foregoing being the "General Intangibles");

(d) (A) contracts and agreements for the sale of the Equipment (without hereby implying consent to the sale of any Equipment); (B) those contracts and agreements listed on Schedule 1 of the Security Agreement, which Schedule 1 is hereby incorporated herein by reference; and (C) ordinary vendor and service contracts relating to the operation of the Fab 25 Facilities, including scavenger, landscaping, extermination and cleaning but not raw materials (the "Contracts");

(e) the Proceeds Account (as defined in the Security Agreement), all money, cash, cash equivalents, instruments, investments and other securities at any time on deposit or required hereby to be deposited in the Proceeds Account (as defined in the Security Agreement);

(f) all casualty insurance policies maintained or required to be maintained under the Indenture and the Credit Agreement with respect to the foregoing Mortgaged Property, and all condemnation or eminent domain proceeds deriving from the Fab 25 Facilities (the properties referred to in clause (b)-(f) above being herein sometimes collectively called the "Accessories," all of which are hereby declared to be permanent accessions to the Land to the extent permitted under applicable law);

(g) all (i) deposits (including but not limited to Grantor's rights in security deposits, deposits with respect to utility services to the Premises,

and any deposits or reserves hereunder or under any other Credit Document), which relate to the Premises; (ii) permits, licenses in and to real property, franchises, certificates, development rights in and to real property, commitments and rights for utilities, and other rights and privileges obtained in connection with the Premises; (iii) leases, rents, royalties, bonuses, issues, profits, revenues and other benefits of the Premises (without derogation of Article hereof), whether now or hereafter acquired or whether now due or to become due; and (iv) oil, gas and other hydrocarbons and other

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minerals produced from or allocated to the Land and all products processed or obtained therefrom, and the proceeds thereof;

(h) all Improvements and Accessories now or hereafter located on the Security Tract whether or not added by Tenant, Grantor or any other person; and

(i) all (i) proceeds of or arising from the properties, rights, titles and interests referred to above in this Section, including but not limited to proceeds of any sale, lease or other disposition thereof, proceeds of the taking thereof or of any rights appurtenant thereto, including change of grade of streets, curb cuts or other rights of access, by eminent domain or transfer in lieu thereof for public or quasi-public use under any law, and proceeds arising out of any damage thereto; and (ii) all real property used in connection with the properties, rights, titles and interests referred to above in this Section 1.2, including but not limited to rights of ingress and egress and remainders, reversions and reversionary rights or interests; and if the estate of Grantor in any of the property referred to above in this Section is a leasehold estate, this conveyance shall include, and the lien and security interest created hereby shall encumber and extend to, all other or additional title, estates, interests or rights which are now owned or may hereafter be acquired by Grantor in or to the property demised under the lease creating the leasehold estate; TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto (herein, together with the Leases and Rents under Article III hereof, collectively called the "Mortgaged Property"),

unto Trustee (and her successors or substitutes in this trust) for the benefit of Grantee, however, upon the terms, provisions and conditions herein set forth and subject to the Permitted Encumbrances (hereinafter defined).

Notwithstanding the foregoing, Mortgaged Property under this Mortgage shall not include any of Grantor's right, title and interest in any of the following:

(i) all inventory;

(ii) any agreements, contracts, or intangible personal property assignment of which is prohibited by applicable law or by contract;

(iii) any (A) property or rights commonly referred to as "intellectual property" or "proprietary rights" or "confidential information", in each case owned by Grantor (including without limitation, patents, copyrights, trade secrets, trademarks, symbols, or mask works, know-how, or any general intangibles constituting any part of Grantor's proprietary technology), or any media or part thereof (including without limitation documents, recordings, computer tapes, disks or diskettes and magnetic or other storage media) which include the foregoing items in this subparagraph (iii) (provided that any practicably severable part of any medium which does not contain any of the items in this subparagraph (iii) shall not be excluded from the Mortgaged Property); and (B) any of the foregoing intellectual property, proprietary rights or confidential information licensed or obtained by Grantor from another party with an agreement or expectation of confidentiality or not generally available to the semiconductor industry. All such excluded

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property shall be referred to herein collectively as the "Proprietary Property and Rights"); provided that the Proprietary Property and Rights shall not

include (I) licenses and other intellectual property licensed with the Equipment and made available by equipment vendors generally to purchasers of such equipment and (II) the plans and specifications for the buildings included in the Fab 25 Facilities.

(iv) any agreement or contract to provide Proprietary Property and Rights to Grantor;

(v) all Improvements and Accessories now or hereafter located on the Release Tract; and

(vi) the subleasehold estate created under the Sublease Agreement.

The grant of a security interest in the Contracts shall also not require Grantor or any other party to divulge, supply or reveal any Proprietary

Property and Rights, and shall not allow any other party to divulge, supply or reveal any Proprietary Property and Rights owned by Grantor.

In the event that the lien of this Mortgage covering the Release Tract is released by Grantee, pursuant to the provisions of Section 6.25 hereof, the term "Land" as used in the foregoing Section shall not thereafter include the fee simple real property constituting the Release Tract (the "Fee Simple Release Tract"); and any Mortgaged Property that is covered by the lien of this Mortgage by virtue of being located on or, if a real estate right, appurtenant to the Land consisting of the Fee Simple Release Tract shall be deemed to be released from the lien of this Mortgage by the Partial Release of Lien (as defined in Section 6.25(b) hereof) that releases the Release Tract provided, however, that

the term "Land" shall thereafter continue to cover and include the Easement Tracts notwithstanding that such Easement Tracts burden the Release Tract.

Section 1.3. Security Interest. Grantor hereby grants to Grantee a

security interest in all of the Mortgaged Property which constitutes personal property or fixtures (herein sometimes collectively called the "Collateral").

In addition to its rights hereunder or otherwise, Grantee shall have all of the rights of a secured party under the Uniform Commercial Code in effect in the State of Texas, as amended (the "UCC"), or under the Uniform Commercial Code in force in any other state to the extent the same is applicable law.

Section 1.4. Notes, Credit Documents, Other Obligations. This

Mortgage is made to secure and enforce the payment and performance of the following notes, securities, obligations, indebtedness and liabilities and all renewals, extensions, supplements, increases, and modifications thereof in whole or in part from time to time: (a) all obligations of Grantor to Grantee under (i) this Mortgage, (ii) the Indemnity Agreement, (iii) the Security Agreement, and (iv) any other agreement to which Grantor is a party; (b) all obligations of Grantor to Grantee, Indenture Trustee, and holders under or pursuant to the Senior Secured Notes (collectively, the "Noteholders") and all other securities

given in substitution therefor or in modification, supplement, increase, renewal or extension thereof, in whole or in part; (c) all indebtedness and obligations of Grantor to the Agent and the Banks under the Credit Agreement (collectively, the

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"Bank Indebtedness") and all agreements given in substitution therefor or in

modification, supplement, increase, renewal or extension thereof, in whole or in part; (d) all indebtedness and obligations of Grantor to Grantee, Agent, Indenture Trustee and Holders under the Lease Agreement, the Sublease Agreement, and the Reciprocal Easement Agreement and to Grantee, Agent, Indenture Trustee and Holders and any other indemnified parties, under the indemnification provisions of this Mortgage; and (e) all indebtedness and other obligations owed by Grantor to Holders, Grantee, or Indenture Trustee, now or hereafter incurred or arising pursuant to the provisions of the Notes (as hereinafter defined), this Mortgage, the Credit Agreement, the Indenture, or any other Credit Document to which Grantor is a party (any notes hereafter issued to the Banks evidencing the Bank Indebtedness, whether one or more, and the Senior Secured Notes, as from time to time renewed, extended, supplemented, increased or modified and all other notes and securities given in substitution therefor, or in modification, renewal or extension thereof, in whole or in part, being hereinafter collectively called the "Notes"). The Notes, this Mortgage, the Security

Agreement, the Credit Agreement, the Indenture, and all other documents now or hereafter evidencing, governing, guaranteeing, securing or otherwise executed in connection with the loans evidenced by the Notes or the Credit Agreement, as they or any of them may be from time to time renewed, extended, supplemented, increased or modified and to which Grantor is a party, are herein sometimes collectively called the "Credit Documents." The indebtedness and obligations

referred to in this Section are hereinafter collectively referred to as the "Secured Indebtedness."

Section 1.5. Maturity and Amount of Secured Indebtedness. The

maturity of the revolving loans governed by the Credit Agreement is three (3) years from the Loan Availability Date of the Credit Agreement with the possibility of a one (1) year extension. The maturity of the term loan governed by the Credit Agreement is four (4) years from the Loan Availability Date of the Credit Agreement. The maturity of the Senior Secured Notes is August 1, 2003. The principal amount of the Secured Indebtedness is \$800,000,000.00. The total amount of the Secured Indebtedness is \$800,000,000.00, together with any other sums, including interest, costs, and expenses due and payable to the Holders and Grantee under this Deed of Trust and the other Credit Documents.

Section 2.1. Grantor represents, warrants, and covenants as follows:

(a) Payment and Performance. Grantor will make due and punctual

payment of the Secured Indebtedness. Grantor will timely and properly perform and comply with all of the covenants, agreements, and conditions imposed upon it by this Mortgage and the other Credit Documents to which it is a party and will not permit a default to occur hereunder or thereunder. Time is of the essence in this Mortgage.

(b) Title and Permitted Encumbrances. Grantor has, in Grantor's own

right, and Grantor covenants to maintain, lawful, good and marketable title to the Mortgaged Property,

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except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect as defined in the Credit Agreement (whether or not the Credit Agreement is then in effect); and the Mortgaged Property is free and clear of all liens, charges, claims, security interests, and encumbrances except for (i) the matters, if any, set forth under the heading "Permitted Encumbrances" in Exhibit B attached hereto and incorporated herein, which are

Permitted Encumbrances only to the extent the same are valid and subsisting and affect the Mortgaged Property, (ii) the liens and security interests evidenced by this Mortgage, and (iii) other liens and security interests permitted under both the Credit Agreement and the Indenture as "Permitted Liens" or otherwise (the matters described in the foregoing clauses (i) - (iii) being herein called the "Permitted Encumbrances"). Grantor, and Grantor's successors and assigns,

will warrant and forever defend title to the Mortgaged Property, subject as aforesaid, to Trustee and her successors or substitutes and assigns, against the claims and demands of all persons claiming or to claim the same or any part thereof by, through or under Grantor but not otherwise. Grantor will punctually pay, perform, observe and keep all covenants, obligations and conditions in or pursuant to any Permitted Encumbrance and will not modify or permit modification of any Permitted Encumbrance, except as may be otherwise provided in the Credit Agreement and the Indenture. Inclusion of any matter as a Permitted Encumbrance does not constitute approval or waiver by Grantee of any existing or future violation or other breach thereof by Grantor, by the Mortgaged Property or otherwise. No part of the Mortgaged Property constitutes all or any part of the homestead of Grantor. If any right or interest of Grantee in the Mortgaged Property or any part thereof shall be endangered or questioned or shall be attacked directly or indirectly, Trustee and Grantee, or either of them (whether or not named as parties to legal proceedings with respect thereto), are hereby authorized and empowered to take such steps as in their discretion may be proper for the defense of any such legal proceedings or the protection of such right or interest of Grantee, including but not limited to the employment of independent counsel, the prosecution or defense of litigation, and the compromise or discharge of adverse claims. All reasonable expenditures so made of every kind and character shall be a demand obligation (which obligation Grantor hereby promises to pay within five (5) days of demand) owing by Grantor to Grantee or Trustee (as the case may be), and the party (Grantee or Trustee, as the case may be) making such expenditures shall be subrogated to all rights of the person receiving such payment.

(c) Taxes and Other Impositions. Grantor will pay, or cause to be

paid, all taxes, assessments and other charges or levies imposed upon or against or with respect to the Mortgaged Property or the ownership, use, occupancy or enjoyment of any portion thereof, or any utility service thereto, as the same become due and payable, including but not limited to all ad valorem taxes assessed against the Mortgaged Property or any part thereof, in accordance with the terms and provisions of the Credit Agreement and the Indenture.

(d) Insurance. Grantor shall obtain and maintain at Grantor's sole

expense: (1) all-risk insurance with respect to all insurable Mortgaged Property, against loss or damage by fire, lightning, windstorm, explosion, hail, tornado and such hazards as are presently included in so-called "all-risk" coverage and against such other insurable hazards as the Grantee may require, in an amount not less than 100% of the full replacement cost, including the cost of debris

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removal, without deduction for depreciation and sufficient to prevent Grantor and Grantee from becoming a coinsurer; (2) if and to the extent any portion of the Premises is in a special flood hazard area, a flood insurance policy in an amount equal to the lesser of the principal face amount of the Notes plus the maximum amount of the Bank Indebtedness or the maximum amount of flood insurance available; (3) commercial general public liability insurance, on an "occurrence"

basis, for the benefit of Grantor and Grantee and naming Grantee as an additional named insured; (4) statutory worker's compensation insurance (or a substitute type of insurance acceptable to Grantee) with respect to any work on or about the Premises; and (5) such other insurance on the Mortgaged Property as may from time to time reasonably be required by Grantee (including but not limited to business interruption insurance, boiler and machinery insurance and earthquake insurance) and against other insurable hazards or casualties which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the height, type, construction, location, use and occupancy of buildings and improvements. All insurance policies shall be issued and maintained by insurers, in amounts, with deductibles, and in form satisfactory to Grantee and shall require not less than thirty (30) days' prior written notice to Grantee of any cancellation or change of coverage.

All insurance policies maintained, or caused to be maintained, by Grantor with respect to the Mortgaged Property, except for public liability insurance, shall provide that each such policy shall be primary without right of contribution from any other insurance that may be carried by Grantor or Grantee and that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. If any insurer which has issued a policy of title, hazard, liability or other insurance required pursuant to this Mortgage or any other Credit Document to which Grantor is a party becomes insolvent or the subject of any bankruptcy, receivership or similar proceeding or if in Grantee's reasonable opinion the financial responsibility of such insurer is or becomes inadequate, Grantor shall, in each instance promptly upon the request of Grantee and at Grantor's expense, obtain and deliver to Grantee a copy of a like policy (or, if and to the extent permitted by Grantee, a certificate of insurance) issued by another insurer, which insurer and policy meet the requirements of this Mortgage or such other Credit Document, as the case may be. Without limiting the discretion of Grantee with respect to required endorsements to insurance policies, all such policies for loss of or damage to the Mortgaged Property shall contain a standard mortgage clause (without contribution) naming Grantee as mortgagee with loss proceeds payable to Grantee notwithstanding (i) any act, failure to act or negligence of or violation of any warranty, declaration or condition contained in any such policy by any named insured; (ii) the occupation or use of the Mortgaged Property for purposes more hazardous than permitted by the terms of any such policy; (iii) any foreclosure or other action by Grantee under the Credit Documents; or (iv) any change in title to or ownership of the Mortgaged Property or any portion thereof. Such proceeds shall be held by Grantee for application as provided in the Credit Documents. A copy of each initial insurance policy and a satisfactory certificate of insurance shall be delivered to Grantee at the time of execution of this Mortgage, with premiums fully paid, and a copy of each renewal or substitute policy shall be delivered to Grantee, with premiums fully paid, as soon as such renewal or replacement is available. A certificate of insurance evidencing renewal or replacement of the

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policy shall be delivered to Grantee within ten (10) days of termination of the policy to which such certificate relates. Grantor shall pay all premiums on policies required hereunder as they become due and payable and promptly deliver to Grantee evidence satisfactory to Grantee of the timely payment thereof. If any loss occurs at any time when Grantor has failed to perform Grantor's covenants and agreements in this paragraph, Grantee shall nevertheless be entitled to the benefit of all insurance relating to the Mortgaged Property covering the loss and held by or for Grantor, to the same extent as if it had been made payable to Grantee. Upon any foreclosure hereof or transfer of title to the Mortgaged Property in extinguishment of the whole or any part of the Secured Indebtedness, all of Grantor's right, title and interest in and to all proceeds relating to the Mortgaged Property payable under the insurance policy (and any other sums owned by Grantor arising from such policies (including unearned premiums) shall thereupon vest in the purchaser at foreclosure or other such transferee, to the extent permissible under such policies. Grantee shall have the right (but not the obligation) to make proof of loss for, settle and adjust any claim under, and receive the proceeds of, all insurance for loss of or damage to the Mortgaged Property, and the reasonable expenses incurred by Grantee in the adjustment and collection of insurance proceeds shall be a part of the Secured Indebtedness and shall be due and payable to Grantee on demand. Grantee shall not be, under any circumstances, liable or responsible for failure to collect or exercise diligence in the collection of any of such proceeds or for the obtaining, maintaining or adequacy of any insurance or for failure to see to the proper application of any amount paid over to Grantor. Any such proceeds received by Grantee shall be applied as described in the Indenture; provided, however, that in the event that the Indenture is not then in effect or

the Notes held by the Noteholders have been paid in full or defeased, the provisions relating to collateral dispositions contained in the Indenture shall be deemed to be incorporated herein by reference. The Secured Indebtedness shall remain in full force and effect and the payment thereof shall not be excused. Grantor shall at all times comply with the requirements of the insurance policies required hereunder and of the issuers of such policies and of any board of fire underwriters or similar body as applicable to or affecting the Mortgaged Property.

(e) [Intentionally omitted.]

(f) Condemnation. Grantor shall notify Grantee immediately of any

threatened or pending proceeding for condemnation affecting the Mortgaged Property or arising out of damage to the Mortgaged Property, and Grantor shall, at Grantor's expense, diligently prosecute any such proceedings. Grantee shall have the right (but not the obligation) to participate in any such proceeding and to be represented by counsel of its own choice. Grantee shall be entitled to receive all sums which may be awarded or become payable to Grantor for the condemnation of the Mortgaged Property, or any part thereof, for public or quasi-public use, or by virtue of private sale in lieu thereof, and any sums which may be awarded or become payable to Grantor for injury or damage to the Mortgaged Property (collectively, the "Condemnation Proceeds"). Grantor shall, promptly upon request of Grantee, execute such additional assignments and other documents as may be necessary from time to time to permit such participation and to enable Grantee to collect and receipt for any such sums. All Condemnation Proceeds are hereby assigned to Grantee, and shall be paid and applied as provided in the Indenture; provided, however, that in

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the event that the Indenture is not then in effect or the Notes held by the Noteholders have been paid in full or defeased, the provisions relating to application of Condemnation Proceeds in connection with an Event of Loss contained in the Indenture shall be deemed to be incorporated herein by reference. The Secured Indebtedness shall remain in full force and effect and the payment thereof shall not be excused. Grantee shall not be, under any circumstances, liable or responsible for failure to collect or to exercise diligence in the collection of any such sum or for failure to see to the proper application of any amount paid over to Grantor. Grantee is hereby authorized, in the name of Grantor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree. All reasonable costs and expenses (including but not limited to reasonable attorneys' fees) incurred by Grantee in connection with any condemnation shall be a demand obligation owing by Grantor (which Grantor hereby promises to pay within five (5) days of demand) to Grantee pursuant to this Mortgage.

(g) Compliance with Legal Requirements. The Mortgaged Property and

the use, operation and maintenance thereof and all activities thereon do and shall at all times comply in all material respects with all applicable Legal Requirements (defined below). The Mortgaged Property is not, and shall not be, dependent on any other property or premises or any interest therein other than the Mortgaged Property to fulfill any requirement of any Legal Requirement. Grantor shall not, by act or omission, permit any building or other improvement not subject to the lien of this Mortgage to rely on the Mortgaged Property or any interest therein to fulfill any requirement of any Legal Requirement. No part of the Mortgaged Property constitutes a nonconforming use under any zoning law or similar law or ordinance. Grantor has obtained and shall preserve in force all requisite zoning, utility, building, health and operating permits from the governmental authorities having jurisdiction over the Mortgaged Property. If Grantor receives a notice or claim from any person that the Mortgaged Property, or any use, activity, operation or maintenance thereof or thereon, is not in compliance with any Legal Requirement, Grantor will promptly furnish a copy of such notice or claim to Grantee. Grantor has received no notice and has no knowledge of any such noncompliance. As used in this Mortgage: (i) the term "Legal Requirement" means "Requirement of Law" as defined in the Credit

Agreement; provided, however, that in the event that the Credit Agreement is

not then in effect, the definition of "Requirement of Law" set forth in the Credit Agreement shall nevertheless be deemed to be incorporated herein by reference. The term "Legal Requirement" as used herein also includes any

covenant, restriction, easement or condition (including, without limitation of the foregoing, any condition or requirement imposed by any insurance or surety company), as any of the same now exists or may be changed or amended or come into effect in the future.

(h) Maintenance, Repair and Restoration. Grantor will keep the

Mortgaged Property in such order, repair, operating condition and appearance as is customary for the type and character of the Improvements operated on the Mortgaged Property, causing all necessary repairs, renewals, replacements, additions and improvements to be promptly made, and will not allow any of the Mortgaged Property to be misused, abused or wasted or to deteriorate, ordinary wear and tear excepted. Notwithstanding the foregoing, Grantor will not, unless otherwise permitted under the Credit Agreement and the Indenture, (i) remove from the Mortgaged Property

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any fixtures or personal property covered by this Mortgage, except such as is

replaced by Grantor by an article of equal suitability and value, owned by Grantor, free and clear of any lien or security interest (except that created by this Mortgage or permitted hereunder), or (ii) make any structural alteration to the Mortgaged Property or any other alteration thereto which impairs the value thereof.

(i) No Other Liens. Except as otherwise permitted herein or in the

Credit Documents, Grantor will not, without the prior written consent of Grantee, create, place or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any deed of trust, mortgage, voluntary or involuntary lien, whether statutory, constitutional or contractual, security interest, encumbrance or charge, or conditional sale or other title retention document, against or covering the Mortgaged Property, or any part thereof, other than the Permitted Encumbrances, regardless of whether the same are expressly or otherwise subordinate to the lien or security interest created in this Mortgage. Should any of the foregoing become attached hereafter in any manner to any part of the Mortgaged Property without the prior written consent of Grantee, Grantor will cause the same to be promptly discharged and released. Grantor will own all parts of the Mortgaged Property and, except as otherwise provided in the Credit Documents, will not acquire any fixtures, equipment or other real property forming a part of the Mortgaged Property pursuant to a lease, license, security agreement or similar agreement, whereby any party has or may obtain the right to repossess or remove same, without the prior written consent of Grantee, or except as otherwise provided in the Credit Documents. If Grantee consents to the voluntary grant by Grantor of any lien, security interest, or other encumbrance (hereinafter called "Subordinate Mortgage") covering any of the Mortgaged Property or if the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable as to a Subordinate Mortgage, any such Subordinate Mortgage shall contain express covenants to the effect that: (1) the Subordinate Mortgage is unconditionally subordinate to this Mortgage and all Leases (hereinafter defined); (2) if any action (whether judicial or pursuant to a power of sale) shall be instituted to foreclose or otherwise enforce the Subordinate Mortgage, no tenant of any of the Leases (hereinafter defined) shall be named as a party defendant, and no action shall be taken that would terminate any occupancy or tenancy without the prior written consent of Grantee; (3) Rents (hereinafter defined), if collected by or for the holder of the Subordinate Mortgage, shall be applied first to the payment of the Secured Indebtedness then due and expenses incurred in the ownership, operation and maintenance of the Mortgaged Property in such order as Grantee may determine, prior to being applied to any indebtedness secured by the Subordinate Mortgage; (4) written notice of default under the Subordinate Mortgage and written notice of the commencement of any action (whether judicial or pursuant to a power of sale) to foreclose or otherwise enforce the Subordinate Mortgage or to seek the appointment of a receiver for all or any part of the Mortgaged Property shall be given to Grantee with or immediately after the occurrence of any such default or commencement; and (5) neither the holder of the Subordinate Mortgage, nor any purchaser at foreclosure thereunder, nor anyone claiming by, through or under any of them shall succeed to any of Grantor's rights hereunder without the prior written consent of Grantee.

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(j) Operation of Mortgaged Property. Grantor will operate the

Mortgaged Property in a good and workmanlike manner and in accordance with all Legal Requirements and will pay all fees or charges of any kind in connection therewith. Grantor will operate the Mortgaged Property so as not to impair the insurance carried thereon. Grantor will not use or occupy or conduct any activity on, and will use best efforts to prevent the use or occupancy of or the conduct of any activity on, the Mortgaged Property in any manner which violates any Legal Requirement or which constitutes a public or private nuisance or which makes void, voidable or cancelable, or increases the premium of, any insurance then in force with respect thereto. Grantor will not initiate or permit any zoning reclassification of the Mortgaged Property or seek any variance under existing zoning ordinances applicable to the Mortgaged Property or use or permit the use of the Mortgaged Property in such a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances or other Legal Requirement. Grantor will not impose any easement, restrictive covenant or encumbrance upon the Mortgaged Property, execute or file any subdivision plat or condominium declaration affecting the Mortgaged Property or consent to the annexation of the Mortgaged Property to any municipality, without the prior written consent of Agent or, if the Credit Agreement is not then in effect or an Event of Default exists, of Grantee, except as herein expressly provided or as is otherwise permitted under any of the Credit Documents. Grantor will not do or suffer to be done any act whereby the value of any part of the Mortgaged Property may be lessened to any material extent. Grantor will preserve, protect, renew, extend and retain all material rights and privileges granted for or applicable to the Mortgaged Property. Without the prior written consent of Agent or, if the Credit Agreement is not then in effect or an Event of Default exists, of Grantee, there shall be no drilling or exploration for or extraction, removal or production of any mineral, hydrocarbon, gas, natural element, compound or substance (including sand and gravel) from the surface or subsurface of the Land regardless of the depth thereof or the method of mining or extraction thereof.

Grantor will cause all debts and liabilities of any character (including without limitation all debts and liabilities for labor, material and equipment and all debts and charges for utilities servicing the Mortgaged Property) incurred in the construction, maintenance, operation and development of the Mortgaged Property to be promptly paid; provided, however, any such liens on the Mortgaged

Property for materialmen, mechanics, workmen or repairmen, the validity or amount of which is contested in good faith by appropriate proceedings and for which Grantor maintains adequate reserves in accordance with generally accepted accounting principles shall be permitted so long as any right to seizure, levy, attachment, sequestration, foreclosure or garnishment with respect to the Mortgaged Property by reason of such lien has not matured, or has been, and continues to be, effectively enjoined or stayed.

(k) Grantor Status. Grantor is not a "foreign person" within the

meaning of the Internal Revenue Code of 1986, as amended, Sections 1445 and 7701 (i.e. Grantor is not a non-resident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined therein and in any regulations promulgated thereunder). The loans creating the Bank Indebtedness and the extension of credit evidenced by the Notes are solely for business purposes, and are not for personal, family, household or agricultural purposes. Grantor's principal place of business and chief executive office, and the place where Grantor keeps its books and

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records concerning the Mortgaged Property has for the preceding four months been and will continue to be (unless Grantor notifies Grantee of any change in writing prior to the date of such change) the address of Grantor set forth at the end of this Mortgage, and the books and records regarding the Mortgaged Property may also be located at the following addresses:

5204 East Ben White Boulevard 3625 Peterson Way
Austin, Texas 78741 Santa Clara, California 95051

915 DeGuigne Dr., 5501 E. Oltorf
Sunnyvale, California 94086 Austin, Texas 78741

1160 Kern Avenue 5240 E. Ben White Blvd.
Sunnyvale, California 94086 Austin, Texas 78741

(l) Certain Environmental Matters.

(i) Definitions. As used in this Mortgage: (1) "Environmental

Claim" means any enforcement, cleanup, removal, containment, remedial

or other governmental or regulatory action at any time threatened, instituted or completed pursuant to any applicable Environmental Requirement against Grantor with respect to the Mortgaged Property or any use or activity on the Mortgaged Property, and any claim at any time threatened or made by any person against Grantor with respect to the Mortgaged Property or any use or activity on the Mortgaged Property, relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Substance; (2) "Environmental Requirement" means any Legal Requirement which

pertains to ground or air or water or noise pollution or contamination, underground or aboveground tanks, health or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), the

Resource Conservation and Recovery Act of 1976, as amended ("RCRA"),

the Texas Water Code and the Texas Solid Waste Disposal Act; (3) "Hazardous Substance" means any substance, whether solid, liquid or

gaseous: (a) which is listed, defined or regulated as a "hazardous substance", "hazardous waste", or otherwise classified as hazardous or toxic, in or pursuant to any Environmental Requirement; or (b) which is or contains oil, petroleum, petroleum products, or any fraction thereof, asbestos, radon, any polychlorinated biphenyl, urea formaldehyde foam insulation, or explosive or radioactive material; or (c) which causes or poses a threat to cause a condition of contamination or nuisance on the Mortgaged Property or on any adjacent property or a hazard to the environment or to the health or safety of persons on the Mortgaged Property; and (4) "release" means release as

defined in CERCLA and "released" means the past tense of release as

defined in CERCLA. As used in this paragraph (l), the word "on" when

used with respect to the Mortgaged Property or adjacent property means "on, in, under, or above."

(ii) Representations and Warranties. Grantor represents and

warrants to Grantee, subject to any disclosures made in any Credit Document, the Phase I Environmental Site Assessment "Site I" Austin Semiconductor Facility dated July 12, 1996 prepared by Cook-Joyce, Inc., and the Site ESA-Phase 2 Groundwater Sampling and Analysis dated July 29, 1996 prepared by Cook-Joyce, Inc., without regard to whether Grantee has or hereafter obtains any other knowledge or report of the environmental condition of the Mortgaged Property, as follows: (1) during the period of Grantor's ownership of the Mortgaged Property, the Mortgaged Property has not been used for landfill, dumping or other waste disposal activity or operation, or for the generation, storage, use, sale, treatment, processing, recycling or disposal of any Hazardous Substance, except as is necessary or incidental to the semiconductor manufacturing processes conducted at the Mortgaged Property in compliance with applicable Environmental Requirements; (2) to the best of Grantor's knowledge after inquiry in accordance with good commercial or customary practices, no use of the Mortgaged Property described in clause (1) preceding occurred at any time prior to the period of Grantor's ownership of the Mortgaged Property; (3) to the best of Grantor's knowledge, no use described in clause (1) preceding on any adjacent property occurred during or at any time prior to the period of Grantor's ownership of the Mortgaged Property; (4) to the best of Grantor's knowledge after inquiry in accordance with good commercial or customary practices, there is no underground storage tank, sump or well on the Mortgaged Property; (5) Grantor has received no notice and has no knowledge of any Environmental Claim or any completed, pending, proposed or threatened investigation or inquiry concerning the presence or release of any Hazardous Substance on the Mortgaged Property or on the Release Tract or concerning whether any condition, use or activity on the Mortgaged Property or on the Release Tract is in violation of any Environmental Requirement; (6) to the best of Grantor's knowledge, after inquiry in accordance with good commercial or customary practices, the present conditions, uses and activities on the Mortgaged Property do not violate any Environmental Requirement and the use of the Mortgaged Property which Grantor (and each tenant and subtenant, if any) makes and intends to make of the Mortgaged Property complies and will comply with all applicable Environmental Requirements; (7) the Mortgaged Property is not currently on, and to the best of Grantor's knowledge after inquiry in accordance with good commercial or customary practices, has never been on, any federal or state "superfund" or "superlien" list; and (8) neither Grantor, nor to Grantor's knowledge any tenant or subtenant, has obtained or is currently required to obtain any permit or other authorization to construct, occupy, operate, use or conduct any activity on any of the Mortgaged Property by reason of any Environmental Requirement, except as disclosed by Grantor to Agent and Indenture Trustee in the

Credit Documents. For purposes of subparagraph (4) above, the term "underground storage tank" shall mean an underground storage tank buried in the ground and not a storage tank located in a lined portion of an underground basement of a building, and subject to a written inspection schedule.

(iii) Authorized Uses. Grantor will not cause, commit, permit or

allow to continue any use of the Mortgaged Property for landfill, dumping or other waste disposal activity or operation, or for the generation, storage, use, sale, treatment, processing, recycling or disposal of any Hazardous Substance, except as is necessary or incidental to the semiconductor manufacturing processes conducted at the Mortgaged Property in compliance with applicable Environmental Requirements.

(iv) Violations. Grantor will not cause, commit, permit or allow

to continue any violation of any Environmental Requirement by Grantor with respect to the Mortgaged Property or any use or activity on the Mortgaged Property, or the attachment or existence of any environmental lien to the Mortgaged Property, except such noncompliance which would not (if enforced in accordance with applicable law) result in liability (A) relating to the Mortgaged Property in excess of \$10,000,000 in the aggregate; or (B) relating to all properties owned by Grantor in excess of \$50,000,000 in the aggregate.

(v) Notice to Grantee. Grantor will promptly advise Grantee in

writing of any Environmental Claim or of the discovery of any release of Hazardous Substance on the Mortgaged Property, as soon as Grantor first obtains knowledge thereof, including a full description of the nature and extent of the Environmental Claim and/or the release of the Hazardous Substance and all relevant circumstances.

(vi) Site Assessments and Information. If Grantee shall ever

have a good faith basis to believe that any Hazardous Substance has been released on the Mortgaged Property, or if any Environmental Claim is made or threatened, or if an uncured default under any Credit Document shall have occurred, Grantor will at its expense provide to Grantee from time to time, in each case within 30 days of Grantee's request, a report (including all drafts thereof if requested by Grantee) of an environmental assessment of the Mortgaged Property made after the date of Grantee's request and of such scope (including but not limited to the taking of soil, air and groundwater samples and other above and below ground testing) as Grantee may request and by a consulting firm acceptable to Agent or, if the Credit Agreement is not then in effect or an Event of Default exists, to Grantee. Grantor will cooperate with each consulting firm making any such assessment and will supply to the consulting firm, from time to time and promptly on request, all

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information available to Grantor to facilitate the completion of the assessment and report.

(vii) Remedial Actions. Without limitation of Grantee's rights

to declare an Event of Default and to exercise all remedies available by reason thereof, if any Hazardous Substance is released on the Mortgaged Property at any time and regardless of the cause, Grantor shall: (1) promptly at Grantor's sole risk and expense remove, treat, dispose of or otherwise remediate the Hazardous Substance in compliance with all applicable Environmental Requirements and solely under Grantor's name, in addition to taking such other action as is necessary to have the full use and benefit of the Mortgaged Property as contemplated by the Credit Documents, and provide Grantee with satisfactory evidence thereof; and (2) if requested by Grantee, provide to Grantee within 30 days of Grantee's request a bond, letter of credit or other financial assurance evidencing to Grantee's satisfaction that all necessary funds are readily available to pay the costs and expenses of the actions required by clause (1) preceding and to discharge any assessments or liens established against the Mortgaged Property as a result of the presence of the Hazardous Substance on the Mortgaged Property.

(m) Further Assurances. Grantor will, promptly on request of Grantee,

(i) correct any defect, error or omission which may be discovered in the contents, execution or acknowledgment of this Mortgage or any other Credit Document; (ii) execute, acknowledge, deliver, procure and record and/or file such further documents (including, without limitation, further deeds of trust, security agreements, financing statements, continuation statements, and assignments of rents or leases) and do such further acts as may be necessary or proper to carry out more effectively the purposes of this Mortgage and the other Credit Documents, to more fully identify and subject to the liens and security interests hereof any property intended to be covered hereby (including specifically, but without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Mortgaged Property) or as reasonably deemed advisable by Grantee to protect the lien or the security interest hereunder against the rights or interests of third persons; and (iii) provide such certificates, documents, reports, information, affidavits and other instruments and do such further acts as may be necessary or proper in the reasonable determination of Grantee to enable Grantee to comply with the requirements or requests of any agency having jurisdiction over Grantee or any examiners of such agencies with respect to the indebtedness secured hereby, Grantor or the Mortgaged Property. Grantor shall pay all reasonable costs connected with any of the foregoing, which shall be a demand obligation owing by Grantor (which Grantor hereby promises to pay within five (5) days of demand) to Grantee pursuant to this Mortgage.

(n) Fees and Expenses. Without limitation of any other provision of

this Mortgage or of any other Credit Document and to the extent not prohibited by applicable law, Grantor will pay, and will reimburse to Grantee and/or Trustee on demand to the extent paid by Grantee and/or Trustee: (i) all appraisal fees, filing and recording fees, taxes, brokerage fees and

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commissions, abstract fees, title search or examination fees, title policy and endorsement premiums and fees, uniform commercial code search fees, escrow fees,

reasonable attorneys' fees, architect fees, construction consultant fees, environmental inspection fees, survey fees, consultant fees for consultants exercising discretion rights on behalf of Grantee or Agent hereunder, and all other reasonable out-of-pocket costs and expenses of every character incurred by Grantor or Grantee and/or Trustee in connection with this Mortgage, and any and all amendments and supplements to this Mortgage, the Notes or any other Credit Documents to which Grantor is a party or any approval, consent, waiver, release or other matter requested or required hereunder or thereunder, or otherwise attributable or chargeable to Grantor as owner of the Mortgaged Property; and (ii) all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred or expended in connection with the exercise of any right or remedy, or the enforcement of any obligation of Grantor, hereunder or under any other Credit Document to which Grantor is a party.

(o) Indemnification.

(i) Grantor hereby agrees to indemnify and hold harmless Grantee, Holders, Trustee, Agent, and Indenture Trustee from and against, and reimburse them on demand for, any and all Indemnified Matters (defined below). For purposes of this paragraph (o), the terms "Grantee," "Holders," "Trustee," "Agent," and "Indenture Trustee" shall include the directors, officers, partners, employees and agents of Grantee, Holders, Trustee, Agent and Indenture Trustee, respectively, and any persons owned or controlled by, owning or controlling, or under common control or affiliated with Grantee, any Holder or Holders, Trustee, Agent or Indenture Trustee, respectively. Without limitation, the foregoing indemnities shall apply to each indemnified person with respect to matters which in whole or in part are caused by or arise out of the negligence of such (and/or any other) indemnified person, IT

BEING THE INTENTION OF THE PARTIES THAT GRANTOR INDEMNIFY GRANTEE,

HOLDERS, AGENT, INDENTURE TRUSTEE, AND TRUSTEE FROM THE CONSEQUENCES OF

THEIR OR ITS OWN NEGLIGENCE, EXCEPT THEIR OR ITS OWN GROSS NEGLIGENCE;

provided, however, that such indemnities shall not apply to a

particular indemnified person to the extent that the subject of the indemnification is caused by or arises out of the gross negligence or willful misconduct of that indemnified person. Any amount to be paid under this paragraph (o) by Grantor to Grantee, Holders, Trustee, Agent and/or Indenture Trustee shall be a demand obligation owing by Grantor (which Grantor hereby promises to pay within five (5) days of demand) to Grantee, Holders, Trustee, Agent and/or Indenture Trustee as applicable, pursuant to this Mortgage and shall be a part of the indebtedness secured by this Mortgage. Nothing in this paragraph, elsewhere in this Mortgage or in any other Credit Document shall limit or impair any rights or remedies of Grantee, Holders, Trustee, Agent and/or Indenture Trustee (including without limitation any rights of contribution or indemnification)

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against Grantor or any other person under any other provision of this Mortgage, any other Credit Document, any other agreement or any applicable Legal Requirement.

(ii) As used herein, the term "Indemnified Matters" means any and

all claims, demands, liabilities (including strict liability), losses, damages (including consequential damages), causes of action, judgments, penalties, costs and expenses (including without limitation, reasonable fees and expenses of attorneys and other professional consultants and experts, and of the investigation and defense of any claim, whether or not such claim is ultimately defeated, and the settlement of any claim or judgment including all value paid or given in settlement) of every kind, known or unknown, foreseeable or unforeseeable, which may be imposed upon, asserted against or incurred or paid by Grantee, Holders, Trustee, Agent and/or Indenture Trustee at any time and from time to time, whenever imposed, asserted or incurred, because of, resulting from, in connection with, or arising out of any transaction, act, omission, event or circumstance in any way connected with the Mortgaged Property or with this Mortgage or any other Credit Document to which Grantor is a party, including but not limited to any bodily injury or death or property damage occurring in or upon or in the vicinity of the Mortgaged Property through any cause whatsoever at any time on or before the Release Date, any act performed or omitted to be performed hereunder or under any other Credit Document to which Grantor is a party, any breach by Grantor of any representation, warranty, covenant, agreement or condition contained in this Mortgage or in any other Credit Document to which Grantor is a party, any Event of Default (or default, which with the passage of time or the giving of notice or both, constitutes an Event of Default), any claim under or with respect

to any Lease (hereinafter defined), any Environmental Matter (defined below), and any and all obligations, of whatever kind or character, whether for payment of money or otherwise (and Grantor hereby further guarantees performance of all such obligations), (A) of lessor, lessee, sublessor, and sublessee under the Lease Agreement, the Sublease Agreement and any other lease or sublease of the Release Tract in effect at such time as the Release Tract is subject to the lien of this Mortgage; and (B) of Tenant, its successors and assigns, and any subsequent owner of the Release Tract (other than Grantee, Holder or a purchaser therefrom) under the Easement Agreement (collectively, such lease and Easement Agreement indemnity obligations in the immediately preceding clause only being hereinafter referred to as the "Lease

Indemnity Obligations"); provided, however, that the term "Indemnified

Matters" shall not include matters caused by or arising out of (i) any

event or condition arising or occurring at any time after the Release
Date, or (ii) the gross negligence or willful misconduct of any
indemnified person. As used herein, the term "Environmental Matter"

means: (a) the presence of any Hazardous Substance on, in, under, or
above the Mortgaged Property, or the migration or release or threatened
migration or release of any Hazardous Substance on, to, from or through
the Mortgaged Property, on or at any time before the Release Date; or
(b) any act, omission, event or circumstance existing or occurring in
connection with the handling, treatment, containment, removal, storage,
decontamination, clean-up, transport or disposal of any

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Hazardous Substance which is at any time on or before the Release Date present on, in, under or above the Mortgaged Property; or (c) any violation on or before the Release Date, of any Environmental Requirement in effect on or before the Release Date, regardless of whether any act, omission, event or circumstance giving rise to the violation constituted a violation at the time of the occurrence or inception of such act, omission, event or circumstance; or (d) any Environmental Claim, or the filing or imposition of any environmental lien against the Mortgaged Property, because of, resulting from, in connection with, or arising out of any of the matters referred to in clauses (a) through (c) preceding; and regardless of whether any of the matters referred to in the foregoing clauses (a) through (d) was caused by Grantor or Grantor's tenant or any subtenant, or any invitee, or a prior owner of the Mortgaged Property or its tenant or any subtenant, or any invitee, or any third party. Without limitation of the definition of Indemnified Matters herein, Grantor's indemnification obligations regarding any Environmental Matter shall include injury or damage to any person, property or natural resource occurring on or off of the Mortgaged Property (including but not limited to the cost of demolition and rebuilding of any improvements on real property), the preparation of any feasibility studies or reports and the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration, monitoring or similar work required by any Environmental Requirement or necessary to have the full use and benefit of the Mortgaged Property as contemplated by the Credit Documents to which Grantor is a party (including, without limitation, any of the same in connection with any foreclosure or transfer in lieu thereof), and all liability to pay or indemnify any person for costs in connection with any of the foregoing and the investigation and defense of any claim, whether or not such claim is ultimately defeated and the settlement of any claim or judgment. Grantee shall notify Grantor of any claim for which indemnity may be sought under this provision. The term "Release Date" as used herein means the earlier of the following two dates: (i) the date on which the indebtedness and obligations secured hereby have been paid and performed in full and this Mortgage has been released, or (ii) the date on which the lien of this Mortgage is fully and finally foreclosed or a conveyance by deed in lieu of such foreclosure is fully and finally effective, and possession of the Mortgaged Property has been given to the purchaser or grantee free of occupancy and claims to occupancy by Grantor and Grantor's heirs, devisees, representatives, successors and assigns; provided, that if such payment, performance, release, foreclosure or conveyance is challenged, in bankruptcy proceedings or otherwise, the Release Date shall be deemed not to have occurred until such challenge is rejected, dismissed or withdrawn with prejudice, and provided

further, however, that with respect to the Lease Indemnity Obligations,

the Release Date shall be the date described in clause (i) unless Grantee or any Holder has foreclosed on, or obtained by deed in lieu of foreclosure, any part of the Premises, in which case the Release Date shall be the date that Grantee or any Holder, as owner of the Release Tract and/or Security Tract by virtue of foreclosure or deed in lieu

of foreclosure, sells or conveys the Premises to a third party who is not a Holder. The indemnities in this paragraph (o) shall not terminate upon the Release Date or upon the release, foreclosure or other termination of this Mortgage with regard to any event or condition arising or occurring at any time on or before the Release Date but will survive the Release Date, foreclosure of this Mortgage or conveyance in lieu of foreclosure, the repayment of the Secured Indebtedness, the discharge and release of this Mortgage and the other Credit Documents, any bankruptcy or other debtor relief proceeding, and any other event whatsoever.

(p) [Intentionally omitted.]

(q) [Intentionally omitted.]

(r) [Intentionally omitted.]

(s) Cleanrooms. No later than thirty (30) days after Grantor's

execution of this Mortgage, Grantor shall deliver to Agent one copy of the plans and specifications covering the Premises and designate thereon or in an accompanying list, all spaces within the Premises in which Grantor maintains a Cleanroom Environment (collectively, the "Cleanrooms" and singly, the

"Cleanroom") and state thereon what class or other standard of Cleanroom

Environment is maintained by Grantor in each Cleanroom at the time of Grantor's execution of this Mortgage. During the term of this Mortgage and at all times prior to the Release Date, (i) Grantor shall maintain the Cleanrooms in their respective classes or standards of Cleanroom Environment as maintained by Grantor at the time of Grantor's execution of this Mortgage; and (ii) Grantor shall continue to locate all Cleanroom Equipment in a Cleanroom or other Cleanroom Environment. At all times Grantee or Grantee's representatives shall have access to any Cleanroom Equipment in order to inspect it during business hours, upon three (3) business days' prior notice by Grantee to Grantor. Such inspection shall be conducted using such precautions as are mandated by Grantor's rules and regulations, including but not limited to Grantor's cleanroom protocol and confidentiality requirements, and in such manner so as not to interfere or jeopardize operations. Prior to an Event of Default or a default, which with the passage of time or the giving of notice or both would constitute an Event of Default, any inspection of the Cleanrooms shall be limited to one (1) inspection per calendar year and only two (2) persons representing Grantee shall have access to and shall go inside the Cleanrooms during such inspection. Upon an Event of Default or a default which, with the passage of time or the giving of notice or both, would constitute an Event of Default, Grantee or Grantee's representatives shall have access to any Cleanroom Equipment at all times in order to inspect it and/or to remove or ship it. Grantor shall cooperate with Grantee's efforts to inspect and/or remove or ship any such Cleanroom Equipment, and Grantor shall pay for (or reimburse Grantee for) any such costs and expenses. Grantor shall clean, and shall pay for (or reimburse Grantee for) any costs and expenses incurred to clean, any Cleanroom Equipment contaminated (i) as a result of actions of any parties or persons or their agents, other than Grantee or its agents; or (ii) as a result of Grantee's or its agents' actions, in the event that Grantor fails to cooperate or assist Grantee in inspection, removal, or shipment of

any Cleanroom Equipment. Such cleaning costs shall be a demand obligation owing by Grantor (which Grantor hereby promises to pay within five (5) days of demand) to Grantee pursuant to this Mortgage. For purposes of this subsection 2.1(s), a "Cleanroom Environment" shall mean an environment adapted to regulate dust, to

reduce contamination, or to control airflow, temperature, humidity, chemical purity, or other environmental conditions or manufacturing tolerances; and "Cleanroom Equipment" shall mean all equipment located in a Cleanroom or in a

Cleanroom Environment at the time of Grantor's execution of this Mortgage and during such time as this Mortgage is in effect or that, in accordance with industry standards (based on the type and use of the equipment), should be kept in a Cleanroom or Cleanroom Environment in order that such equipment perform to its greatest capability.

(t) Right of Inspection. Grantee, Agent and Indenture Trustee shall on

reasonable advance notice have access during normal business hours to the records of Grantor pertaining to the Mortgaged Property, and Grantee, Agent and Indenture Trustee or their respective representatives may examine the same, take extracts therefrom and make photocopies thereof, and Grantor agrees to render to the Grantee, Agent or Indenture Trustee, as the case may be, at Grantor's cost and expense, such clerical assistance as may be reasonably requested with regard thereto. Grantee, Agent and Indenture Trustee and their respective representatives shall have the right to enter into and upon the Premises and any

premises where any of the Collateral is located for the purposes of inspecting the same, observing its use or otherwise protecting its interests therein, at such times as are permitted under Subsection 2.1(s) of this Mortgage and as to Mortgaged Property other than Cleanrooms on reasonable advance notice during normal business hours.

Section 2.2. Performance by Grantee on Grantor's Behalf. Grantor

agrees that, if Grantor fails to perform any act or to take any action which under any Credit Document Grantor is required to perform or take, or to pay any money which under any Credit Document Grantor is required to pay, and whether or not the failure then constitutes an Event of Default hereunder or thereunder, and whether or not the Secured Indebtedness has been accelerated, Grantee, in Grantor's name or its own name, may, to the extent authorized under the Credit Documents, but shall not be obligated to, perform or cause to be performed such act or take such action or pay such money, and any reasonable expenses so incurred by Grantee and any money so paid by Grantee shall be a demand obligation owing by Grantor to Grantee (which obligation Grantor hereby promises to pay), shall be a part of the Secured Indebtedness and Grantee, upon making such payment, shall be subrogated to all of the rights of the person, entity or body politic receiving such payment. Grantee and its designees shall have the right to enter upon the Mortgaged Property from time to time to the extent authorized under the Credit Documents. No such payment or performance by Grantee shall waive or cure any default or waive any right, remedy or recourse of Grantee. Any such payment may be made by Grantee in reliance on any statement, invoice or claim that appears on its face to be valid without inquiry into the validity or accuracy thereof. The amount and nature of any expense by Grantee hereunder and the time when paid shall be fully established by the certificate of Grantee or any of Grantee's officers or agents.

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Section 2.3. Absence of Obligations of Grantee with Respect to

Mortgaged Property. Notwithstanding anything in this Mortgage to the contrary,

including, without limitation, the definition of "Mortgaged Property" and/or the provisions of Article 3 hereof, (i) to the extent permitted by applicable law, the Mortgaged Property is composed of Grantor's rights, title and interests therein but not Grantor's obligations, duties or liabilities pertaining thereto, (ii) Grantee neither assumes nor shall have any obligations, duties or liabilities in connection with any portion of the items described in the definition of "Mortgaged Property" herein, either prior to or after obtaining title to such Mortgaged Property, whether by foreclosure sale, the granting of a deed in lieu of foreclosure or otherwise, and (iii) Grantee may, at any time prior to or after the acquisition of title to any portion of the Mortgaged Property as above described, advise any party in writing as to the extent of Grantee's interest therein and/or expressly disaffirm in writing any rights, interests, obligations, duties and/or liabilities with respect to such Mortgaged Property or matters related thereto. Without limiting the generality of the foregoing, it is understood and agreed that Grantee shall have no obligations, duties or liabilities prior to or after acquisition of title to any portion of the Mortgaged Property, as lessee under any lease or purchaser or seller under any contract or option unless Grantee elects otherwise by written notification. The foregoing sentence shall not be deemed to imply that Grantee has any interest in the subleasehold estate created under the Sublease Agreement by virtue of this Mortgage, or that this Mortgage is not subject and subordinate to the leasehold created under the Lease Agreement.

Section 2.4. Interest on Amounts Due. Each amount due and owing by

Grantor to Grantee or any Holder pursuant to this Mortgage shall bear interest, from the date such amount becomes due until paid, at the rate described in Section 2.09(c) of the Credit Agreement in effect on the date such amount becomes due (but never in excess of the maximum nonusurious amount permitted by applicable law), which interest shall be payable to Grantee or Holders as applicable on demand; provided, however, that in the event that the Credit

Agreement is not then in effect, the rate described in Section 2.09(c) of the Credit Agreement shall be deemed to be incorporated herein by reference; and all such amounts, together with such interest thereon, shall automatically and without notice be a part of the Secured Indebtedness. For purposes of this Section 2.4, the Credit Agreement shall establish the definition of Base Rate, and, in the event that the Credit Agreement is not then in effect, the definition of Base Rate set forth in the Credit Agreement shall be deemed to be incorporated herein by reference.

ARTICLE 3 - Collateral Assignment of Leases and Rents

Section 3.1. Assignment. As additional security for the indebtedness

secured hereby, Grantor hereby assigns to Grantee all Rents (hereinafter defined) and all of Grantor's rights in and under all Leases (hereinafter defined). Upon the occurrence and continuation of an Event of Default

hereunder, Grantee shall have the right, power and privilege (but shall be under no duty) to demand possession of the Rents, which demand shall to the fullest extent permitted by applicable law be sufficient action by Grantee to entitle Grantee to immediate and direct payment of the Rents (including delivery to Grantee of Rents collected for the period in which the

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demand occurs and for any subsequent period), for application as provided in this Mortgage, all without the necessity of any further action by Grantee, including, without limitation, any action to obtain possession of the Land, Improvements or any other portion of the Mortgaged Property. Grantor hereby authorizes and directs the tenants under the Leases to pay Rents to Grantee upon written demand by Grantee, without further consent of Grantor, without any obligation to determine whether an Event of Default has in fact occurred and regardless of whether Grantee has taken possession of any portion of the Mortgaged Property, and the tenants may rely upon any written statement delivered by Grantee to the tenants. Any such payment to Grantee shall constitute payment to Grantor under the Leases, and Grantor hereby appoints Grantee as Grantor's lawful attorney-in-fact for giving, and Grantee is hereby empowered to give, acquittances to any tenants for such payments to Grantee upon and after an Event of Default. The assignment contained in this Section shall become null and void upon the release of this Mortgage. As used herein: (i) "Lease" means each existing or future lease, sublease (to the extent of

Grantor's rights thereunder) or other agreement under the terms of which any person has or acquires any right to occupy or use the Mortgaged Property, or any part thereof, or interest therein, including without limitation, the Lease Agreement, the Air Rights Lease Agreement dated July 7, 1994, by and between Grantor and Air Products and Chemicals, Inc., and the Sublease Agreement (to the extent of Grantor's rights thereunder), and each existing or future guaranty of payment or performance thereunder or under each such other lease, sublease, agreement or guaranty, and all extensions, renewals, modifications and replacements of such Lease Agreement and Air Rights Lease Agreement and each such other lease, sublease, agreement or guaranty; and (ii) "Rents" means all of

the rents, revenue, income, profits and proceeds derived and to be derived from the Mortgaged Property (other than revenues, income, or profits resulting from the sale of Grantor's inventory) or arising from the use or enjoyment of any portion thereof or from any Lease, including but not limited to indemnity obligations in favor of Grantor arising under any Lease (including without limitation indemnity obligations covering any tenant's obligation to pay taxes, utilities or other obligations relating to the leasehold), liquidated damages following default under any such Lease, all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by damage to any part of the Mortgaged Property, all of Grantor's rights to recover monetary amounts from any tenant in bankruptcy including, without limitation, rights of recovery for use and occupancy and damage claims arising out of Lease defaults, including rejections, under any applicable bankruptcy or other debtor laws, together with any sums of money that may now or at any time hereafter be or become due and payable to Grantor by virtue of any and all royalties, overriding royalties, bonuses, delay rentals and any other amount of any kind or character arising under any and all present and all future oil, gas, mineral and mining leases covering the Mortgaged Property or any part thereof, and all proceeds and other amounts paid or owing to Grantor under or pursuant to any and all contracts and bonds relating to the construction or renovation of the Mortgaged Property.

Section 3.2. Covenants, Representations and Warranties Concerning

Leases and Rents. Grantor covenants, represents and warrants that: (i) Grantor

has good title to, and is the owner of the entire landlord's interest in, the Leases and Rents hereby assigned and authority to assign them; (ii) all Leases are valid and enforceable, and in full force and effect, and are

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unmodified except as stated therein; (iii) unless otherwise stated in a Permitted Encumbrance, no Rents or Leases have been or will be assigned, mortgaged, pledged or otherwise encumbered and no other person has or will acquire any right, title or interest in such Rents or Leases; (iv) no Rents have been waived, released, discounted, set off or compromised, except that the rental under the Lease Agreement is a nominal \$1.00; (v) except as stated in the Leases, Grantor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents; (vi) Grantor shall perform all of its obligations under the Leases and enforce the tenants' obligations under the Leases to the extent enforcement is prudent under the circumstances; (vii) Grantor will not, without the prior written consent of Agent or, if the Credit Agreement is not then in effect or an Event of Default exists, of Grantee, enter into any Lease after the date hereof, or waive, release, discount, set off, compromise, reduce or defer any Rent, receive or collect Rents more than one (1) month in advance (except for rent received more than one (1) month in advance in connection with the Lease Agreement), grant any rent-free period to any tenant, reduce any Lease term or waive, release or

otherwise modify any other material obligation under any Lease, renew or extend any Lease except in accordance with a right of the tenant thereto in such Lease, approve or consent to an assignment of a Lease or a subletting of any part of the premises covered by a Lease, or settle or compromise any claim under a Lease against a tenant in bankruptcy or otherwise; (viii) Grantor will not, except in good faith where the tenant is in material default thereunder, terminate or consent to the cancellation or surrender of any Lease having an unexpired term of one year or more; (ix) Grantor will not execute any Lease except in accordance with the Credit Documents and for actual occupancy by the tenant thereunder; (x) Grantor shall give prompt notice to Grantee, as soon as Grantor first obtains notice, of any claim, or the commencement of any action, by any tenant or subtenant under or with respect to a Lease regarding any claimed damage, default, diminution of or offset against Rent, cancellation of the Lease, or constructive eviction, and Grantor shall defend, at Grantor's expense, any proceeding pertaining to any Lease, including, if Grantee so requests, any such proceeding to which Grantee is a party; (xi) Grantor shall as often as requested by Grantee, within ten (10) days of each request, deliver to Grantee a complete rent roll of the Mortgaged Property in such detail as Grantee may require and financial statements of the tenants, subtenants and guarantors under the Leases to the extent available to Grantor, and deliver to such of the tenants and others obligated under the Leases specified by Grantee written notice of the assignment in Section hereof in form and content satisfactory to Grantee; (xii) promptly upon request by Grantee, Grantor shall deliver to Grantee executed originals of all Leases and copies of all records relating thereto; (xiii) there shall be no merger of the leasehold estates, created by the Leases, with the fee estate of the Land without the prior written consent of Agent or, if the Credit Agreement is not then in effect or an Event of Default exists, of Grantee; and (xiv) Grantee may at any time and from time to time by specific written instrument intended for the purpose, unilaterally subordinate the lien of this Mortgage to any Lease, without joinder or consent of, or notice to, Grantor, any tenant or any other person, and notice is hereby given to each tenant under a Lease of such right to subordinate; and (xv) Grantor shall not amend or terminate the Lease Agreement, the Reciprocal Easement Agreement, or the Sublease Agreement at any time, without the prior written consent of Agent or, if the Credit Agreement is not then in effect or an Event of Default exists, of Grantee, provided, however, that in the event that the Release Tract has been

released from the lien of this

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Mortgage by Grantee, the Lease Agreement may be amended but not terminated and the Sublease Agreement may be amended or terminated; provided further, however,

that the triple-net provisions, the indemnification provisions, and the non-merger provisions may not be amended at any time, except with the prior written consent of the Agent or, if the Credit Agreement is not then in effect or an Event of Default exists, of Grantee. No such subordination shall constitute a subordination to any lien or other encumbrance, whenever arising, or improve the right of any junior lienholder; and nothing herein shall be construed as subordinating this Mortgage to any Lease.

Section 3.3. No Liability of Grantee. Grantee's acceptance of this

assignment shall not be deemed to constitute Grantee a "mortgagee in possession," nor obligate Grantee to appear in or defend any proceeding relating to any Lease or to the Mortgaged Property, or to take any action hereunder, expend any money, incur any expenses, or perform any obligation or liability under any Lease, or assume any obligation for any deposit delivered to Grantor by any tenant and not as such delivered to and accepted by Grantee. Grantee shall not be liable for any injury or damage to person or property in or about the Mortgaged Property, or for Grantee's failure to collect or to exercise diligence in collecting Rents, but shall be accountable only for Rents that it shall actually receive. Neither the assignment of Leases and Rents nor enforcement of Grantee's rights regarding Leases and Rents (including collection of Rents) nor possession of the Mortgaged Property by Grantee nor Grantee's or Agent's consent to or approval of any Lease (nor all of the same), shall render Grantee liable on any obligation under or with respect to any Lease or constitute affirmation of, or any subordination to, any Lease, occupancy, use or option. If Grantee seeks or obtains any judicial relief regarding Rents or Leases, the same shall in no way prevent the concurrent or subsequent employment of any other appropriate rights or remedies nor shall same constitute an election of judicial relief for any foreclosure or any other purpose. Grantee neither has nor assumes any obligations as lessor or landlord with respect to any Lease. The rights of Grantee under this Article 3 shall be cumulative of all other rights of Grantee under the Credit Documents or otherwise.

ARTICLE 4 - Default

Section 4.1. Events of Default. The occurrence of any one of the

following shall be an Event of Default under this Mortgage:

(a) Credit Agreement Default. The occurrence of an "Event of

Default" as such term is defined under the Credit Agreement.

(b) Indenture Default. The occurrence of an "Event of Default" as

such term is defined under the Indenture.

(c) Transfer of the Mortgaged Property. Any sale, lease, conveyance,

assignment, pledge, encumbrance, or transfer of all or any part of the Mortgaged
Property or any

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interest therein, voluntarily or involuntarily, whether by operation of law or
otherwise, except as permitted under the Credit Documents.

(d) Abandonment. The owner of the Mortgaged Property abandons any of

the Mortgaged Property.

(e) Default Under Other Lien. A default or Event of Default occurs

under any lien, security interest or assignment covering the Mortgaged Property
or any part thereof (whether or not Grantee or Agent has consented, and without
hereby implying Grantee's or Agent's consent, to any such lien, security
interest or assignment not created hereunder), or the holder of any such lien,
security interest or assignment declares a default or institutes foreclosure or
other proceedings for the enforcement of its remedies thereunder.

(f) Grant of Easement, Etc. Without the prior written consent of

Agent or Grantee, Grantor grants any easement, dedication or restriction or
files any plat, or otherwise encumbers the Mortgaged Property, or seeks or
permits any zoning reclassification or variance, unless such action is permitted
by the Credit Agreement and the Indenture, does not materially adversely affect
the Mortgaged Property, or is permitted under Section 6.25 or otherwise in this
Mortgage.

(g) Enforceability; Priority. Any Credit Document shall for any

reason without Grantee's specific written consent cease to be in full force and
effect, or shall be declared null and void or unenforceable in whole or in part,
or the validity or enforceability thereof, in whole or in part, shall be
challenged or denied by any party thereto other than Grantee; or the liens,
mortgages or security interests of Grantee in any of the Mortgaged Property
become unenforceable in whole or in part, or cease to be of the first priority
herein required, or the validity or enforceability thereof, in whole or in part,
shall be challenged or denied by Grantor or any person obligated to pay any part
of the Secured Indebtedness.

(h) Destruction. The Mortgaged Property is demolished, destroyed or

damaged provided however that such demolition, destruction or damage shall not

constitute an Event of Default if Grantor has sufficient funds (including
insurance proceeds) to rebuild the Mortgaged Property and proceeds diligently to
rebuild the Mortgaged Property or the Secured Indebtedness has been paid in
full.

(i) Condemnation. There is commenced any proceeding to condemn or

otherwise take pursuant to the power of eminent domain, or a contract for sale
or a conveyance in lieu of such a taking is executed which provides for the
transfer of a material portion of the Premises, such as would materially
adversely affect the use and operation thereof as a wafer fabrication facility
or materially diminish the value of the Premises.

Section 4.2. Notice and Cure. If any provision of this Mortgage or

any other Credit Document provides for Grantee or any Holder to give to Grantor
any notice regarding an

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Event of Default or incipient Event of Default, then if Grantee or any Holder
shall fail to give such notice to Grantor as provided, the sole and exclusive
remedy of Grantor for such failure shall be to seek appropriate equitable relief
to enforce the agreement to give such notice and to have any acceleration of the
maturity of the Notes, the Bank Indebtedness, and/or the Secured Indebtedness
postponed or revoked and foreclosure proceedings in connection therewith delayed
or terminated pending or upon the curing of such default or Event of Default in
the manner and during the period of time permitted by such agreement, if any,
and Grantor shall have no right to damages or any other type of relief not
herein specifically set out against Grantee or Holders, all of which damages or

other relief are hereby waived by Grantor. Nothing herein or in any other Credit Document shall operate or be construed to add on or make cumulative any cure or grace periods specified in any of the Credit Documents.

ARTICLE 5 - Remedies

Section 5.1. Certain Remedies. If an Event of Default occurs and is

continuing, Grantee or the Holders, as the case may be, may (but shall have no obligation to) exercise any one or more of the following remedies, without notice (unless notice is required by applicable statute):

(a) Acceleration. The Holders may at any time and from time to time

declare any or all of the Secured Indebtedness immediately due and payable and such Secured Indebtedness shall thereupon be immediately due and payable, without presentment, demand, notice, protest, notice of protest, notice of acceleration or notice of intention to accelerate of any kind, all of which are hereby expressly waived by Grantor.

(b) Enforcement of Assignment of Rents. Prior or subsequent to

taking possession of any portion of the Mortgaged Property or taking any action with respect to such possession, Grantee may: (1) collect and/or sue for the Rents in Grantee's own name, give receipts and releases therefor, and after deducting all reasonable expenses of collection, including reasonable attorneys' fees and expenses, apply the net proceeds thereof to the Secured Indebtedness in such manner and order as Grantee may elect and/or to the operation and management of the Mortgaged Property, including the payment of reasonable management, brokerage and attorney's fees and expenses; and (2) require Grantor to transfer all security deposits and records thereof to Grantee together with original counterparts of the Leases.

(c) Foreclosure. Upon the occurrence and during the continuation of

an Event of Default, Trustee, or her successor or substitute, is authorized and empowered and it shall be her special duty at the request of Grantee to sell the Mortgaged Property or any part thereof situated in the State of Texas, at the courthouse of any county (whether or not the counties in which the Mortgaged Property is located are contiguous, if the Mortgaged Property is located in more than one county) in the State of Texas in which any part of the Mortgaged Property is situated, at public venue to the highest bidder for cash between the hours of ten o'clock a.m. and four o'clock p.m. on the first Tuesday in any month or at such other place, time and date as provided by the statutes of the State of Texas then in force governing sales of real estate under

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powers of sale conferred by deed of trust, after having given notice of such sale in accordance with such statutes. Any sale made by Trustee hereunder may be as an entirety or in such parcels as Grantee may request. To the extent permitted by applicable law, any sale may be adjourned by announcement at the time and place appointed for such sale without further notice except as may be required by law. The sale by Trustee of less than the whole of the Mortgaged Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Mortgaged Property shall be sold; and, if the proceeds of such sale of less than the whole of the Mortgaged Property shall be less than the aggregate of the Secured Indebtedness and the expense of executing this trust as provided herein, this Mortgage and the lien hereof shall remain in full force and effect as to the unsold portion of the Mortgaged Property just as though no sale had been made; provided, however, that Grantor shall never have any right

to require the sale of less than the whole of the Mortgaged Property but Grantee shall have the right, at its sole election, to request Trustee to sell less than the whole of the Mortgaged Property. Trustee may, after any request or direction by Grantee, sell not only the real property but also the Collateral and other interests which are a part of the Mortgaged Property, or any part thereof, as a unit and as a part of a single sale, or may sell any part of the Mortgaged Property separately from the remainder of the Mortgaged Property. It shall not be necessary for Trustee to have taken possession of any part of the Mortgaged Property or to have present or to exhibit at any sale any of the Collateral. After each sale, Trustee shall make to the purchaser or purchasers at such sale good and sufficient conveyances in the name of Grantor, conveying the property so sold to the purchaser or purchasers with general warranty of title by Grantor, subject to the Permitted Encumbrances (and to such leases and other matters, if any, as Trustee may elect upon request of Grantee), and shall receive the proceeds of said sale or sales and apply the same as herein provided. Payment of the purchase price to the Trustee shall satisfy the obligation of purchaser at such sale therefor, and such purchaser shall not be responsible for the application thereof. In the event any sale hereunder is not completed or is defective in the opinion of Grantee, such sale shall not exhaust the power of sale hereunder and Grantee shall have the right to cause a subsequent sale or sales to be made hereunder. Any and all statements of fact

or other recitals made in any deed or deeds or other conveyances given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the Secured Indebtedness or as to the occurrence of any Event of Default, or as to the Holders' having declared all of the Secured Indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee or any substitute or successor trustee, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by Grantee, the Holders, or by such Trustee, substitute or successor, shall be taken as prima facie evidence of the truth of the facts so stated and recited. Trustee or her successor or substitute may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee, including the posting or filing of notices and the conduct of sale, but in the name and on behalf of Trustee, her successor or substitute. If Trustee or her successor or substitute shall have given notice of sale hereunder, any successor or substitute Trustee thereafter appointed may complete the sale and the conveyance of

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the property pursuant thereto as if such notice had been given by the successor or substitute Trustee conducting the sale.

(d) Uniform Commercial Code. Without limitation of Grantee's rights

of enforcement with respect to the Collateral or any part thereof in accordance with the procedures for foreclosure of real estate, Grantee may exercise its rights of enforcement with respect to the Collateral or any part thereof under the UCC (or under the Uniform Commercial Code in force in any other state to the extent the same is applicable law) and in conjunction with, in addition to or in substitution for those rights and remedies: (1) Grantee may enter upon Grantor's premises to take possession of, assemble and collect the Collateral or, to the extent and for those items of the Collateral permitted under applicable law, to render it unusable; (2) Grantee may require Grantor to assemble the Collateral and make it available at a place Grantee designates which is mutually convenient to allow Grantee to take possession or dispose of the Collateral; (3) written notice mailed to Grantor as provided herein at least ten (10) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; (4) any sale made pursuant to the provisions of this paragraph shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with and upon the same notice as required for the sale of the Mortgaged Property under power of sale as provided in paragraph (c) above in this Section ; (5) in the event of a foreclosure sale, whether made by Trustee under the terms hereof, or under judgment of a court, the Collateral and the other Mortgaged Property may, at the option of Grantee, be sold as a whole; (6) it shall not be necessary that Grantee take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this Section is conducted and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; (7) with respect to application of proceeds of disposition of the Collateral under Section hereof, the costs and expenses incident to disposition shall include the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses incurred by Grantee; (8) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the Secured Indebtedness or as to the occurrence of any Event of Default, or as to Grantee having declared all of the Secured Indebtedness to be due and payable, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by Grantee, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and (9) Grantee may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Grantee, including the sending of notices and the conduct of the sale, but in the name and on behalf of Grantee.

(e) Lawsuits. Grantee may proceed by a suit or suits in equity or

at law, whether for collection of the Secured Indebtedness, the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction.

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(f) Entry on Mortgaged Property. Grantee is authorized, prior or

subsequent to the institution of any foreclosure proceedings, to the fullest extent permitted by applicable law, to enter upon the Mortgaged Property, or any part thereof, and to take possession of the Mortgaged Property and all books and records relating thereto, and to exercise without interference from Grantor any and all rights which Grantor has with respect to the management, possession,

operation, protection or preservation of the Mortgaged Property. Grantee shall not be deemed to have taken possession of the Mortgaged Property or any part thereof except upon the exercise of its right to do so, and then only to the extent evidenced by its demand and overt act specifically for such purpose. All reasonable costs, expenses and liabilities of every character incurred by Grantee in managing, operating, maintaining, protecting or preserving the Mortgaged Property shall constitute a demand obligation of Grantor (which obligation Grantor hereby promises to pay within five (5) days of demand) to Grantee pursuant to this Mortgage. If necessary to obtain the possession provided for above, Grantee may invoke any and all legal remedies to dispossess Grantor. In connection with any action taken by Grantee pursuant to this Section, Grantee shall not be liable for any loss sustained by Grantor resulting from any failure to let the Mortgaged Property or any part thereof, or from any act or omission of Grantee in managing the Mortgaged Property unless such loss is caused by the willful misconduct or bad faith of Grantee, nor shall Grantee be obligated to perform or discharge any obligation, duty or liability of Grantor arising under any lease or other agreement relating to the Mortgaged Property or arising under any Permitted Encumbrance or otherwise arising. Grantor hereby assents to, ratifies and confirms any and all actions of Grantee with respect to the Mortgaged Property taken under this Section.

(g) Receiver. Grantee shall as a matter of right be entitled to the

appointment of a receiver or receivers for all or any part of the Mortgaged Property, whether such receivership be incident to a proposed sale (or sales) of such property or otherwise, and without regard to the value of the Mortgaged Property or the solvency of any person or persons liable for the payment of the Secured Indebtedness. Nothing herein is to be construed to deprive Grantee of any other right, remedy or privilege it may have under the law to have a receiver appointed. Any money advanced by Grantee in connection with any such receivership shall be a demand obligation (which obligation Grantor hereby promises to pay within five (5) days of demand) owing by Grantor to Grantee pursuant to this Mortgage.

(h) Other Rights and Remedies. Grantee and the Holders may exercise

any and all other rights and remedies which Grantee or any Holder may have under the Credit Documents, or at law or in equity or otherwise.

Section 5.2. Effective as Mortgage. This instrument shall be

effective as a mortgage as well as a deed of trust and upon the occurrence of an Event of Default may be foreclosed as to any of the Mortgaged Property in any manner permitted by applicable law, and any foreclosure suit may be brought by Trustee or by Grantee; and to the extent, if any, required to cause this instrument to be so effective as a mortgage as well as a deed of trust, Grantor hereby mortgages the Mortgaged Property to Grantee. In the event a foreclosure hereunder shall be

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commenced by Trustee, or her substitute or successor, Grantee may at any time before the sale of the Mortgaged Property direct Trustee to abandon the sale, and may then institute suit for the collection of the Notes, the Bank Indebtedness, and/or any other Secured Indebtedness and for the foreclosure of this Mortgage. It is agreed that if Grantee should institute a suit for the collection of the Notes, the Bank Indebtedness, and/or any other Secured Indebtedness and for the foreclosure of this Mortgage, Grantee may at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee, her substitute or successor to sell the Mortgaged Property in accordance with the provisions of this Mortgage.

Section 5.3. Proceeds of Foreclosure. The proceeds of any sale held

by Trustee or Grantee or any receiver or public officer in foreclosure of the liens and security interests evidenced hereby shall be applied: FIRST, to the

payment of all necessary costs and expenses incident to such foreclosure sale, including but not limited to all reasonable attorneys' fees and legal expenses, all court costs and charges of every character, and a reasonable fee (not exceeding five percent (5%) of the gross proceeds of such sale) to Trustee acting under the provisions of paragraph (c) of Section hereof if foreclosed by power of sale as provided in said paragraph, and to the payment of the other Secured Indebtedness, including specifically without limitation the obligations of Grantor to Grantee, the principal, accrued interest and reasonable attorneys' fees due and unpaid on the Notes, the Bank Indebtedness, and the amounts due and unpaid and owed to Grantee and any Holder under this Mortgage, the order and manner of application to the items in this clause FIRST to be, as between

Grantor and Grantee, in Grantee's sole discretion; and SECOND, the remainder, if

any there shall be, shall be paid to Grantor, or to Grantor's heirs, devisees, representatives, successors or assigns, or such other persons (including the holder or beneficiary of any inferior lien) as may be entitled thereto by law; provided, however, that if Grantee is uncertain which person or persons are so

entitled, Grantee may interplead such remainder in any court of competent jurisdiction, and the amount of any reasonable attorneys' fees, court costs and expenses incurred in such action shall be a part of the Secured Indebtedness and shall be reimbursable (without limitation) from such remainder.

Section 5.4. Beneficiaries as Purchaser. Grantee, Agent, Indenture

Trustee, Trustee, or any Holder shall have the right to become the purchaser at any sale held by Trustee or her substitute or successor or by any receiver or public officer or at any public sale, and any such purchaser shall have the right to credit upon the amount of its or her successful bid, to the extent necessary to satisfy such bid, all or any part of the Secured Indebtedness in such manner and order as Grantee may elect.

Section 5.5. Foreclosure as to Matured Debt. Upon the occurrence and

during the continuation of an Event of Default, Grantee shall have the right to proceed with foreclosure (judicial or nonjudicial) of the liens and security interests hereunder without declaring the entire Secured Indebtedness due, and in such event any such foreclosure sale may be made subject to the unmatured part of the Secured Indebtedness; and any such sale shall not in any manner affect the unmatured part of the Secured Indebtedness, but as to such unmatured part this Mortgage shall remain in full force and effect just as though no sale had been made. The proceeds of such sale

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shall be applied as provided in Section 5.3 hereof except that the amount paid under clause FIRST thereof shall be only the matured portion of the Secured Indebtedness and any proceeds of such sale in excess of those provided for in clause FIRST (modified as provided above) shall be applied to the prepayment (without penalty) of any other Secured Indebtedness in such manner and order and to such extent as Grantee deems advisable, and the remainder, if any, shall be applied as provided in clause SECOND of Section 5.3 hereof. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Secured Indebtedness.

Section 5.6. Remedies Cumulative. All rights and remedies provided

for herein and in any other Credit Document are cumulative of each other and of any and all other rights and remedies existing at law or in equity, and Trustee, Grantee and the Holders shall, in addition to the rights and remedies provided herein or in any other Credit Document, be entitled to avail themselves of all such other rights and remedies as may now or hereafter exist at law or in equity for the collection of the Secured Indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and security interests evidenced hereby, and the resort to any right or remedy provided for hereunder or under any such other Credit Document or provided for by law or in equity shall not prevent the concurrent or subsequent employment of any other appropriate right or rights or remedy or remedies.

Section 5.7. Grantee's Discretion as to Security. Grantee may

resort to any security given by this Mortgage or to any other security now existing or hereafter given to Grantee to secure the payment of the Secured Indebtedness, in whole or in part, and in such portions and in such order as may seem best to Grantee in its sole discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits, liens or security interests evidenced by this Mortgage.

Section 5.8. Grantor's Waiver of Certain Rights. To the full extent

Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, extension or redemption, and Grantor, for Grantor, Grantor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Property, to the extent permitted by applicable law and except as otherwise expressly provided in the Credit Documents, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, notice of intention to accelerate, mature or declare due the whole of the Secured Indebtedness, notice of acceleration, notice of election to mature or declare due the whole of the Secured Indebtedness and all rights to a marshaling of assets of Grantor, including the Mortgaged Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and/or security interests hereby created. Grantor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatever to defeat, reduce or affect the right of Grantee under the terms of this Mortgage to a sale of the Mortgaged Property for the collection of the Secured Indebtedness without any prior or different resort for collection, or the right of Grantee under the terms of this Mortgage to the payment of

the Secured Indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other claimant (other than the Holders) whatever. Grantor waives any right or remedy which Grantor may have or be able to assert pursuant to the UCC, or any other provision of Texas or New York law, pertaining to the rights and remedies of sureties. If any law referred to in this Section and now in force, of which Grantor or Grantor's heirs, devisees, representatives, successors or assigns or any other persons claiming any interest in the Mortgaged Property might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section.

Section 5.9. Delivery of Possession After Foreclosure. In the event

there is a foreclosure sale hereunder and at the time of such sale, Grantor or Grantor's heirs, devisees, representatives, successors or assigns are occupying or using the Mortgaged Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the property (such as an action for forcible detainer) in any court having jurisdiction.

ARTICLE 6 - Miscellaneous

Section 6.1. Scope of Mortgage. This Mortgage is a deed of trust and

mortgage of both real and personal property, a security agreement, a financing statement and a collateral assignment, and also covers proceeds and fixtures.

Section 6.2. Effective as a Financing Statement. This Mortgage

shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Mortgaged Property and is to be filed for record in the real estate records of each county where any part of the Mortgaged Property (including said fixtures) is situated. This Mortgage shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to Subsection (e) of Section 9.103 of the UCC, as amended, and similar provisions (if any) of the Uniform Commercial Code as enacted in any other state where the Mortgaged Property is situated which will be financed at the wellhead or minehead of the wells or mines located on the Mortgaged Property and is to be filed for record in the real estate records of each county where any part of the Mortgaged Property is situated. This Mortgage shall also be effective as a financing statement covering any other Mortgaged Property and may be filed in any other appropriate filing or recording office. The mailing address of debtor is the address of Grantor set forth at the end of this Mortgage and the address of the secured party from which information concerning the security interests hereunder may be obtained is the address of Grantee set forth at the end of this Mortgage. A carbon, photographic or other reproduction of this

Mortgage or of any financing statement relating to this Mortgage shall be sufficient as a financing statement for any of the purposes referred to in this Section.

Section 6.3. Waiver. Grantee may at any time and from time to time

by a specific writing intended for the purpose: (a) waive compliance by Grantor with any covenant herein made by Grantor to the extent and in the manner specified in such writing; (b) consent to Grantor's doing any act which hereunder Grantor is prohibited from doing, or to Grantor's failing to do any act which hereunder Grantor is required to do, to the extent and in the manner specified in such writing; (c) release any part of the Mortgaged Property or any interest therein from the lien and security interest of this Mortgage, without the joinder of Trustee; or (d) release any party liable, either directly or indirectly, for the Secured Indebtedness or for any covenant herein or in any other Credit Document, without impairing or releasing the liability of any other party. No such act shall in any way affect the rights or powers of Grantee or Trustee hereunder except to the extent specifically agreed to by Grantee in such writing.

Section 6.4. No Impairment of Security. The lien, security interest

and other security rights of Grantee hereunder or under any other Credit Document shall not be impaired by any indulgence, moratorium or release granted

by Grantee including, but not limited to, any renewal, extension or modification which Grantee may grant with respect to any Secured Indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which Grantee may grant in respect of the Mortgaged Property, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any Secured Indebtedness. The taking of additional security by Grantee shall not release or impair the lien, security interest or other security rights of Grantee hereunder or affect the liability of Grantor or of any endorser, guarantor or surety, or improve the right of any junior lienholder in the Mortgaged Property (without implying hereby Grantee's or Agent's consent to any junior lien).

Section 6.5. Acts Not Constituting Waiver by Grantee. Grantee may

waive any default without waiving any other prior or subsequent default or Event of Default. Grantee may remedy any default or Event of Default without waiving the default or Event of Default remedied. Neither failure by Grantee to exercise, nor delay by Grantee in exercising, nor discontinuance of the exercise of any right, power or remedy (including but not limited to the right to accelerate the maturity of the Secured Indebtedness or any part thereof) upon or after any Event of Default shall be construed as a waiver of such default or Event of Default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Grantee of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Grantor therefrom shall in any event be effective unless the same shall be in writing and signed by Grantee (or in the case of a consent, by Agent) and then such waiver or consent shall be effective only in the specific instance, for the purpose for which given and to the extent therein specified. No notice to nor demand on Grantor in any case shall of itself entitle Grantor to any other or further notice or demand in similar or other circumstances. Acceptance by Grantee

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or appropriate Holder, as applicable, of any payment in an amount less than the amount then due on any Secured Indebtedness shall be deemed an acceptance on account only and shall not in any way excuse the existence of a default hereunder.

Section 6.6. Grantor's Successors. If the ownership of the Mortgaged

Property or any part thereof becomes vested in a person other than Grantor, Grantee may, without notice to Grantor, deal with such successor or successors in interest with reference to this Mortgage and to the Secured Indebtedness in the same manner as with Grantor, without in any way vitiating or discharging Grantor's liability hereunder or for the payment of the indebtedness or performance of the obligations secured hereby. No transfer of the Mortgaged Property, no forbearance on the part of Grantee or any Holder, and no extension of the time for the payment of the Secured Indebtedness given by Grantee or any Holder shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Grantor hereunder for the payment of the indebtedness or performance of the obligations secured hereby or the liability of any other person hereunder for the payment of the Secured Indebtedness. Each Grantor agrees that it shall be bound by any modification of this Mortgage or any of the other Credit Documents made by Grantee or Holder as applicable and any subsequent owner of the Mortgaged Property, with or without notice to such Grantor, and no such modifications shall impair the obligations of such Grantor under this Mortgage or any other Credit Document. Nothing in this Section or elsewhere in this Mortgage shall be construed to imply Grantee's, Agent's or any Holder's consent to any transfer of the Mortgaged Property.

Section 6.7. Subrogation to Existing Liens; Vendor's Lien. To the

extent that proceeds of the Notes and the Bank Indebtedness are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Mortgaged Property, such proceeds have been advanced by Holders at Grantor's request, and Holders shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, however remote, irrespective of whether said liens, security interests, charges or encumbrances are released, and all of the same are recognized as valid and subsisting and are renewed and continued and merged herein to secure the Secured Indebtedness, but the terms and provisions of this Mortgage shall govern and control the manner and terms of enforcement of the liens, security interests, charges and encumbrances to which Holders are subrogated hereunder. It is expressly understood that, in consideration of the payment of such indebtedness by Holders, Grantor hereby waives and releases all demands and causes of action for offsets and payments in connection with the said indebtedness. If all or any portion of the proceeds of the Bank Indebtedness or the loans evidenced by the Notes or of any other Secured Indebtedness has been advanced for the purpose of paying the purchase price for all or a part of the Mortgaged Property, no vendor's lien is waived; and Grantee (for the benefit of Holders) shall have, and is hereby granted, a vendor's lien on the Mortgaged Property as cumulative

additional security for the Secured Indebtedness. Grantee may foreclose under this Mortgage or under the vendor's lien without waiving the other or may foreclose under both.

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Section 6.8. Application of Payments to Certain Indebtedness. If any

part of the Secured Indebtedness cannot be lawfully secured by this Mortgage or if any part of the Mortgaged Property cannot be lawfully subject to the lien and security interest hereof to the full extent of such indebtedness, then all payments made shall be applied on said indebtedness first in discharge of that portion thereof which is not secured by this Mortgage.

Section 6.9. Substitute Trustee. Trustee may resign by an

instrument in writing addressed to Grantee, or Trustee may be removed at any time with or without cause by an instrument in writing executed by Grantee. In case of the death, resignation, removal, or disqualification of Trustee, or if for any reason Grantee shall deem it desirable to appoint a substitute or successor trustee to act instead of the herein named trustee or any substitute or successor trustee, then Grantee shall have the right and is hereby authorized and empowered to appoint a successor trustee, or a substitute trustee, without other formality than appointment and designation in writing executed by Grantee and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until the Secured Indebtedness has been paid in full, or until the Mortgaged Property is fully and finally sold hereunder. If Grantee is a corporation, trust company, or association and such appointment is executed on its behalf by an officer of such corporation, trust company, or association, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation, trust company, or association. Upon the making of any such appointment and designation, all of the estate and title of Trustee in the Mortgaged Property shall vest in the named successor or substitute Trustee and he or she shall thereupon succeed to, and shall hold, possess and execute, all the rights, powers, privileges, immunities and duties herein conferred upon Trustee. All references herein to "Trustee" shall be deemed to refer to Trustee (including

any successor or substitute appointed and designated as herein provided) from time to time acting hereunder.

Section 6.10. No Liability of Trustee. Trustee shall not be liable

for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever (including Trustee's negligence), except for Trustee's gross negligence or willful misconduct. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by her hereunder, believed by her in good faith to be genuine. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by her hereunder. Grantor hereby ratifies and confirms any and all acts which the herein named Trustee or her successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof. Grantor will reimburse Trustee for, and save her harmless against, any and all liability and expenses which may be incurred by her in the performance of her duties. The foregoing indemnity shall not terminate upon discharge of the Secured Indebtedness or foreclosure, or release or other termination, of this Mortgage.

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Section 6.11. Release of Mortgage. If all of the Secured

Indebtedness be paid as the same becomes due and payable and all of the covenants, warranties, undertakings and agreements made in this Mortgage are kept and performed, and all obligations, if any, of all Holders for further advances have been terminated, then, and in that event only, all rights under this Mortgage shall terminate (except to the extent expressly provided herein with respect to indemnifications, representations and warranties and other rights which are to continue following the release hereof) and the Mortgaged Property shall become wholly clear of the liens, security interests, conveyances and assignments evidenced hereby, and such liens and security interests shall be promptly released by Grantee in due form at Grantor's cost. Without limitation, all provisions herein for indemnity of Grantee, Holders, or Trustee shall survive discharge of the Secured Indebtedness and any foreclosure, release or termination of this Mortgage, including, without limitation, the indemnity provisions set forth in Section 2.1(o) hereof.

Section 6.12. Notices. All notices, requests, consents, demands and

other communications required or which any party desires to give hereunder or under any other Credit Document shall be in writing and, shall be deemed

sufficiently given or furnished if delivered (i) by personal delivery, by courier service that provides an airbill or other evidence of delivery or attempted delivery, or by registered or certified United States mail, postage prepaid, addressed to the party to whom directed at the addresses specified at the end of this Mortgage (unless changed by similar notice in writing given by the particular party whose address is to be changed); or (ii) by telegram, telex, or facsimile (which shall be followed promptly by a written notice sent in the manner providing in the preceding clause (i) of this sentence; or (iii) by any method permitted under the Credit Agreement or the Indenture or expressly otherwise required under this Mortgage. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of courier or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of telegram, telex or facsimile, upon receipt. Notwithstanding the foregoing, no notice of change of address shall be effective except upon receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Credit Document or to require giving of notice or demand to or upon any person in any situation or for any reason.

Section 6.13. Invalidity of Certain Provisions. A determination

that any provision of this Mortgage is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Mortgage to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

Section 6.14. Gender; Titles; Construction. Within this Mortgage,

words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires. Titles appearing at the beginning of any subdivisions hereof are for convenience only, do not constitute any part of such subdivisions, and shall be disregarded in construing the language contained in such subdivisions. The use of the words "herein," "hereof," "hereunder" and other similar

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compounds of the word "here" shall refer to this entire Mortgage and not to any particular Article, Section, paragraph or provision. The term "person" and words importing persons as used in this Mortgage shall include firms, associations, partnerships (including limited partnerships), joint ventures, trusts, corporations, limited liability companies, trust companies, and other legal entities, including public or governmental bodies, agencies or instrumentalities, as well as natural persons.

Section 6.15. Reporting Compliance. Grantor agrees to comply with

any and all reporting requirements applicable to the transaction involving the Bank Indebtedness secured by this Mortgage and the transaction evidenced by the Notes secured by this Mortgage which are set forth in any law, statute, ordinance, rule, regulation, order or determination of any governmental authority, including but not limited to The International Investment Survey Act of 1976, The Agricultural Foreign Investment Disclosure Act of 1978, The Foreign Investment in Real Property Tax Act of 1980 and the Tax Reform Act of 1984 and further agrees upon request of Grantee to furnish Grantee with evidence of such compliance.

Section 6.16. Consent. Except where otherwise expressly provided

herein, in any instance hereunder where the approval, consent or the exercise of judgment of Grantee or Agent is required or requested, (i) the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Grantee or Agent as applicable, and Grantee and Agent shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner, regardless of the reasonableness of either the request or Grantee's or Agent's judgment, and (ii) no approval or consent of Grantee or Agent shall be deemed to have been given except by a specific writing intended for the purpose and executed by an authorized representative of Grantee or Agent, as applicable.

Section 6.17. Grantor. Unless the context clearly indicates

otherwise, as used in this Mortgage, "Grantor" means the grantor named in Section hereof. If any Grantor, or any signatory who signs on behalf of any Grantor, is a corporation, partnership, limited liability company, or other legal entity, Grantor and any such signatory, and the person or persons signing for it, represent and warrant to Grantee that this instrument is executed, acknowledged and delivered by Grantor's duly authorized representatives. If Grantor is an individual, no power of attorney granted by Grantor herein shall terminate on Grantor's disability.

Section 6.18. Execution; Recording. This Mortgage has been executed

in several counterparts, all of which are identical, and all of which counterparts together shall constitute one and the same instrument. The date or dates reflected in the acknowledgments hereto indicate the date or dates of actual execution of this Mortgage, but such execution is as of the date shown on the first page hereof, and for purposes of identification and reference the date of this Mortgage shall be deemed to be the date reflected on the first page hereof. Grantor will cause this Mortgage and all amendments and supplements thereto and substitutions therefor and all financing statements and continuation statements relating thereto to be recorded, filed, re-recorded and refiled in such

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manner and in such places as Trustee or Grantee shall reasonably request and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges.

Section 6.19. Successors and Assigns. The terms, provisions,

covenants and conditions hereof shall be binding upon and shall inure to the benefit of Grantor, Trustee, Grantee and Holders and their respective representatives, successors and assigns and shall constitute covenants running with the Land. All references in this Mortgage to any person shall be deemed to include all such person's representatives, successors and assigns.

Section 6.20. Modification or Termination. This Mortgage may only be

modified or terminated by a written instrument or instruments intended for that purpose and executed by the party against which enforcement of the modification or termination is asserted. Any alleged modification or termination which is not so documented shall not be effective as to any party.

Section 6.21. No Partnership, etc. The relationship between Holders

and Grantor is solely that of lenders or securities purchaser and borrower. The relationship between Grantee and Grantor is solely that of lienholder/secured party and debtor. Neither Holders nor Grantee have any fiduciary or other special relationship with Grantor. Nothing contained in the Credit Documents is intended to create any partnership, joint venture, association or special relationship between Grantor and Holders or between Grantor and Grantee or in any way make Grantee or any Holder a co-principal with Grantor with reference to the Mortgaged Property. All agreed contractual duties between or among Holders, Grantor, Grantee, and Trustee are set forth herein and in the other Credit Documents and any additional implied covenants or duties are hereby disclaimed. Any inferences to the contrary of any of the foregoing are hereby expressly negated.

Section 6.22. Compliance with Usury Laws. It is the intent of

Grantor and Grantee and all other parties to the Credit Documents to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between Grantee and Grantor (or any other party liable with respect to any indebtedness under the Credit Documents) are hereby limited by the provisions of this Section which shall override and control all such agreements, whether now existing or hereafter arising. In no way, nor in any event or contingency (including but not limited to prepayment, default, Event of Default, demand for payment, or acceleration of the maturity of any obligation), shall the interest taken, reserved, contacted for, charged, chargeable, or received under this Mortgage, the Notes or any other Credit Document, or in respect of the Bank Indebtedness or otherwise, exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount"). If, from any possible

construction of any document, interest would otherwise be payable in excess of the Maximum Amount, any such construction shall be subject to the provisions of this Section and such document shall ipso facto be automatically reformed and the interest payable shall be automatically reduced to the Maximum Amount, without the necessity of execution of any amendment or new document. If Grantee or any Holder shall ever receive anything of value which is characterized as interest under applicable law and which would apart from this provision be in excess of the Maximum Amount, an amount equal to the amount which would have been excessive interest

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shall, without penalty, be applied to the reduction of the principal amount owing on the Secured Indebtedness in the inverse order of its maturity and not to the payment of interest, or refunded to Grantor or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal. The right to accelerate maturity of the Notes, the Bank Indebtedness, or any other Secured Indebtedness does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and neither Grantee nor any Holder intends to charge or receive any unearned interest in the event of acceleration. All interest paid or agreed to be paid to Grantee shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term

(including any renewal or extension) of such Secured Indebtedness so that the amount of interest on account of such Secured Indebtedness does not exceed the Maximum Amount. As used in this Section, the term "applicable law" shall mean the state law applicable to the Secured Indebtedness, pursuant to the Credit Agreement, or the Indenture (whichever relates to the relevant portion of the Secured Indebtedness), or the federal law of the United States, whichever law allows the greater interest, as such law now exists or may be changed or amended or come into effect in the future.

Section 6.23. Applicable Law. THIS MORTGAGE SHALL BE CONSTRUED, AND THE

RIGHTS AND OBLIGATIONS OF GRANTOR AND GRANTEE HEREUNDER DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK EXCEPT WITH RESPECT TO THE PROVISIONS HEREOF THAT RELATE TO THE CREATION, PERFECTION, AND PRIORITY OF LIENS AGAINST, THE CONVEYANCE OF TITLE TO, OR THE REALIZATION UPON THE MORTGAGED PROPERTY, WHICH SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR HEREBY IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY FOR ITSELF AND IN RESPECT OF ITS PROPERTY TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK OR TEXAS STATE COURT, OR ANY UNITED STATES FEDERAL COURT, SITTING IN NEW YORK OR TEXAS FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. GRANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO GRANTOR AT ITS ADDRESS SET FORTH AT THE END OF THIS MORTGAGE. GRANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. GRANTOR FURTHER WAIVES ANY OBJECTION TO VENUE IN SUCH STATE AND ANY OBJECTION TO ANY ACTION OR PROCEEDING IN SUCH STATE ON THE BASIS OF FORUM NON CONVENIENS. NOTHING IN THIS SECTION Applicable Law 6.23 SHALL AFFECT THE RIGHT OF GRANTEE TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF GRANTEE TO BRING ANY ACTION OR PROCEEDING AGAINST GRANTOR OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

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Section 6.24. Waiver of Deficiency Statute Protections/Fair Market Value

for Calculating Deficiencies.

(a) Notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), and to the extent permitted by law, Grantor agrees that Grantee or any Holder shall be entitled to seek a deficiency judgment from Grantor and any other party obligated on the Secured Indebtedness equal to the difference between the amount of the Secured Indebtedness and the amount for which the Mortgaged Property was sold pursuant to a judicial or nonjudicial foreclosure sale. Grantor expressly recognizes that this Section constitutes a waiver of the above-cited provisions of the Texas Property Code which would otherwise permit Grantor and other persons against whom recovery of deficiencies is sought or guarantors independently (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Mortgaged Property as of the date of foreclosure and offset against any deficiency by the amount by which the foreclosure sale price is determined to be less than such fair market value. Grantor further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Mortgaged Property for purposes of calculating deficiencies owed by Grantor, guarantors, and others against whom recovery of a deficiency is sought.

(b) Alternatively, in the event this waiver is determined by a court of competent jurisdiction to be unenforceable, the following shall be considered competent evidence for the finder of fact's determination of the fair market value of the Mortgaged Property as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as amended from time to time):

(i) The Mortgaged Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Mortgaged Property will be repaired or improved in any manner before a resale of the Mortgaged Property after foreclosure;

(ii) The valuation shall be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Mortgaged Property for cash promptly (but no later than twelve months) following the foreclosure sale;

(iii) All expenses to be incurred when Grantee or any Holder resells the Mortgaged Property including reasonable closing costs customarily borne by the seller in a commercial real estate transaction should be added to the Secured Indebtedness, including, without limitation, brokerage commissions, title insurance, a survey of the Mortgaged Property, tax prorations, attorneys' fees, and marketing costs;

(iv) The gross fair market value of the Mortgaged Property shall be

further discounted to account for any estimated holding costs associated with maintaining the Mortgaged

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Property pending sale, including, without limitation, utilities expenses, property management fees, taxes and assessments (to the extent not accounted for in (iii) above), and other maintenance expenses; and

(v) Any expert opinion testimony given or considered in connection with a determination of the fair market value of the Mortgaged Property must be given by persons having at least five years experience in appraising improved property in the vicinity where the Mortgaged Property is located and being actively engaged therein at the time of such testimony.

Section 6.25. Release Tract and Ratification.

(a) After the execution of this Mortgage, Grantor shall use its best efforts to replat the Land into two separate platted tracts: (1) the Release Tract (as hereinafter defined); and (2) the Security Tract (as hereinafter defined). As used herein, the term "Release Tract" means the portion of the Land more particularly described by metes and bounds on Exhibit C attached hereto and incorporated herein by reference (the "Release Tract Property Description"). As used herein the term "Security Tract" means the portion of the Land more particularly described by metes and bounds on Exhibit D attached hereto and incorporated herein by reference (the "Security Tract Property Description"), together with all Improvements situated thereon. Grantee consents to a replat of the Land described by the Release Tract Property Description into the Release Tract (the "Release Tract Plat") and to a replat of the Land described by the Security Tract Property Description (the "Security Tract Plat") into the Security Tract. Grantor and Grantee agree, acknowledge, and confirm that the value of the Release Tract, at the time of the execution of this Mortgage, is \$1,500,042.

(b) Grantor shall be entitled to receive from Grantee a release of the lien of this Mortgage covering the Release Tract in the form attached hereto as Schedule 1 to this Mortgage (the "Partial Release of Lien"), if

- (1) Grantee and Agent shall have received from Grantor a copy of the Release Tract Plat covering the Release Tract, showing recording data, evidencing final plat approval by the City of Austin, and involving no deviation from the Release Tract Property Description (except as otherwise provided below);
- (2) Grantee and Agent shall have received from Grantor a copy of the Security Tract Plat covering the Security Tract, showing recording data, evidencing final plat approval by the City of Austin, and involving no deviation from the Security Tract Property Description (except as otherwise provided below); and
- (3) Grantee, Agent, and Indenture Trustee shall have received from Grantor a written certificate executed by Grantor that certifies to Grantee, Agent, and Indenture Trustee that the Release Tract Plat and the Security Tract Plat delivered by Grantor pursuant to subparagraphs (b) (1) and (b) (2) immediately

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preceding meets the criteria set forth in subparagraphs (b) (1) and (b) (2) immediately preceding.

Grantee and Agent shall have ten (10) business days from receipt of such Grantor certificate or Grantor's certificate under Section 6.25(c) hereof (and accompanying items pursuant to subparagraph (1) and (2) above) or from receipt of the certificate of Grantee's engineering (or other) consultant, if later, to determine whether the items submitted by Grantor pursuant to subparagraphs (1) - (3) above meet the criteria set forth in subparagraphs (1) - (3) above.

(c) The Release Tract Plat shall not encompass a tract of land that deviates in any respect from the tract of land described in the Release Tract Property Description, unless the City of Austin requires such deviation as a condition to its approval. The Security Tract Plat shall not encompass a tract of land that deviates in any respect from the tract of land described in the

Security Tract Property Description, unless the City of Austin requires such deviation as a condition to its approval. In the event that the Release Tract Plat encompasses a tract of land that deviates in any respect from the tract of land described in the Release Tract Property Description, as required by the City of Austin, or in the event that the Security Tract Plat encompasses a tract of land that deviates in any respect from the tract of land described in the Security Tract Property Description as required by the City of Austin, Grantor shall provide Grantee, Agent, and Indenture Trustee, in addition to the items required by subparagraphs (1), (2) and (3) above and as a condition to Grantee's execution and delivery of the Partial Release of Lien, (i) a certificate from Grantee's engineering consultant, Gray Jansing & Associates, Inc., or other engineer or consultant reasonably satisfactory to Agent, Grantee, and Grantor (which consent of Grantor shall not be unreasonably withheld, and which consent of Grantor shall be deemed given, if Grantor fails to consent to or reject the use of such consultant within five (5) business days of Grantee's requested choice of such consultant), in the form attached as Schedule 2 to this Mortgage;

(ii) a certificate of Grantor in the form attached as Schedule 3 to this

Mortgage; (iii) an amendment to the Lease Agreement and the Sublease Agreement in which the property description of the leased or subleased premises is replaced with the property description of the Release Tract with such deviations from the Release Tract Property Description as have been approved by Grantee's engineering (or other) consultant in its certificate required by subparagraph (i) immediately preceding and for which Grantor's certificate required by subparagraph (ii) immediately preceding has been given; and (iv) an amendment to the Easement Agreement in which the property descriptions of the Premises (as defined in the Easement Agreement) and AMD's Adjoining Land (as defined in the Easement Agreement) are replaced with the property descriptions of the Release Tract and the Security Tract respectively with such deviations from the Release Tract Property Description and from the Security Tract Property Description as have been approved by Grantee's engineering (or other) consultant in its certificate given in accordance with subparagraph (i) above and for which Grantor's certificate required by subparagraph (ii) immediately preceding has been given. For purposes of the certificates attached as Schedule 2 and

Schedule 3 to this Mortgage and this Section 6.25(c), the term "Fab 25 Complex"

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shall mean the buildings that house the integrated circuit manufacturing (i.e. wafer fabrication) facility known as "Fab 25" and all related support buildings, structures, and plants, including, without limitation, the nitrogen plant, the

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industrial waste neutralization plant, the reverse osmosis de-ionized water production plant, and the electric substation. Notwithstanding any provision contained in this Mortgage to the contrary, Grantee shall have no obligation to release the Release Tract if any portion of the buildings and structures comprising the Fab 25 Complex is located on the Release Tract.

(d) Grantor grants Grantee an irrevocable power of attorney, in Grantor's name and on its behalf, to re-plot the Land into the Release Tract and the Security Tract and to contact, negotiate and settle with the City of Austin and all relevant governmental authorities all issues in connection with any such re-platting, in the event that Grantor is unable to accomplish the re-platting of the Land into the Release Tract and the Security Tract within one year from the date of this Mortgage or and an Event of Default or a default which, with the passage of time or the giving of notice or both, would constitute an Event of Default, exists.

(e) Grantor hereby further covenants and agrees that, after the granting of such partial release as is provided herein, Grantor at Grantor's expense shall, within ninety (90) days after recording of such Partial Release of Lien, obtain a separation upon all public taxing and assessment rolls so that the remainder of the Mortgaged Property then subject to the lien of this Mortgage shall be separately rendered for tax purposes.

(f) In the event that (i) the Release Tract is released by Grantee pursuant to the terms of this Section 6.25, and (ii) Grantee forecloses on the Security Tract or receives a deed in lieu of foreclosure on the Security Tract, Grantor agrees to execute a reciprocal easement agreement (the "New Easement Agreement")

incorporating the provisions of the Easement Agreement, except that the New Easement Agreement shall show Grantee and Grantor as the parties granting reciprocal easements to each other. Grantor grants Grantee an irrevocable power of attorney to execute Grantor's name, on behalf of Grantor, to such New Easement Agreement. In the event that such New Easement Agreement is not executed and filed of record, this provision of the Deed of Trust, which shall survive foreclosure or deed given in lieu of foreclosure, shall constitute ratification and joinder by Grantor and Grantee in the Easement Agreement and a grant of the same easements by Grantor to Grantee as were granted by AMD Texas Properties, L.L.C. ("Tenant") to Grantor in the Easement Agreement and a grant

of the same easements by Grantee to Grantor as were granted by Grantor to Tenant in the Easement Agreement. For purposes of this subparagraph (f) only, the term

"Grantee" shall include any third party purchaser of the Security Tract at a foreclosure.

[The remainder of this page is purposely left blank.]

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Section 6.26. Limitation of Powers of Grantee. Grantor acknowledges that

the powers and discretion granted to or held by the Grantee under this Mortgage are subject to the terms of the Intercreditor Agreement, and that the ability of the Grantee to take particular actions under this Mortgage may require the consent of one or more of the Agent, the Indenture Trustee, or other representatives of the Banks and the Noteholders. Grantee shall have no liability to Grantor or Trustee under this Mortgage for taking or failing to take any action to the extent such action or failure to take action is consistent with the terms of the Intercreditor Agreement.

Section 6.27. Entire Agreement. This Mortgage and the Credit Documents to

which Grantor is a party constitute the entire understanding and agreement between Grantor, Grantee, and Holders with respect to the transactions arising in connection with the Secured Indebtedness and supersede all prior written or oral understandings and agreements between Grantor, Grantee, and Holders with respect to the matters addressed in such Credit Documents. Grantor hereby acknowledges that, except as incorporated in writing in the Credit Documents to which Grantor is a party, there are not, and were not, and no persons are or were authorized by Grantee or any Holder to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in such Credit Documents.

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THIS MORTGAGE, TOGETHER WITH THE CREDIT DOCUMENTS AND THE OTHER WRITTEN

LOAN DOCUMENTS TO WHICH GRANTOR IS A PARTY, REPRESENT THE FINAL AGREEMENT

BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMP-

ORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES

IN WITNESS WHEREOF, this instrument is executed on the date set forth in the acknowledgment to be effective as of the date first written on page 1 hereof.

The address and federal tax identification number of Grantor are: GRANTOR:

Advanced Micro Devices, Inc. ADVANCED MICRO DEVICES, INC.,
1160 Kern a Delaware corporation
One AMD Place
Sunnyvale, California 94086
Mail Stop 150 (General Counsel) By: /s/ Marvin D. Burkett

With a copy to: Name: Marvin D. Burkett

Advanced Micro Devices, Inc. Title: Senior Vice President, Chief
1160 Kern
One AMD Place Financial and Administrative
Sunnyvale, California 94086 Officer and Treasurer
Mail Stop 68 (Legal Department)

Federal Tax No. 94-1692300

The address of Grantee is (including county):

IBJ Schroder Bank & Trust Company
One State Street
New York, New York 10004
(New York County)
Attention: Corporate Trust Department

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This instrument was acknowledged before me on August 8, 1996, by Marvin Burkett, Chief Financial Officer of Advanced Micro Devices, Inc., a Delaware corporation, on behalf of said corporation.

(SEAL)

/s/ Winona C. Orange

Notary Public in and for the State of California

Winona C. Orange

Printed or Typed Name of Notary

My Commission Expires: 4-1-97

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EXHIBIT A

to
Deed of Trust, Assignment, Security Agreement
and Financing Statement

Land

Fee Tracts:

TRACT 1: Lot One (1), SUNRIDGE PARK, SECTION TWO, a subdivision in Travis

County, Texas, according to the map or plat thereof, recorded in
Volume 77, Pages 118-119 of the Plat Records of Travis County, Texas.

TRACT 2: Lots Three (3), Four (4), Five (5) and Six (6), Block "A", and Lots

One (1) and Four (4), Block "B", all in UNIVERSITY BUSINESS PARK, a
subdivision in Travis County, Texas, according to the map or plat
thereof, recorded in Volume 85, Pages 52C, 52D and 53A of the Plat
Records of Travis County, Texas.

TRACT 3: Lot One (1), Block One (1), AMD ADDITION, a subdivision in Travis

County, Texas, according to the map or plat thereof, recorded in
Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas.

Easement Tracts:

(a) AMD Potable Water Supply Easement:

This nonexclusive easement covers and burdens those portions of the Release Tract five feet (5') on each side of the presently existing potable water pipelines which are in, upon, under and through the Release Tract and those portions of the Release Tract in, on, over or across which one or more related facilities presently exist, which together with such pipelines, supply potable water to the Security Tract (the "AMD Water Supply System"). This nonexclusive easement further covers and includes, without limitation, all areas upon which there presently exist equipment, including without limitation pumps, pipes and valves, necessary for the proper functioning of the AMD Water Supply System, and any power supply necessary to operate such system.

(b) AMD Fire Water Storage and Distribution System Easement:

This nonexclusive easement covers and burdens those portions of the Release Tract upon which presently exist fire water storage tanks and other equipment and facilities and those portions of the Release Tract five feet (5') on each side of the presently existing fire water distribution pipelines which are in, upon, under and through the Release Tract which are used to distribute fire water to the Security Tract (such storage tanks, equipment, facilities and pipelines being herein called the

includes, without limitation, all areas upon which there presently exist any other equipment, including without limitation, pumps, pipes and valves, necessary for the proper functioning, of the AMD Fire Protection System, and any power supply necessary to operate such system.

(c) AMD Natural Gas Distribution Easement:

This nonexclusive easement covers and burdens those portions of the Release Tract five feet (5') on each side of the presently existing pipelines which are in, upon, under and through the Release Tract and through which natural gas is distributed from the point of connection with the metering facilities of Southern Union Gas Company to the Security Tract, together with and including those additional areas on which other facilities related to the supply of natural gas to the Security Tract are located on the Release Tract.

(d) AMD Wastewater Discharge System Easement:

This nonexclusive easement covers and burdens those portions of the Release Tract five feet (5') on each side of the presently existing industrial and domestic waste water and sanitary sewer pipelines which are in, upon, under and through the Release Tract and those portions of the Release Tract in, on, over or across which one or more related facilities presently exist, which together with such pipelines, provide industrial and domestic waste water and sanitary sewer service to the Security Tract (the "AMD Wastewater Discharge System"). This nonexclusive easement further covers and includes, without limitation, all areas upon which there presently exist equipment, including without limitation pumps, pipes and valves, necessary for the proper functioning of the AMD Wastewater Discharge System, and any power supply necessary to operate such system.

(e) AMD Drainage/Detention System Easement:

This nonexclusive easement covers and burdens:

(1) Those portions of the Release Tract five feet (5') on each side of all presently existing storm water pipelines and conduits which are in, upon, under and through the Release Tract and those portions of the Release Tract in, on, over or across which one or more related facilities presently exist, which together with such pipelines, provide the current storm water discharge system for the Security Tract.

(2) All areas on the Release Tract upon which there presently exist natural drainage courses, ditches or detention ponds necessary for the detention or discharge of storm water from the Security Tract over the Release Tract to reach either offsite disposal of such storm water via the City of Austin's storm water discharge system, or onsite detention.

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(f) AMD Parking Easement:

This nonexclusive easement covers and burdens:

(1) That portion of Lot 1 of "Advanced Micro Devices Section - 1," a subdivision according to the plat thereof recorded in Plat Book 85, Page 14-A and 14-B of the Plat Records of Travis County, Texas, being more particularly described on Exhibit A-1 attached to this Mortgage ("Parcel

2"); and

(2) Those portions of the Release Tract upon which presently exist paved concrete parking lots and related facilities such as lighting, security fences, overhead walkways and curb stops, which facilities provide nonexclusive parking to the Security Tract in common with the Release Tract. Without limiting the foregoing, this easement shall also include and extend to all necessary electric power distribution facilities necessary to service the lighting of the parking lots.

(g) AMD Driveway Easement:

This nonexclusive easement covers and burdens those portions of the Release Tract and Parcel 2 upon which presently exist concrete or other paved surface driveways and concrete or other type hard surface paved areas used for ingress and egress between the Security Tract and public streets and adjoining properties. This nonexclusive easement further covers and includes, without limitation, the existing concrete paved maneuvering and staging area between Building No. 4 housing the FAB 25 complex and Building No. 1 housing the FAB 10 complex which provides access to and a vehicular turning area for the loading docks for each of said buildings, said turning area being located between said

two buildings.

(h) AMD Electric Service Easement:

This nonexclusive easement covers and burdens those portions of the Release Tract upon which presently exists electric power lines, wires, conduits, equipment, transformers and other facilities providing electric power service to the Security Tract.

(i) AMD Telecommunications Easement:

This nonexclusive easement covers and burdens those portions of the Release Tract five feet (5') on each side of all presently existing telephone, fiber optic and other telecommunication lines, including all cables, wires, and conduits, together with those portions of the Release Tract on which presently exist equipment and other facilities, used to provide telephone, video and sound, and telecommunications services to the Security Tract.

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EXHIBIT A-1

DESCRIPTION

FOR A 1.849 ACRE (80,533 SQUARE FOOT) TRACT OF LAND SITUATED IN THE CITY OF AUSTIN, TRAVIS COUNTY, TEXAS, BEING A PORTION OF LOT 1 OF "ADVANCED MICRO DEVICES SECTION - 1", A SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED IN PLAT BOOK 85 PAGE 14-A AND 14-B OF THE PLAT RECORDS OF SAID COUNTY, SAID 1.849 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING on an iron rod found on a point in the southerly right-of-way line of Oltorf Street East (90.00 foot right-of-way width), said point being the northeasterly corner of Lot 4, Block B of "University Business Park", a subdivision according to the plat thereof recorded in Plat Book 85 Pages 52C, 52D & 53A of said Plat Records, said point being also the northwesterly corner of said Lot 1 and the POINT OF BEGINNING hereof;

THENCE with the southerly right-of-way line of Oltorf Street East, same being the northerly boundary line of said Lot 1, S59(Degrees)02'54"E for a distance of 199.18 feet to the most easterly corner hereof;

THENCE departing said right-of-way line through the interior of said Lot 1 the following courses and distances numbered 1 through 6:

- 1) S31(Degrees)13'26"W for a distance of 95.01 feet to an angle point;
- 2) N60(Degrees)20'22"W for a distance of 101.25 feet to an angle point;
- 3) S11(Degrees)37'28"W for a distance of 97.15 feet to an angle point;
- 4) S41(Degrees)36'52"W for a distance of 125.38 feet to an angle point;
- 5) S11(Degrees)28'20"W for a distance of 257.55 feet to an angle point;
- 6) N78(Degrees)31'40"W for a distance of 182.05 feet to an iron rod found on an angle point in the westerly boundary line of said Lot 1, same being the northeasterly corner of Lot 3, Block B, of said "University Business Park", being also the southeasterly corner of said Lot 4 and most southerly corner hereof;

THENCE with the westerly boundary line of said Lot 1, same being the easterly boundary line of said Lot 4, the following courses and distances numbered 1 through 3:

- 1) N28(Degrees)57'50"E for a distance of 14.87 feet to an iron rod set on an angle point;
- 2) N29(Degrees)02'29"E for a distance of 465.12 feet to an iron rod set on an angle point;
- 3) N28(Degrees)58'29"E for a distance of 136.05 feet to the POINT OF BEGINNING hereof and containing 1.849 acres of land.

Surveyed under the direct supervision of the undersigned:

/s/ Cecil Jackson Chisholm 8-6-96

Cecil Jackson Chisholm Date

[SEAL]

Sketch of Property Described,
Located in City of Austin, Travis County, Texas.

EXHIBIT B

to

Deed of Trust, Assignment, Security Agreement
and Financing Statement

Permitted Encumbrances

1. Taxes for the year 1996 and subsequent years not yet due and payable.
2. Lease, Option to Purchase and Put Option Agreement dated as of August 1, 1996, by and between Grantor and AMD Texas Properties, L.L.C., a Delaware limited liability company ("Tenant") creating a 99-year term leasehold on the Release Tract and recorded in the Real Property Records of Travis County, Texas.
3. Reciprocal Easement Agreement dated as of August 1, 1996, by and between Grantor and Tenant creating the easements benefitting the Release Tract and burdening the Security Tract and the easements benefitting the Security Tract and burdening the Release Tract shown therein and recorded in the Real Property Records of Travis County, Texas.
4. Sublease Agreement dated as of August 1, 1996, by and between Tenant as sublandlord and Grantor as subtenant and creating a 98-year subleasehold on the Release Tract and recorded in the Real Property Records of Travis County, Texas. (As to Release Tract)
5. Restrictive covenants of record itemized below:
 - (a) Volume 77, Pages 118-119 of the Plat Records, Volume 6469, Page 577 of the Deed Records as amended in Volume 11971, Page 6 of the Real Property Records, all of Travis County, Texas. (As to Tract 1)
 - (b) Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas. (As to Tract 2)
 - (c) Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas. (As to Tract 3)
 - (d) Volume 6360, Page 387 of the Deed Records, Volume 9040, Page 1, as amended by the Assignment of Declarant's Interest dated as of August 1, 1996, executed by Grantor to be recorded after this Mortgage in the Real Property Records of Travis County, Texas, Volume 11857, Page 827, Volume 12002, Page 65, Volume 12039, Page 187 and Volume 12239, Page 809 of the Real Property Records, all of Travis County, Texas. (As to Tracts 2 and 3)

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- (e) Volume 7230, Page 272 of the Deed Records, Volume 9009, Page 188 of the Real Property Records and Volume 85, Pages 14A-14B of the Plat Records all of Travis County, Texas. (As to easement tract described in Exhibit A-1 to this Mortgage, the "Parking Easement Tract")

THE FOLLOWING APPLY TO TRACT 1:

6. Water meter vault easement granted to the City of Austin by instrument dated March 14, 1994, recorded in Volume 12143, Page 2574 of the Real Property Records of Travis County, Texas.
7. Electric substation easement granted to the City of Austin by instrument dated May 13, 1994, recorded in Volume 12201, Page 1172 of the Real Property Records of Travis County, Texas.

THE FOLLOWING APPLY TO TRACTS 1, 2, 3 AND THE EASEMENTS AFFECTING THE
RELEASE TRACT PURSUANT TO THE RECIPROCAL EASEMENT AGREEMENT SHOWN AS ITEM 3
IN THIS EXHIBIT B (THE "EASEMENT TRACT")

8. All oil, gas and other minerals, as set forth by instrument dated March 12, 1937, recorded in Volume 585, Page 605 of the Deed Records of Travis

County, Texas, a portion of the surface rights to which have been waived by the following instruments:

Waiver of surface easement as recorded in Volume 9049, Page 17, Volume 9049, Page 28, Volume 9049, Page 92 and Volume 9049, Page 140, all of the Real Property Records of Travis County, Texas. (As to Lots 3, 4 and 5, Block A and Lots 1 and 4, Block B only and Tract 3 also)

Waiver of surface easement as recorded in Volume 9048, Page 996, Volume 9049, Page 23, Volume 9049, Page 119 and Volume 9049, Page 134, all of the Real Property Records of Travis County, Texas. (as to Lot 6, Block A of Tract 2 only)

9. All oil, gas and other minerals, as set forth by instrument recorded in Volume 3922, Page 1419 of the Deed Records of Travis County, Texas, which instrument limits the reservation by expressly excluding any right to enter upon the surface of the premises to develop, explore for, produce or store any of the oil, gas or other minerals so reserved.

THE FOLLOWING APPLY TO TRACTS 1, 2, THE EASEMENT TRACT, AND THE PARKING EASEMENT TRACT

10. Pipeline easement granted to Lo-Vaca Gathering Company by Right-of-Way Agreement dated December 30, 1963, recorded in Volume 2778, Page 155 of the Deed Records of Travis County, Texas, as amended by Amendment to Easement recorded in Volume 11949,

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Page 948 of the Real Property Records of Travis County, Texas. (Applies to Lots 1 and 4, Block B of Tract 2 only as to Tract 2)

THE FOLLOWING APPLIES TO TRACT 1 AND THE EASEMENT TRACT:

11. Building setback line 25 feet in width along the south property line, as shown on the Plat recorded in Volume 77, Pages 118-119 of the Plat Records of Travis County, Texas.
12. Electric transmission and/or distribution line easement granted to Texas Power & Light Company by instrument dated October 29, 1936, recorded in Volume 569, Page 206 of the Deed Records of Travis County, Texas.
13. Underground electric and telephone lines and systems easement granted to the City of Austin by instrument dated June 8, 1979, recorded in Volume 6634, Page 389 of the Deed Records of Travis County, Texas.
14. Electric and telephone lines and systems easement granted to the City of Austin by instrument dated December 21, 1987, recorded in Volume 10577, Page 329 of the Real Property Records of Travis County, Texas.
15. Water line easement granted to the City of Austin by instrument dated May 14, 1993, recorded in Volume 11941, Page 567 of the Real Property Records of Travis County, Texas.
16. Wastewater line easement granted to the City of Austin by instrument dated October 7, 1993, recorded in Volume 12041, Page 150 of the Real Property Records of Travis County, Texas.

THE FOLLOWING APPLY TO TRACT 2 OR PORTIONS THEREOF NOTED BELOW:

17. Public access, utility and drainage easement 15 feet in width along the north property line, as shown by the Plat recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas. (As to Lot 6, Block A only)
18. 100 year frequency flood plain drainage easement varying in width along the west property line, as shown by the Plat recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas. (As to Lot 6, Block A only)
19. 30 foot by 57 foot lift station site located near the northwest corner of the subject property as shown by the Plat recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas. (As to Lot 6, Block A only)
20. Building setback line 25 feet in width along the Oltorf Street East property line, as shown on the Plat recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas. (As to Lots 4, 5 and 6, Block A and Lot 4, Block B only)

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21. Building setback line 25 feet in width along the east property line, as shown on the Plat recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas. (As to Lots 3 and 4, Block A only)

22. Building setback line 15 feet in width along the north property line, as shown on the Plat recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas. (As to Lot 6, Block A only)
23. Underground electric and telephone lines and systems easement granted to the City of Austin by instrument dated December 17, 1985, recorded in Volume 9545, Page 39 of the Real Property Records of Travis County, Texas. (As to Lot 6, Block A only)
24. Pipeline easement granted to United Gas Pipeline Company by instrument dated August 29, 1949, recorded in Volume 964, Page 269 of the Deed Records of Travis County, Texas. (As to Lot 6, Block A only)
25. Water meter vault easement granted to the City of Austin by instrument dated March 14, 1994, recorded in Volume 12143, Page 2580 of the Real Property Records of Travis County, Texas. (As to Lot 4, Block A only)
26. Waterline easement granted to the City of Austin by instrument dated March 25, 1994, recorded in Volume 12152, Page 85 of the Real Property Records of Travis County, Texas. (As to Lot 3, Block A only)
27. Underground facilities easement granted to Southwestern Bell Telephone Company by instrument dated May 17, 1979, recorded in Volume 6575, Page 1213 of the Deed Records of Travis County, Texas. (As to Lot 4, Block B only)
28. Building setback, drainage and public utility easement 25 feet in width along the east property line, as shown by the Plat recorded in Volume 85, Pages 52C, 52D, and 53A of the Plat Records of Travis County, Texas. (As to Lot 1, Block B only)
29. Building setback line 25 feet in width along the west property line, as shown on the Plat recorded in Volume 85, Pages 52C, 52D, and 53A of the Plat Records of Travis County, Texas. (As to Lot 1, Block B only)
30. Electric transmission easement granted to the City of Austin by instrument dated May 13, 1994, recorded in Volume 12201, Page 1163 of the Real Property Records of Travis County, Texas. (As to Lot 1, Block B only)
31. Building setback line 25 feet in width along the west and east property lines, as shown on the Plat recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas. (As to Lot 4, Block B only)

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THE FOLLOWING APPLY TO TRACT 3:

32. Public utility and drainage easement 30 feet in width along the west property line, as shown by the Plat recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas.
33. Public utility easement 30 feet in width along the west property line, as shown by the Plat recorded in Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas.
34. Public utility easement 15 feet in width along the north property line, as shown by the Plat recorded in Volume 85, Pages 52C, 52D and 53A and Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas.
35. A 50 foot wide electric easement across the subject property, as shown on the Plat recorded in Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas.
36. A 40 foot wide Valero Gas Easement across the subject property, as shown on the Plat recorded in Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas.
37. 1.531 acres along the south property reserved for right-of-way purposes, as shown on the Plats recorded in Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas.
38. Building setback line 25 feet in width along the east property line, as shown on the Plats recorded in Volume 85, Pages 52C, 52D and 53A and Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas.
39. A 30 foot public utility easement granted to the City of Austin by instrument dated November 2, 1994, recorded in Volume 8935, Page 4 of the Real Property Records of Travis County, Texas.

THE FOLLOWING APPLIES TO THE EASEMENT TRACT:

40. Subject to the terms, conditions and stipulations of the Reciprocal Easement Agreement, described in item 3 to this Exhibit B.

THE FOLLOWING APPLY TO THE PARKING EASEMENT TRACT:

41. Electric transmission and/or distribution line and appurtenances easement granted to the City of Austin by instrument dated July 25, 1940, recorded in Volume 655, Page 367 of the Deed Records of Travis County, Texas.

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42. The terms, conditions and stipulations set out in that certain City of Austin License Agreement dated February 23, 1990, recorded in Volume 11168, Page 1344 of the Real Property Records of Travis County, Texas.
43. Building setback line 25 feet in width along north property line(s), as shown on the Plat recorded in Volume 85, Pages 14A-14B of the Plat Records of Travis County, Texas.
44. Subject to the terms, conditions and stipulations of the Reciprocal Easement Agreement described in item 3 to this Exhibit B.

THE FOLLOWING APPLIES TO ALL TRACTS:

45. Terms, provisions and conditions of that certain Air Rights Lease Agreement dated July 1, 1994, recorded in Volume 12361, Pages 158 of the Real Property Records of Travis County, Texas.
46. Protrusion of asphalt drive across the westerly line of Tract 1 as shown on survey dated August 5, 1996, and revised on August 9, 1996, prepared by Cecil Jackson Chisholm, Registered Professional Land Surveyor No. 4295.

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EXHIBIT C

to

Deed of Trust, Assignment, Security Agreement
and Financing Statement

Release Tract Property Description

A 34.481 acre tract of land out of Lot One (1) SUNRIDGE PARK SECTION 2, a subdivision in Travis County, Texas according to the map or plat thereof, recorded in Volume 77, Pages 118-119 of the Plat Records of Travis County, Texas, more particularly described as follows on Exhibit C-1 attached:

EXHIBIT C-1

DESCRIPTION

FOR A 34.481-ACRE TRACT OF LAND SITUATED IN THE CITY OF AUSTIN, TRAVIS COUNTY, TEXAS, SAID 34.481-ACRE TRACT BEING A PORTION OF LOT 1 OF "SUNRIDGE PARK, SECTION TWO", A SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED IN BOOK 77, PAGES 118-119 OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS, SAID 34.481-ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING on a 3/4-inch-diameter iron pipe found in the northerly right-of-way line of Ben White Boulevard (right-of-way varies), being the southeasterly corner of Lot A of "Briarton Subdivision", a subdivision of record in Book 72, Page 40 of said Plat Records, being also the southwesterly corner of said Lot 1 of "Sunridge Park, Section Two" and POINT OF BEGINNING hereof;

THENCE departing the northerly right-of-way line of Ben White Boulevard, in part with the easterly boundary line of said "Briarton Subdivision", in part with the easterly boundary line of a tract of land conveyed to Azur Property Investment U.S.A., Inc. by deed recorded in Volume 8936, Page 289 of the Real Property Records of Travis County, Texas, same being the westerly boundary line of said Lot 1 of "Sunridge Park, Section Two", N31(Degrees)01'17"E for a distance of 788.86 feet to a 1-inch-diameter iron pipe found on an angle point hereof;

THENCE continuing with the easterly boundary line of said Azur Property Investment U.S.A., Inc. tract, same being the westerly boundary line of said Lot 1, N59(Degrees)34'01"W for a distance of 506.23 feet to a 1/2-inch-diameter iron rod in concrete found, being a southeasterly corner of "Sunridge Park, Section One" a subdivision according to the plat thereof recorded in Book 85, Pages 107B, 107C and 107D, of said Plat Records, being an angle point hereof;

THENCE with the easterly boundary line of said "Sunridge Park, Section

One", continuing with the westerly boundary line of said Lot 1 of "Sunridge Park, Section Two", N31(Degrees)03'00"E (Bearing Basis) for a distance of 1303.59 feet to a 1-inch-diameter iron pipe in concrete found, being on an angle point in said easterly boundary line, same being the most northerly corner of said Lot 1, for the most northerly corner of the herein-described tract;

Exhibit A
Page 2

THENCE in part with the easterly boundary line of said "Sunridge Park, Section One", the southerly boundary line of Lot 6 of "University Business Park", a subdivision according to the plat thereof recorded in Book 85, Pages 52C, 52D and 53A of said Plat Records and the northerly boundary line of said Lot 1 of "Sunridge Park, Section Two", S58(Degrees)57'53"E, at a distance of 456.12 feet pass an iron rod found, being on an easterly corner of said "Sunridge Park, Section One", same being a southwesterly corner of said Lot 6 of "University Business Park", continuing for a total distance of 732.26 feet to a cotton gin spindle set in asphalt on an angle point hereof;

THENCE departing the southerly boundary line of said Lot 6 of "University Business Park", through the interior of said Lot 1 of "Sunridge Park, Section Two", the following fourteen (14) courses and distances:

- 1) S28(Degrees)25'15"W, for a distance of 67.41 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 2) S59(Degrees)50'45"E, for a distance of 172.50 feet to a PK nail set in concrete on an angle point hereof;
- 3) S18(Degrees)39'30"E, for a distance of 333.73 feet to a PK nail set in concrete on an angle point hereof;
- 4) S71(Degrees)27'23"W, for a distance of 374.42 feet to a PK nail set in concrete on an angle point hereof;
- 5) N52(Degrees)04'12"W, for a distance of 55.03 feet to a PK nail set in concrete on an angle point hereof;
- 6) S70(Degrees)25'04"W, for a distance of 201.88 feet to a PK nail set in asphalt on an angle point hereof;
- 7) S18(Degrees)47'06"E, for a distance of 207.97 feet to a PK nail set in concrete on an angle point hereof;
- 8) S71(Degrees)22'55"W, for a distance of 88.20 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 9) S18(Degrees)59'15"E, for a distance of 68.88 feet to punch hole set in a concrete gutter on an angle point hereof;
- 10) S70(Degrees)47'24"W, for a distance of 243.96 feet to a 1/2-inch-diameter iron rod with Baker-Aicklen cap set on an angle point hereof;

Exhibit A
Page 3

- 11) S18(Degrees)31'43"E, for a distance of 456.56 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 12) N81(Degrees)16'37"W, for a distance of 88.07 feet to a cotton gin spindle set in asphalt on the point of curvature of a non-tangent curve to the left, from which the radius point of said curve bears S04(Degrees)43'15"W, a distance of 325.45 feet;
- 13) with the arc of said non-tangent curve to the left, having a radius of 325.45 feet, an interior angle of 22(Degrees)54'28", an arc length of 130.12 feet and a chord which bears S83(degrees)16'01"W for a distance of 129.26 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 14) S09(Degrees)28'45"W, for a distance of 368.38 feet to a 1/2-inch-diameter iron rod with a Baker-Aicklen cap set on a point in the aforementioned northerly right-of-way line of Ben White Boulevard, being also the southerly boundary line of said Lot 1, from which a 1/2-inch-diameter iron rod with Baker-Aicklen cap set on a point being the southeasterly corner of said Lot 1 of "Sunridge Park, Section Two", the bears S78(Degrees)29'31"E a distance of 267.25 feet;

THENCE with said northerly right-of-way line, same being the southerly boundary line of said Lot 1 of "Sunridge Park, Section Two", the following two (2) courses and distances:

- 1) N78(Degrees)29'31"W, for a distance of 264.94 feet to a concrete highway right-of-way marker found on an angle point hereof;

2) N78(Degrees)30'31"W, for a distance of 295.85 feet to the POINT OF BEGINNING and containing 34.481 acres of land.

Prepared from survey and office computations under the direct supervision of the undersigned:

/s/ Cecil Jackson Chisholm 7-15-96 (revised 8-7-96)

Cecil Jackson Chisholm Date [SEAL]
Registered Professional Land Surveyor No. 4295

Job No. 570-026-10
CJC:ek

EXHIBIT D

to
Deed of Trust, Assignment, Security Agreement
and Financing Statement

Security Tract Property Description

TRACT 1: Lot One (1), SUNRIDGE PARK, SECTION TWO, a subdivision in Travis
County, Texas, according to the map or plat thereof, recorded in
Volume 77, Pages 118-119 of the Plat Records of Travis County, Texas.

TRACT 2: Lots Three (3), Four (4), Five (5) and Six (6), Block "A", and Lots
One (1) and Four (4), Block "B", all in UNIVERSITY BUSINESS PARK, a
subdivision in Travis County, Texas, according to the map or plat
thereof, recorded in Volume 85, Pages 52C, 52D and 53A of the Plat
Records of Travis County, Texas.

TRACT 3: Lot One (1), Block One (1), AMD ADDITION, a subdivision in Travis
County, Texas, according to the map or plat thereof, recorded in
Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas.

SAVE, LESS AND EXCEPT THEREFROM

A 34.481 acre tract of land out of Lot One (1) SUNRIDGE PARK SECTION 2, a
subdivision in Travis County, Texas according to the map or plat thereof,
recorded in Volume 77, Pages 118-119 of the Plat Records of Travis County,
Texas, more particularly described as follows on Exhibit C-1 attached to this

Mortgage.

Schedule 1 to Deed of Trust: FORM

PARTIAL RELEASE OF LIEN

THE STATE OF TEXAS (S)
(S) KNOW ALL BY THESE PRESENTS:
COUNTY OF TRAVIS (S)

WHEREAS, ADVANCED MICRO DEVICES, INC., a Delaware corporation ("Grantor"),
executed that certain Deed of Trust, Assignment, Security Agreement and
Financing Statement dated as of August 1, 1996 (the "Deed of Trust"), to SHELLEY
W. AUSTIN, as Trustee, for the benefit of IJB SCHRODER BANK & TRUST COMPANY,
as collateral agent ("Collateral Agent"), its successors and assigns, for the
ratable benefit of (i) Bank of America National Trust and Savings Association,
as administrative agent ("Agent"), its successors and assigns, for the benefit
of itself and the Banks under the Credit Agreement, and (ii) Indenture Trustee,
its successors and assigns, for the benefit of the Noteholders under the
Indenture and any subsequent Noteholders; said Deed of Trust being filed for
record on August __, 1996, at Volume __, Page __ of the Real Property Records
of Travis County, Texas (the terms "Banks," "Credit Agreement," "Indenture
Trustee," and any other capitalized term used in this Partial Release and not
otherwise defined herein shall have the meaning ascribed thereto in the Deed of
Trust);

WHEREAS, Grantor has now satisfied all requirements for the partial release
of certain property referred to in the Deed of Trust as the "Release Tract" from
the liens and security interests of the Deed of Trust pursuant to the terms and
conditions of Section 6.25 of the Deed of Trust;

NOW, THEREFORE, for Ten Dollars (\$10.00) and other good and valuable

The Engineer hereby CERTIFIES that:

- (1) The Engineer has received and reviewed a copy of the Release Tract Plat covering the Release, Tract, showing recording data and evidencing final plat approval by the City of Austin, Texas, and a copy of the Security Tract Plat covering the Security Tract, showing recording data and evidencing final plat approval by the City of Austin, Texas. The Release Tract and the Security Tract may be shown as separate platted lots on a single subdivision plat.
- (2) (a) All of the FAB 25 Complex is located entirely on the Security Tract;
- (b) the facilities located on the Security Tract, in the opinion of the undersigned, will be sufficient from a civil engineering perspective to operate the FAB 25 Complex; and
- (c) all deviations do not result in a net decrease in the area contained in the Security Tract by more than .50 acres.

Executed as of _____, 19__.

By: _____
 Name: _____
 Title: _____

Schedule 3 to Deed of Trust: FORM

CERTIFICATE OF ADVANCED MICRO DEVICES, INC.

This Certificate is executed by ADVANCED MICRO DEVICES, INC. ("AMD"), a Delaware corporation, to IBJ SCHRODER BANK & TRUST COMPANY, as "Collateral Agent," and as "Grantee" under the Deed of Trust (herein defined), and to the Agent, the Banks, the Indenture Trustee, and the Noteholders. Each capitalized term used in this Certificate and not otherwise defined herein shall have the meaning ascribed thereto in the Deed of Trust, Assignment, Security Agreement and Financing Statement dated as of August 1, 1996 (the "Deed of Trust"), from Advanced Micro Devices, Inc., as "Grantor," to Shelley W. Austin, Trustee, filed for record on August __, 1996, at Volume __, Page __ of the Real Property Records of Travis County, Texas.

AMD hereby CERTIFIES that:

- (1) AMD has received and reviewed a copy of the Release Tract Plat covering the Release Tract, showing recording data and evidencing final plat approval by the City of Austin, Texas, and a copy of the Security Tract Plat covering the Security Tract, showing recording data and evidencing final plat approval by the City of Austin, Texas. The Release Tract and the Security Tract may be shown as separate platted lots on a single subdivision plat.
- (2) There are no deviations affecting the Release Tract shown on the plat or plats referred to in paragraph (1) from the description of the Release Tract in the Deed of Trust, and there are no deviations affecting the Security Tract shown on the plat or plats referred to in paragraph (1) from the description of the Security Tract in the Deed of Trust, except as otherwise permitted by Section 6.25(c) of the Deed of Trust.
- (3) If there are any deviations shown on the plat or plats referred to in paragraph (1) from the description of the Security Tract in the Deed of Trust, all such deviations taken together do not materially adversely affect the utility of the Security Tract (including any easements and appurtenances relating thereto) or materially interfere with the present or future use by Grantor, its successors or assigns, of the Security Tract (including any easements and appurtenances relating thereto) as a wafer fabrication facility; and the FAB 25 Complex is capable of functioning as a wafer fabrication facility without any diminution in capacity as a result of any such deviations.

Executed as of _____, 19__.

ADVANCED MICRO DEVICES, INC.

By: _____
 Name: _____

Title: _____
"AMD"

SECURITY AGREEMENT

This SECURITY AGREEMENT ("Agreement"), dated as of August 1, 1996, between

ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), and IBJ

SCHRODER BANK & TRUST COMPANY, as collateral agent ("Collateral Agent") under

the Intercreditor Agreement, as defined below.

A. The Company, Bank of America National Trust and Savings Association, as agent ("Bank Agent") and certain financial institutions ("Banks") have

entered into the Credit Agreement, dated as of July 19, 1996, covering loans in the aggregate principal amount of \$400,000,000 ("Bank Loans") evidenced by

promissory notes if so desired by the Banks (the "Notes, as defined in the Credit Agreement, and as used herein, the "Bank Notes") issued to the Banks (as

amended or otherwise modified from time to time, the "Credit Agreement"). It is

a condition precedent to the effectiveness of the Credit Agreement that the Company shall have executed and delivered this Agreement.

B. United States Trust Company of New York, as trustee ("Indenture

Trustee"), and the Company have entered into the Indenture, dated as of August

1, 1996 relating to the Company's Senior Secured Notes due 2003 ("Senior Secured

Notes") issued in the aggregate principal amount of \$400,000,000 (as amended or

otherwise modified from time to time, the "Indenture"). It is a condition

precedent to purchase of the Senior Secured Notes that the Company shall have executed and delivered this Agreement.

C. The Collateral Agent, Indenture Trustee and Bank Agent have entered into the Intercreditor and Collateral Agency Agreement, dated as of August 1, 1996 (as amended or otherwise modified from time to time, the "Intercreditor

Agreement").

NOW, THEREFORE, in consideration of the premises, the Company hereby agrees as follows:

SECTION 1. Defined Terms and Related Matters.

(a) The words "hereof," "herein" and "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.

(b) Unless otherwise defined herein, the terms defined in Article 9 of the Uniform Commercial Code as enacted in the State of New York (the "Code") are

used herein as therein defined.

(c) Definitions. The following terms have the respective meanings given:

"Authorized Representative" means the president, chief executive officer,

chief financial officer or any other executive officer authorized by the board of directors to bind the Company, and who has knowledge of the matters with respect to which such term is used.

"Credit Documents" has the meaning given in the Deed of Trust.

"Deed of Trust" means the Deed of Trust, Assignment, Security Agreement and

Financing Statement, dated as of the date hereof, from the Company to the Collateral Agent for the benefit of the Banks and the holders of the Senior Secured Notes, as described in the Intercreditor Agreement.

"Event of Default" has the meaning given in the Deed of Trust.

"Governmental Authorities" means any national, state or local government

(whether domestic or foreign), any political subdivision thereof or any other governmental or quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity.

"Government Securities" means any securities the transfer or pledge of

which is governed by 31 C.F.R. (S) 306.118.

"Indemnity Agreement" means the Payment, Reimbursement and Indemnity

Agreement, dated as of August 1, 1996, between the Company and the Collateral Agent, as amended or modified from time to time.

"Liens" means any security interest, mortgage, deed of trust, pledge,

hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (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, 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 Uniform Commercial Code or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

"Permit" means any action, approval, consent, waiver, exemption, variance,

franchise, order, permit, authorization, right or license of or from a Governmental Authority.

"Proceeds Account" means the account by such name established pursuant to

Section 2(a).

"Permitted Investments" means: "Cash Equivalents", as defined in the

Indenture.

SECTION 2. Proceeds Account.

(a) Establishment of Account. The Collateral Agent hereby establishes at

its office located at One State Street, New York, New York (or such other office of the Collateral Agent in the State of New York as the Collateral Agent shall from time to time designate in writing to Bank Agent, Indenture Trustee and the Company) a special segregated and irrevocable cash collateral account designated the "Proceeds Account of IJB Schroder Bank & Trust Company, as first priority lienholder" (the "Proceeds Account"). All moneys, investments and securities at

any time on deposit in the Proceeds Account shall be held in the custody of the Collateral Agent for the purposes and on the terms set forth in this Agreement. The full title of the Proceeds Account shall appear on all external written communications from

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the Collateral Agent (other than routine regulatory reports) with respect to the Proceeds Account.

(b) Deposits Into Proceeds Account. There shall be deposited into the

Proceeds Account all proceeds of Collateral Asset Sales (as defined in the Indenture), all proceeds of insurance and all condemnation proceeds required pursuant to Section 4.10 of the Indenture to be retained in the Proceeds Account pending repair or replacement, or application to an Excess Proceeds Offer (as defined in the Indenture) and the mandatory prepayment of Bank Loans. The Company shall instruct its casualty insurer to deposit such proceeds as provided herein, and shall provide all necessary endorsements to such effect.

(c) Control of Collateral Agent. The Proceeds Account, all money, cash,

cash equivalents, instruments, investments and other securities at any time on deposit in the Proceeds Account, all investment income thereon, and all proceeds of any of the foregoing, shall at all times be subject to the sole control and dominion of the Collateral Agent and shall be held in the custody of the Collateral Agent for the purposes of, and on the terms set forth in, this Agreement. Access to the monies on deposit in the Proceeds Account shall be limited to the Collateral Agent, and the ability of any person other than the Collateral Agent to access funds in the Proceeds Account, whether through the writing of checks on such account, by wire transfer or otherwise, shall be

blocked. If there exists an instrument which represents the rights in the Proceeds Account, such as a passbook, the Collateral Agent shall at all times maintain exclusive possession of such instrument. The Company shall not have any rights or powers with respect to any amounts in the Proceeds Account or any part thereof; provided that the foregoing shall not be construed to limit the obligation of the Collateral Agent to apply amounts in the Proceeds Account in accordance with Section 2(e) hereof and the other provisions of this Agreement.

(d) Investment. Any cash held by the Collateral Agent in the Proceeds

Account shall be invested by the Collateral Agent from time to time as directed in writing by the Company in Permitted Investments; provided that at all times that an Event of Default has occurred and is continuing, such investments shall be made by the Collateral Agent at the direction of the Directing Creditors (as defined in the Intercreditor Agreement), in Permitted Investments. Any income or gain realized as a result of any such investment shall be held in the Proceeds Account and reinvested as provided herein. Any income tax payable on account of any such income or gain shall be payable by the Company. The Collateral Agent shall have no liability for any loss resulting from any diminution in value of any investment. Any investment may be liquidated and sold by the Collateral Agent at the direction of the Person directing such investment, as set forth in the first sentence of this Section 2(d), and the proceeds of such sale shall be reinvested in Permitted Investments or, during an Event of Default, applied as provided in Section 13.

(e) Disbursements. The Collateral Agent shall disburse funds in the

Proceeds Account solely in accordance with the instructions delivered to it in accordance with the terms and conditions of the Intercreditor Agreement. In the event the Company wishes the Collateral Agent to disburse funds from the Proceeds Account to the Company and to which the Company is entitled under the Indenture, the Company shall comply with the applicable provisions of the Indenture; provided that funds in the Proceeds Account are subject to the security interest created by this Agreement, to the exercise of remedies set forth in this

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Agreement, the Indenture, the Credit Agreement and the Intercreditor Agreement, and to the collateral-sharing provisions of the Intercreditor Agreement.

(f) Perfection of Security Interest in Money and Securities Included in

the Collateral.

(i) All money delivered to the Collateral Agent for deposit in the Proceeds Account shall, prior to such deposit, be delivered to and held by the Collateral Agent pursuant hereto.

(ii) All certificated securities included in the Collateral shall either be: (A) (1) delivered to and held by the Collateral Agent and (2) registered in the name of the Collateral Agent or, if requested by the Collateral Agent, registered to bearer or in the name of the Collateral Agent's nominee, or (B) with the consent of the Collateral Agent, delivered to and held by a clearing corporation or by a custodian or a nominee of either which is subject to the control of such clearing corporation with which the Collateral Agent (or its nominee) maintains an account (each of the foregoing, an "Approved

Depository"), in bearer form, indorsed in blank or registered in the name of

such Approved Depository, and in each of the foregoing cases in this clause (B), by appropriate book entry credited to an account in the name of the Collateral Agent (or its nominee) and subtracted from the account of the Company maintained with such clearing corporation.

(iii) All instruments, other than certificated securities, included in the Collateral shall be delivered to and held by the Collateral Agent pursuant hereto and shall be duly indorsed in blank or to the order of the Collateral Agent, its nominee or bearer, as the Collateral Agent may request.

(iv) All Government Securities included in the Collateral shall be registered in the name of the Collateral Agent on the records of the Federal Reserve Bank of New York. All other uncertificated securities, if any, included in the Collateral shall be registered in the name of the Collateral Agent, its nominee or an Approved Depository on the books of the issuer of such uncertificated securities and, in the case of uncertificated securities registered in the name of an Approved Depository, by appropriate book entry credited to an account in the name of the Collateral Agent (or its nominee) and subtracted from the account of the Company maintained with such Approved Depository, if a clearing corporation, or with the clearing corporation which controls such Approved Depository.

(v) The Company shall take such actions as may be necessary to cause the security interest of the Collateral Agent in the Proceeds Account and

any Permitted Investments contained therein to be and remain a first priority perfected security interest. To the extent as a result of a change of law after the date hereof, the procedures set forth in Sections 2(f)(ii)-(iv) above are no longer effective to cause the Collateral Agent's security interest in the property described in such sections to be perfected, the Company shall be excused from such requirements, provided it complies with the requirements of the first sentence of this Section 2(f)(v).

(vi) The terms "money", "certificated securities", "clearing corporation", "custodian", "nominee", "account", "bearer form", "instrument" and "uncertificated securities",

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as used in this Section 2(f), shall have the meaning given in the New York Uniform Commercial Code.

SECTION 3. Grant of Security Interest.

(a) Collateral. The Company hereby assigns and pledges to the

Collateral Agent and hereby grants to the Collateral Agent a security interest in and an assignment of all of the Company's right, title and interest in and to the following property, subject to the exclusions contained in Section 3(b) (the "Collateral"), whether now owned or hereafter acquired or created, and any

rights, remedies or claims with respect to any thereof and any proceeds of any thereof:

(i) All equipment, including without limitation machinery, tools, machine tools, furniture, furnishings and fixtures of every nature, located on or used in connection with, that certain real property more particularly described in Exhibit A-1 and Exhibit A-2 attached hereto and incorporated herein

for all purposes (the "Fab 25 Site") and the improvements located thereon

(including without limitation the "Fab 25" integrated circuit manufacturing

facility and related support facilities (collectively, the "Fab 25

Facilities")), all accessions, additions and improvements thereto and

substitutions therefor and all parts and equipment which may be attached to or which are necessary for the operation and use of such personal property, whether or not the same shall be deemed to be affixed to real property (any and all of the foregoing being the "Equipment").

(ii) (A) Purchase orders for Equipment, including all rights thereunder, whether or not such Equipment has yet been delivered; (B) warranty claims for construction of the Fab 25 Facilities or any Equipment therein; (C) the as-built plans and specifications for the Fab 25 Facilities; (D) governmental licenses and permits for the construction and operation of the Fab 25 Facilities (but not those for Proprietary Property and Rights, as defined below); (E) operating manuals supplied by sellers of, and maintenance agreements for, the Equipment, building heating and air conditioning equipment, and electrical, plumbing, and mechanical systems for the Fab 25 Facilities; and (F) any other general intangibles used specifically in the construction, ownership or operation of the Fab 25 Facilities, excluding from the property described in this clause (F) general intangibles associated with the Equipment or manufacturing process, other than licenses and other intellectual property licensed with the Equipment and made available by equipment vendors generally to purchasers of such equipment (any and all of the foregoing being the "General

Intangibles").

(iii) (A) contracts and agreements for the sale of the Equipment (without hereby implying consent to the sale of any Equipment); (B) those contracts and agreements listed on Schedule 1 hereof; and (C) ordinary vendor and service contracts relating to the operation of the Fab 25 Facilities, including scavenger, landscaping, extermination and cleaning, but not raw materials (the "Contracts").

(iv) The Proceeds Account, and all money, cash, cash equivalents, instruments, investments and other securities at any time on deposit or required hereby to be deposited in the Proceeds Account.

(v) All casualty insurance policies maintained or required to be maintained under the Indenture and the Credit Agreement with respect to the foregoing

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Collateral, and all condemnation or eminent domain proceeds deriving from the Fab 25 Facilities.

(b) Excluded Property. The Collateral does not include:

(i) Any agreements, contracts, or intangible personal property assignment of which is prohibited by applicable law or by contract.

(ii) Any (A) property or rights commonly referred to as "intellectual property" or "proprietary rights" or "confidential information", in each case owned by the Company (including without limitation confidential information, patents, copyrights, trade secrets, trademarks, symbols, mask works, know-how, or any general intangibles constituting any part of the Company's proprietary technology), or any media or part thereof (including without limitation documents, recordings, computer tapes, disks or diskettes, and magnetic or other storage media) which include the foregoing items in this Section 3(b)(ii) (provided that any practicably severable part of any medium which does not contain any of the items in this Section 3(b)(ii) shall not be excluded from the Collateral); and (B) any of the foregoing intellectual property, proprietary rights or confidential information licensed or obtained by the Company from another party with an agreement or expectation of confidentiality or not generally available to the semiconductor industry. All such excluded property shall be referred to herein collectively as the "Proprietary Property and Rights"; provided that the Proprietary Property and Rights shall not include (I) licenses and other intellectual property licensed with the Equipment and made available by equipment vendors generally to purchasers of such equipment and (II) the plans and specifications for the buildings included in the Fab 25 Facilities.

(iii) Any agreement or contract to provide Proprietary Property and Rights to the Company. The grant of a security interest in the Contracts shall also not require the Company or any other party to divulge, supply or reveal any Proprietary Property and Rights, and shall not allow any other party to divulge, supply or reveal any Proprietary Property and Rights owned by the Company.

SECTION 4. Security for Obligations. The security interest in the

Collateral granted pursuant to Section 3 secures the prompt and complete payment and performance of all present and future obligations of the Company to (a) the Agent (as defined in the Credit Agreement) and the Banks under the Credit Agreement and the Bank Notes, if any, and (b) the holders of the Senior Secured Notes under the Indenture, as each such agreement may be modified, amended, extended or renewed from time to time, or replaced in accordance with the Intercreditor Agreement; and further secures payment of all obligations of the Company to the Collateral Agent, the Indenture Trustee, the Bank Agent, the Banks and the holders of the Senior Secured Notes under the Deed of Trust, this Agreement, the Indemnity Agreement and all other documents and instruments securing or otherwise related to the Credit Agreement and the Senior Secured Notes (all such obligations, whether for principal, interest, fees, expenses or otherwise, being hereinafter collectively referred to as the "Obligations").

SECTION 5. Company Remains Liable. Anything herein to the contrary

notwithstanding, (a) the Company shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (b) the

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exercise by the Collateral Agent of any of the rights hereunder shall not release the Company from any of its duties or obligations under the contracts and agreements included in the Collateral; and (c) neither the Collateral Agent, Bank Agent, Indenture Trustee, nor any Bank shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, unless and to the extent that any such Person succeeds to the Company's interests under such contract or agreement pursuant to the exercise of such Person's rights or remedies after default, nor shall the Collateral Agent, Bank Agent, Indenture Trustee, nor any Bank be obligated to perform any of the obligations or duties of the Company thereunder, unless and to the extent that any such Person succeeds to the Company's interests under such contract or agreement pursuant to the exercise of such Person's rights or remedies after default, nor shall any such Person be obligated to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 6. Representations and Warranties. The Company hereby represents

and warrants as follows:

(a) The chief executive office of the Company is located at its address shown on Schedule 2; the Company also has a place of business at the Fab 25 Site.

(b) The Company's Federal Taxpayer ID Number is 94-1692300.

(c) All Contracts are located at the Company's offices set forth on Schedule 2. There are no contracts of the Company included in the Collateral other than those set forth on Schedule 1, which are (i) on terms materially more favorable to the Company than would be obtainable by a third-party owner of Fab 25, except as a function of volume purchase arrangements involving purchases for other Company facilities, or (ii) of a nature such that if such contracts were terminated Fab 25 could not be operated without either (A) entering into a contract which is not available to the semiconductor industry within sixty days or (B) paying an above-market price for property.

(d) There are no utilities, easements or real or personal property (including warehouse or office space) necessary to own and operate Fab 25 as contemplated by the Company, other than those contained in the Reciprocal Easement Agreement, dated as of August 1, 1996, between the Company and AMD Texas Properties, LLC, and those in which the Company has granted the Collateral Agent a lien pursuant to the Deed of Trust and this Agreement or which are generally available on a ministerial basis from public utilities and which are available at the Fab 25 Site, or, in the case of warehouse space, from the commercial property leasing market.

(e) All of the Equipment is located at the Fab 25 Site and at places specified in Schedule 2, and will remain at those locations except as disposed of or replaced in compliance with the Indenture and the Credit Agreement. Replacement Equipment shall be located at the Fab 25 Site and at places specified in Schedule 2 unless and until it is itself replaced in compliance with the Indenture and the Credit Agreement.

(f) The Company owns the Collateral (without regard to the limitation in Section 3(a) that the Collateral includes only "the Company's right, title and interest" in the property described therein), free and clear of any Liens, except for the Liens permitted by the Deed of Trust or both the Indenture and the Credit Agreement. Except with respect to Liens

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permitted by the Indenture and the Credit Agreement, no effective financing statement or other instrument similar in effect covering all or any part of the Collateral is or will be on file in any recording office, except as may be filed in favor of the Collateral Agent; provided that it is acknowledged that (i) certain gas manufacturing and storage equipment on the Fab 25 Site is owned by Air Products and Chemicals, Inc. and (ii) the Company does not own a certain amount of equipment leased to the Company and used on the Fab 25 Site, not in excess in value of the Capital Lease Obligations (as defined in the Indenture) limitation set forth in Sections 4.09(ii) and 4.09(iv) of the Indenture.

(g) Other than the filings and other actions necessary to perfect the security interests created by this Agreement, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority is required (i) for the due execution, delivery and performance of this Agreement by the Company, and the other documents and instruments executed in connection herewith; (ii) for the grant by the Company of the security interests granted hereby; (iii) for the perfection of the security interests granted hereby; or (iv) for the exercise by the Collateral Agent of its rights and remedies hereunder.

(h) The Company has obtained the consent of all Persons necessary for the grant of the security interest contained herein and consummation of the transactions contemplated hereby.

(i) The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby (including the creation of the Liens granted hereunder) will not (i) violate the Company's certificate of incorporation or bylaws, (ii) violate any order, judgment or decree of any Governmental Authorities binding on the Company or any property or assets of the Company (iii) violate or conflict with any law, rule, regulation, or Permit applicable to the Company or any of its properties, (iv) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any agreement, indenture, mortgage, deed of trust, equipment lease, instrument or other document to which the Company is a party or pursuant to which any of its properties or assets are bound, or (v) result in or require the creation or imposition of any Lien upon any material properties or assets of the Company (other than the creation of the Liens granted hereunder).

(j) This Agreement is, and all other documents and instruments executed in connection herewith, when delivered will be, legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as enforceability may be (i) limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other similar laws relating to or affecting the rights and remedies of creditors, and (ii) subject to the general effect of general principles of equity.

(k) Upon the filing of financing statements covering the Collateral, the Collateral Agent will have a valid first priority security interest in the Collateral (subject only to Permitted Liens), securing the payment of the Obligations; the Collateral is not subject to any Liens other than the Liens of this Agreement and of the Deed of Trust.

SECTION 7. Covenants. The Company hereby covenants as follows:

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(a) The Company shall keep the Equipment at the Fab 25 Site, subject to removal of Equipment for disposition or replacement in conformity with the Indenture and Credit Agreement.

(b) The Company shall cause the Equipment to be maintained and preserved in good condition, repair and working order, ordinary wear and tear excepted, and in accordance with any manufacturer's manual, and shall forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, and make or cause to be made all repairs, replacements and other improvements in connection therewith which are necessary or desirable to such end. Equipment may be disposed of or replaced as provided in the Indenture.

(c) The Company shall, at its own expense, do, make, procure, execute, deliver, file and record all acts, things, writings and assurances as the Collateral Agent may at any time require to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Agreement. The Company shall furnish, promptly upon written request, such information as the Collateral Agent may request relating to the Collateral.

(d) The Company shall cause to continue to be true at all times during the term of this Agreement the representations and warranties contained in Sections 6(d), 6(f) and 6(h), including exercising reasonable efforts to ensure that the grant of the security interest in this Agreement with respect to after-acquired intangible personal property is not prohibited by any contract of the Company.

(e) The Company shall not change its name, identity or corporate structure in any manner which might make any financing or continuation statement filed hereunder seriously misleading within the meaning of Section 9-402 of the Uniform Commercial Code in effect in any applicable jurisdiction (or any other then applicable provision of the Uniform Commercial Code or any other provision of law in effect in any applicable jurisdiction) unless the Company shall have given the Collateral Agent at least thirty days' prior written notice thereof and shall have taken all action (or made arrangements to take such action substantially simultaneously with such change if it is impossible to take such action in advance) necessary, or reasonably requested by the Collateral Agent, to amend such financing statement or continuation statement so that it is not seriously misleading.

(f) Except as permitted by the Credit Agreement and the Indenture, the Company shall not sell, assign or otherwise dispose of any of the Collateral, or create or suffer to exist any Lien upon or with respect to any of the Collateral. In the event that Collateral is sold or otherwise disposed of in compliance with the terms of Credit Agreement and the Indenture, the Collateral Agent shall promptly release the Lien of this Agreement with respect to such Collateral.

SECTION 8. Further Assurances.

(a) The Company agrees to execute one or more financing statements to perfect the security interests granted hereby and authorizes the Collateral Agent to file such financing statements in such offices as are appropriate under applicable law.

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(b) The Company authorizes the Collateral Agent to deliver notices and file financing statements (including without limitation, Form UCC-1 or Form UCC-3, as the case may be) and such other security documents to be executed by the Company in such offices and locations as are necessary in the opinion of the Collateral Agent to perfect the security interests granted herein. The Company further agrees that from time to time and at the expense of the Company, the Company will promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that the Collateral Agent may request, in order to perfect and protect any security interests renewed and extended or granted or purported to be granted hereby (including in the Permitted Investments) or to enable the Collateral Agent to exercise and enforce the Collateral Agent's rights and remedies hereunder with respect to any of the Collateral.

(c) The Company authorizes the Collateral Agent to file a carbon, photographic or other reproduction of this Agreement as a financing statement or

to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Company where permitted by law.

(d) The Company will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

SECTION 9. Right of Inspection. The Collateral Agent, Bank Agent and

Indenture Trustee shall on reasonable advance notice have access during normal business hours to records of the Company pertaining to the Collateral, and the Collateral Agent, Bank Agent and Indenture Trustee or their respective representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Company agrees to render to the Collateral Agent, Bank Agent or Indenture Trustee, as the case may be, at the Company's cost and expense, such clerical assistance as may be reasonably requested with regard thereto. The Collateral Agent, Bank Agent and Indenture Trustee and their respective representatives shall have the right, upon reasonable advance notice to the Company and during normal business hours, to enter into and upon any premises where any of the Collateral is located for the purposes of inspecting the same, observing its use or otherwise protecting its interests therein; provided, however, that as to Collateral located in the cleanroom at the Fab 25 Facilities at the Fab 25 Site, such entry shall occur at such time and under such conditions as set forth in the Deed of Trust dated as of August 1, 1996 by the Company for the benefit of the Collateral Agent.

SECTION 10. Collateral Agent Appointed Attorney-in-Fact. The Company

hereby irrevocably appoints the Collateral Agent the Company's attorney-in-fact, effective upon and during the continuance of an Event of Default, with full authority in the place and stead of the Company and in the name of the Company, the Collateral Agent or otherwise, from time to time in the Collateral Agent's discretion, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for amounts due and to become due under or in respect of any of the Collateral,

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(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above, and

(c) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent, including, without limitation, the collection of royalties or other compensation due under any license or agreement, with respect to any of the Collateral.

SECTION 11. Collateral Agent May Perform. If the Company fails to perform

any agreement contained herein, the Collateral Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of the Collateral Agent incurred in connection therewith shall be payable by the Company as set forth in Section 14.

SECTION 12. Collateral Agent's Duties. The powers conferred on the

Collateral Agent, Bank Agent and Indenture Trustee hereunder are solely to protect their interest in the Collateral and shall not impose any duty upon the Collateral Agent, Bank Agent or Indenture Trustee to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for amounts actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 13. Remedies. If any Event of Default shall have occurred and be

continuing:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Code (whether or not the Code applies to the affected Collateral) and in addition thereto and cumulative thereof, the following rights: the right to sell, lease or otherwise dispose of the Collateral and the right to take possession of the Collateral, and for that purpose, the Collateral Agent may enter upon any premises on which the Collateral may be situated and remove the same therefrom and/or may render the Collateral inoperable; the Collateral Agent may require

the Company to, and the Company hereby agrees that it will, at its expense and upon the request of the Collateral Agent, forthwith assemble all or part of the Collateral and all documents relating to the Collateral as directed by the Collateral Agent and make the Collateral available to the Collateral Agent at the Fab 25 Site; without notice except as specified below, sell the Collateral in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. The Company agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Company of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

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(b) All cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter applied in whole or in part by the Collateral Agent against, the Obligations in any order that the Collateral Agent may select, subject, as among the holders of the Senior Secured Notes and the Banks, to the terms of the Intercreditor Agreement. Any surplus of such cash or cash proceeds and interest accrued thereon, if any, held by the Collateral Agent and remaining after payment in full of all of the Obligations shall be paid over to the Company or to whomsoever may be lawfully entitled to receive such surplus; provided that the Collateral Agent shall have no obligation to the Company to invest or otherwise pay interest on any amounts held by it pursuant to this Section 13.

(c) All rights and remedies of the Collateral Agent, Bank Agent and Indenture Trustee expressed herein are in addition to all other rights and remedies possessed by the Collateral Agent, Bank Agent and Indenture Trustee in the Credit Agreement, the Bank Notes, the Indenture, the Senior Secured Notes the other Credit Documents and any other agreement or instrument relating to the Obligations.

SECTION 14. Indemnity, Expenses and Interest.

(a) To the fullest extent permitted by applicable law, the Company agrees to indemnify the Collateral Agent and its directors, officers, partners, employees, and agents (collectively the "Indemnified Parties," each an "Indemnified Party") from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the gross negligence or willful misconduct of the Indemnified Party, IT BEING THE INTENTION OF THE COMPANY TO INDEMNIFY EACH INDEMNIFIED PARTY FOR THE CONSEQUENCES OF HIS, HER OR ITS OWN NEGLIGENCE.

(b) The Company agrees upon demand to pay to the Indemnified Parties or any one or more appropriate Indemnified Party the amount of any and all reasonable expenses, including the reasonable fees and out-of-pocket expenses of counsel and of any experts and agents, which the Indemnified Parties or any one or more Indemnified Party may incur in connection with (i) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral; (ii) the exercise or enforcement of any of the rights of the Indemnified Parties hereunder; or (iii) the failure by the Company to perform or observe any of the provisions hereof.

(c) The Company agrees to pay interest on any expenses or other sums due to the Collateral Agent, the Indemnified Parties and/or any Indemnified Party hereunder that are not paid when due at a rate per annum equal to the rate described in Section 2.09(c) of the Credit Agreement (whether the Credit Agreement shall still be in effect) in effect on the date such amount becomes due (but never in excess of the maximum nonusurious amount permitted by applicable law).

SECTION 15. Amendments, Etc. No amendment or waiver of any provision of

this Agreement nor consent to any departure by the Company herefrom, shall be effective unless the same is in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which

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given. Any amendment to any term of the Intercreditor Agreement which is referenced or incorporated by this Agreement and which affects the rights or obligations of the Company hereunder shall not be binding upon the Company unless consented to in a writing signed by the Company.

SECTION 16. Addresses for Notices. All notices, requests, consents,

demands and other communications required or which any party desires to give hereunder shall be in writing and shall be deemed sufficiently given or furnished if delivered in accordance with the notice delivery provisions of the Deed of Trust. This Section 16 shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Credit Document or to require giving of notice or demand to or upon any person in any situation or for any reason.

SECTION 17. Limitation of Powers of Collateral Agent. The Company

acknowledges that the powers and discretion granted to or held by the Collateral Agent under this Agreement are subject to the terms of the Intercreditor Agreement, and that the ability of the Collateral Agent to take particular actions under this Agreement may require the consent of one or more of the Bank Agent, the Indenture Trustee, or other representatives of one or more Credit Classes, as defined in the Intercreditor Agreement. The Collateral Agent shall have no liability to the Company under this Agreement for taking or failing to take any action, to the extent such action or failure to take action is consistent with the terms of the Intercreditor Agreement.

SECTION 18. Security Interest Absolute. All rights of the Collateral

Agent, Bank Agent and Indenture Trustee, and all obligations of the Company hereunder and the security interests hereunder, shall, to the extent permitted by applicable law, be absolute and unconditional, irrespective of:

(a) any lack of validity or enforceability of the Credit Agreement, the Bank Notes or any of the other Credit Documents or any other agreement or security document relating thereto or executed in connection with or pursuant to any Credit Document;

(b) any lack of validity or enforceability of the Indenture, the Senior Secured Notes or any of the other Credit Documents or any other agreement or security document relating thereto or executed in connection with or pursuant to any Credit Document;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations or any other amendment or waiver of or any consent to any departure from the Credit Agreement, the Bank Notes or any of the other Credit Documents or any other agreement or security document relating thereto or executed in connection with or pursuant to any Credit Document;

(d) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations or any other amendment or waiver of or any consent to any departure from the Indenture, the Senior Secured Notes or any of the other Credit Documents or any other agreement or security document relating thereto or executed in connection with or pursuant to any Credit Document;

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(e) any exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Obligations; or

(f) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Company, or any other Person that is a party to any Credit Document in respect of the Obligations.

SECTION 19. Continuing Security Interest. This Agreement creates a

continuing security interest in the Collateral and shall (a) remain in full force and effect until the termination of the obligation of the Banks to make loans under the Credit Agreement and the payment in full or defeasance of the Obligations; (b) be binding upon the Company, its successors and assigns; and (c) inure to the benefit of and be enforceable by the Collateral Agent and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), the Collateral Agent may assign or otherwise transfer any of its rights and obligations under this Agreement to any other Person, and to the extent of such assignment or transfer such Person shall thereupon become vested with all the benefits, and bound to any obligations, in respect thereof granted herein or otherwise to, or imposed upon, the Collateral Agent. Upon payment in full or defeasance of the Obligations, and termination of the Banks' obligation to make loans under the Credit Agreement, the Company shall be entitled to the return, upon its request and at its expense, of such of the Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof.

SECTION 20. Waiver of Marshalling. All rights of marshalling of assets of

the Company, including any such right with respect to the Collateral, are hereby waived by the Company.

SECTION 21. Limitation by Law. All rights, remedies and powers provided in

this Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Agreement are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

SECTION 22. Severability. The invalidity of any one or more covenants,

phrases, clauses, sentences or paragraphs of this Agreement shall not affect the remaining portions of this Agreement, or any part thereof, and in case of any such invalidity, this Agreement shall be construed as if such invalid covenants, phrases, clauses, sentences or paragraphs had not been inserted.

SECTION 23. Captions. The captions in this Agreement have been inserted

for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Agreement.

SECTION 24. No Waiver; Cumulative Remedies. No failure on the part of the

Collateral Agent 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 such right preclude any other

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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 25. Execution in Counterparts. This Agreement may be executed in

any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 26. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND

CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CONFLICTS OF LAWS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

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IN WITNESS WHEREOF, the Company has caused this Security Agreement to be duly executed by its officer thereunto duly authorized as of the date first above written.

ADVANCED MICRO DEVICES, INC.,
a Delaware corporation

By: /s/ Marvin D. Burkett

Name: Marvin D. Burkett
Title: Senior Vice President, Chief
Financial and Administrative
Officer and Treasurer

IBJ SCHRODER BANK & TRUST COMPANY,
as Collateral Agent

By: /s/ Thomas J. Bogert

Name: Thomas J. Bogert
Title: Vice President

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EXHIBIT A-1
to Security Agreement

Fab 25 Site Property Description

The site upon which is located the Debtor's "Fab 25" integrated circuit manufacturing facility, and related support facilities, 5204 East Ben White Blvd., Austin, Texas (or such other address as shall be designated to such property), as more particularly described below:

TRACT 1: Lot One (1), SUNRIDGE PARK, SECTION TWO, a subdivision in Travis
- ----- County, Texas, according to the map or plat thereof, recorded in
Volume 77, Pages 118-119 of the Plat Records of Travis County, Texas.

TRACT 2: Lots Three (3), Four (4), Five (5) and Six (6), Block "A", and Lots
- ----- One (1) and Four (4), Block "B", all in UNIVERSITY BUSINESS PARK,
a subdivision in Travis County, Texas, according to the map or plat
thereof, recorded in Volume 85, Pages 52C, 52D and 53A of the Plat
Records of Travis County, Texas.

TRACT 3: Lot One (1), Block One (1), AMD ADDITION, a subdivision in Travis
- ----- County, Texas, according to the map or plat thereof, recorded in
Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas.

SAVE, LESS AND EXCEPT THEREFROM

A 34.481 acre tract of land out of Lot One (1) SUNRIDGE PARK SECTION 2, a
subdivision in Travis County, Texas according to the map or plat thereof,
recorded in Volume 77, Pages 118-119 of the Plat Records of Travis County,
Texas, more particularly described as follows on the following Exhibit A-2.

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EXHIBIT A-2
to Security Agreement

The following described real property and the improvements located thereon
are expressly excluded and excepted from the Fab 25 Site, and none of the
following real property or improvements located thereon shall constitute a part
of the Fab 25 Facilities:

FOR A 34.481-ACRE TRACT OF LAND SITUATED IN THE CITY OF
AUSTIN, TRAVIS COUNTY, TEXAS, SAID 34.481-ACRE TRACT
BEING A PORTION OF LOT 1 OF "SUNRIDGE PARK, SECTION TWO",
A SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED IN
BOOK 77, PAGES 118-119 OF THE PLAT RECORDS OF TRAVIS
COUNTY, TEXAS, SAID 34.481-ACRE TRACT BEING MORE
PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING on a 3/4-inch-diameter iron pipe found in the northerly
right-of-way line of Ben White Boulevard (right-of-way varies), being the
southeasterly corner of Lot A of "Briarton Subdivision", a subdivision of record
in Book 72, Page 40 of said Plat Records, being also the southwesterly corner of
said Lot 1 of "Sunridge Park, Section Two" and POINT OF BEGINNING hereof;

THENCE departing the northerly right-of-way line of Ben White
Boulevard, in part with the easterly boundary line of said "Briarton
Subdivision", in part with the easterly boundary line of a tract of land
conveyed to Azur Property Investment U.S.A., Inc. by deed recorded in Volume
8936, Page 289 of the Real Property Records of Travis County, Texas, same being
the westerly boundary line of said Lot 1 of "Sunridge Park, Section Two",
N31(Degrees)01'17"E for a distance of 788.86 feet to a 1-inch-diameter iron pipe
found on an angle point hereof;

THENCE continuing with the easterly boundary line of said Azur
Property Investment U.S.A., Inc. tract, same being the westerly boundary line of
said Lot 1, N59(Degrees)34'01"W for a distance of 506.23 feet to a 1/2-inch-
diameter iron rod in concrete found, being a southeasterly corner of "Sunridge
Park, Section One" a subdivision according to the plat thereof recorded in Book
85, Pages 107B, 107C and 107D, of said Plat Records, being an angle point
hereof;

THENCE with the easterly boundary line of said "Sunridge Park,
Section One", continuing with the westerly boundary line of said Lot 1 of
"Sunridge Park, Section Two", N31(Degrees)03'00"E (Bearing Basis) for a distance
of 1303.59 feet to a 1-inch-diameter iron pipe in concrete found, being on an
angle point in said easterly boundary line, same being the most northerly corner
of said Lot 1, for the most northerly corner of the herein-described tract;

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THENCE in part with the easterly boundary line of said "Sunridge
Park, Section One", the southerly boundary line of Lot 6 of "University Business
Park", a subdivision according to the plat thereof recorded in Book 85, Pages
52C, 52D and 53A of said Plat Records and the northerly boundary line of said
Lot 1 of "Sunridge Park, Section Two", S58(Degrees)57'53"E, at a distance of
456.12 feet pass an iron rod found, being on an easterly corner of said
"Sunridge Park, Section One", same being a southwesterly corner of said Lot 6 of
"University Business Park", continuing for a total distance of 732.26 feet to a
cotton gin spindle set in asphalt on an angle point hereof;

THENCE departing the southerly boundary line of said Lot 6 of

"University Business Park", through the interior of said Lot 1 of "Sunridge Park, Section Two", the following fourteen (14) courses and distances:

- 1) S28(Degrees)25'15"W, for a distance of 67.41 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 2) S59(Degrees)50'45"E, for a distance of 172.50 feet to a PK nail set in concrete on an angle point hereof;
- 3) S18(Degrees)39'30"E, for a distance of 333.73 feet to a PK nail set in concrete on an angle point hereof;
- 4) S71(Degrees)27'23"W, for a distance of 374.42 feet to a PK nail set in concrete on an angle point hereof;
- 5) N52(Degrees)04'12"W, for a distance of 55.03 feet to a PK nail set in concrete on an angle point hereof;
- 6) S70(Degrees)25'04"W, for a distance of 201.88 feet to a PK nail set in asphalt on an angle point hereof;
- 7) S18(Degrees)47'06"E, for a distance of 207.97 feet to a PK nail set in concrete on an angle point hereof;
- 8) S71(Degrees)22'55"W, for a distance of 88.20 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 9) S18(Degrees)59'15"E, for a distance of 68.88 feet to punch hole set in a concrete gutter on an angle point hereof;

A-2-2

- 10) S70(Degrees)47'24"W, for a distance of 243.96 feet to a 1/2-inch-diameter iron rod with Baker-Aicklen cap set on an angle point hereof;
- 11) S18(Degrees)31'43"E, for a distance of 456.56 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 12) N81(Degrees)16'37"W, for a distance of 88.07 feet to a cotton gin spindle set in asphalt on the point of curvature of a non-tangent curve to the left, from which the radius point of said curve bears S04(Degrees)43'15"W, a distance of 325.45 feet;
- 13) with the arc of said non-tangent curve to the left, having a radius of 325.45 feet, and interior angle of 22(Degrees)54'28", an arc length of 130.12 feet and a chord which bears S83(Degrees)16'01"W for a distance of 129.26 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 14) S09(Degrees)28'45"W, for a distance of 368.38 feet to a 1/2-inch-diameter iron rod with a Baker-Aicklen cap set on a point in the aforementioned northerly right-of-way line of Ben White Boulevard, being also the southerly boundary line of said Lot 1, from which a 1/2-inch-diameter iron rod with Baker-Aicklen cap set on a point being the southeasterly corner of said Lot 1 of "Sunridge Park, Section Two", bears S78(Degrees)29'31"E a distance of 267.25 feet;

THENCE with said northerly right-of-way line, same being the southerly boundary line of said Lot 1 of "Sunridge Park, Section Two", the following two (2) courses and distances:

- 1) N78(Degrees)29'31"W, for a distance of 264.94 feet to a concrete highway right-of-way marker found on an angle point hereof;
- 2) N78(Degrees)30'31"W, for a distance of 295.85 feet to the POINT OF BEGINNING and containing 34.481 acres of land.

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Schedule 1
to Security Agreement

Specified Contracts

1. Product Supply and Operating Agreement, dated as of June 1, 1995, between the Company and Air Products and Chemicals, Inc. ("APCI") (relating to

supply of argon, hydrogen, helium and nitrogen (hailed in liquid) to the Company's microchip fabrication facilities known as "Fab 10," "Fab 14," "Fab 15" and "Fab 25").

2. Product Supply Agreement, dated as of July 1, 1994, between the Company and APCI (relating to supply of nitrogen and oxygen to Fab 10, Fab 14, Fab 15 and Fab 25).
3. Air Rights Lease Agreement, dated as of July 1, 1994, between the Company and APCI.

Schedule 2
to Security Agreement

Locations

The Company's chief executive office:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, CA 94086

Other California locations:

Advanced Micro Devices, Inc.
1160 Kern
Sunnyvale, CA 94086

Advanced Micro Devices, Inc.
915 DeGuigne Drive
Sunnyvale, CA 94086

Advanced Micro Devices, Inc.
3625 Peterson Way
Santa Clara, CA 95051

Location of Fab 25 Site:

Advanced Micro Devices, Inc.
5204 East Ben White Boulevard
Austin, TX 78741

Other Texas locations:

Advanced Micro Devices, Inc.
5501 East Oltorf
Austin, TX 78741

Advanced Micro Devices, Inc.
5240 East Ben White Boulevard
Austin, TX 78741

LEASE, OPTION TO PURCHASE,
AND PUT OPTION AGREEMENT

BY AND BETWEEN

ADVANCED MICRO DEVICES, INC.,
a Delaware corporation

And

AMD TEXAS PROPERTIES, LLC,
a Delaware limited liability company

LEASE, OPTION TO PURCHASE,
AND PUT OPTION AGREEMENT

THIS LEASE, OPTION TO PURCHASE, AND PUT OPTION AGREEMENT, executed as of the 1st day of August, 1996, is by and between ADVANCED MICRO DEVICES, INC., a Delaware corporation, with its principal offices in Sunnyvale, California ("Lessor") and AMD TEXAS PROPERTIES, LLC, a Delaware limited liability company, with its principal offices in Austin, Texas ("Lessee").

A G R E E M E N T

In consideration of the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

I.

Definitions

1.1 The following capitalized terms shall have the indicated meanings when used in this Lease:

"Agent" means Bank of America National Trust and Savings Association, as administrative agent for itself and the "Banks" defined in the Credit Agreement.

"Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation.

"Condemnation" means (1) the exercise of any governmental power of eminent domain, whether by legal proceedings or otherwise, by a Condemnor and (2) a voluntary sale or transfer to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

"Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

"Credit Agreement" means that certain Credit Agreement dated as of July 19, 1996, between and among Bank of America National Trust and Savings Association, for itself and as administrative agent, certain banks therein named, and Lessor.

"Date of Taking" means the date the Condemnor has the right to possession of the property being condemned.

"Default" shall have the meaning ascribed to such term in Section 12.1

hereof.

"Effective Date" shall mean the date on which this Lease is executed as

indicated in the first paragraph of this Lease.

"Environmental Laws" shall mean all federal, state, or municipal laws,

rules, regulations, statutes, ordinances, or orders of any Governmental Authority relating to (a) the control of any potential pollutant or protection of the air, water, or land, (b) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation, and (c) exposure to hazardous, toxic or other substances alleged to be harmful. "Environmental Laws" shall include but not be limited to the Clean Air Act, 42 U.S.C. (S) 7401 et seq., the Clean Water Act, 33 U.S.C. (S) 1251 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. (S) 6901 et seq., the Superfund Amendments and Reauthorization Act ("SARA"), 42 U.S.C. (S) 11001 et seq., the Toxic Substances Control Act, 15 U.S.C. (S) 2601 et seq., the Safe Water Drinking Act, 42 U.S.C. (S) 300f et seq., and the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. (S) 9601 et seq. The term "hazardous materials" shall be interpreted to mean any (a) petroleum or petroleum products, (b) hazardous substances as defined by (S) 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. (S) 9601 et seq., and (c) any other chemical, substance or waste that is regulated by any Governmental Authority under any Environmental Law. The terms "release" (or "threatened release") and "disposal" (or "disposed") shall have the meanings provided within the definitions of "release," "threatened release," "disposal," or "disposed" in or pursuant to any Environmental Law.

"Governmental Authority" shall mean the United States, the state, county,

city and political subdivisions in which the Premises is located or which exercises jurisdiction over the Premises, and any agency, department, commission, board, bureau or instrumentality or any of them which exercises jurisdiction over the Premises.

"Grantee" shall mean IBJ Schroder Bank & Trust Company, as collateral

agent, its successors and assigns, for the ratable benefit of (i) Agent, its successors and assigns, as administrative agent under the Credit Agreement, and (ii) Indenture Trustee, its successors and assigns, as trustee under the Indenture.

"Improvements" shall mean all buildings, structures, improvements, fixtures

and artifacts, of every kind and nature, now or hereafter existing on the Premises.

"Indenture" shall mean that certain Indenture dated as of August 1, 1996,

by and between Lessor and United States Trust Company of New York, as the same may hereafter be amended, modified or restated from time to time.

"Indenture Trustee" shall mean United States Trust Company of New York, a

New York trust company, as the "Indenture Trustee", under the Indenture, or any successor or substitute appointed from time to time under the Indenture.

"Lease" shall mean this Lease, Option to Purchase, and Put Option

Agreement.

"Lenders" shall mean, collectively, the Agent, the banks under the Credit

Agreement, the Indenture Trustee, the noteholders under the Indenture and the Grantee, and singularly shall mean any of them.

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"Lessee" shall have the meaning ascribed thereto in the first paragraph of

this Lease, and shall include its successors and assigns as the owner of the leasehold estate in and to the Premises.

"Lessor" shall have the meaning ascribed thereto in the first paragraph of

this Lease, and shall include its successors and assigns as the owner of Lessor's Adjoining Land.

"Lessor's Adjoining Land" shall mean the land described in Exhibit B

attached hereto and made a part hereof.

"Partial Taking" shall have the meaning ascribed thereto in Section 11.2.

"Premises" shall mean the land hereby leased more particularly described in

Exhibit A attached hereto and made a part hereof.

"Reciprocal Easement Agreement" shall have the meaning ascribed thereto in

Section 2.2.

"Title Exceptions" shall mean (a) all restrictions, covenants, conditions,

easements, rights of way, mineral and royalty reservations, and other encumbrances of record to the extent but only to the extent such encumbrances affect the Premises or any easements appurtenant thereto, as the case may be, as of the Effective Date, and (b) any and all other title encumbrances hereafter created, permitted or suffered by Lessor and expressly approved or consented to in writing by Lessee.

"Total Taking" shall have the meaning ascribed to such term in Section 11.1

hereof.

II.

Lease of Premises and Grant of Easements: -----

2.1 Lease of Premises. Lessor hereby leases to Lessee, and Lessee hereby

leases from Lessor, subject to the terms, covenants and agreements contained in this Lease, and to the Title Exceptions, the two (2) parcels of land containing approximately 34.481 acres of land and 1.849 acres of land, respectively, and described on Exhibit A attached hereto and made a part hereof (the "Premises").

This Lease covers the land only and does not cover any Improvements, ownership to which is retained by Lessor.

2.2 Reciprocal Easement Agreement. Contemporaneously with the execution

of this Lease, Lessor and Lessee have entered into that certain Reciprocal Easement Agreement of even date herewith (the "Reciprocal Easement Agreement")

under which Lessor grants to Lessee, and Lessee grants to Lessor, certain easements on, over, under and across the Premises and Lessor's Adjoining Land (as defined in the Reciprocal Easement Agreement). The easements therein granted by Lessee burden the Premises and are appurtenant to and benefit Lessor's Adjoining Land, and the easements therein granted by Lessor burden Lessor's Adjoining Land and are appurtenant to and benefit

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the Premises. References in this Lease to "easements appurtenant to this Lease" and to "easements appurtenant thereto" refer to the easements granted by Lessor to Lessee under and by virtue of the Reciprocal Easement Agreement, unless the context otherwise requires.

III.

Term and Rental -----

3.1 Term. The term of this Lease is ninety-nine (99) years commencing on

the Effective Date and ending on the ninety-ninth (99th) anniversary of the Effective Date.

3.2 Rental. Lessee has paid to Lessor for the entire 99-year term of this

Lease, as rental for the Premises, the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which rental consideration are hereby acknowledged by Lessor.

IV.

Taxes -----

4.1 Taxes. During the term hereof, Lessee shall pay or cause to be paid

to Lessor prior to delinquency, and in no event more than thirty (30) days after being billed by Lessor, all real property taxes levied or assessed against the Premises. In the event the Premises shall be assessed as part of a larger tract, Lessor shall calculate and bill Lessee for its prorata portion of real property taxes. Lessee's proportionate share, if any, of real property taxes assessed with respect to land ("Land Taxes"), shall be determined by multiplying the amount of such Land Taxes by a fraction, the numerator of which shall be the acreage or square footage contained in the Premises, and the denominator of which shall be the acreage or square footage contained in all the land covered by such Land Taxes. With respect to real property taxes assessed against any buildings and building improvements ("Building Taxes"), these taxes shall be allocated to the owner of the building or building improvements. On request of the other, Lessor and Lessee shall apply individually (if legally permitted) or join in the other's application (if legally required) for separate assessments for the Premises. In no event shall Lessee report or pay real estate taxes to the taxing authorities unless authorized in writing by Lessor. Lessee shall timely and directly file all personal property tax returns with the appropriate governmental authorities and shall timely and directly pay all personal property taxes to the appropriate taxing authorities with respect to any personal property owned by Lessee which may be located on the Premises or on any easements appurtenant thereto. Lessee shall protect, defend, indemnify, hold and save Lessor harmless from and against any and all taxes, levies, assessments, fees, penalties, interest or other governmental charges which are to be paid or reimbursed by Lessee pursuant to this Section 4.1, and all losses, costs, liabilities, or damages (including, without limitation, reasonable attorneys' fees, accountants' fees and court costs) incurred by or asserted against Lessor in connection therewith or in any way related thereto. The indemnities contained herein shall survive the expiration or earlier termination of this Lease.

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4.2 Proration During Certain Years. All real estate taxes and assessments

for the first and last years of this Lease shall be prorated between Lessor and Lessee based upon the period of time during such year that this Lease was in effect.

4.3 Contests. If Lessee desires in good faith to contest the imposition

of any tax which is the obligation of Lessee to pay under this Article IV, Lessee shall not later than twenty (20) days prior to the delinquency of such tax, give Lessor written notice of Lessee's intention to do so. Lessee may withhold payment of such tax (i) only if nonpayment is permitted during the pendency of the proceeding without the foreclosure of any tax lien or the imposition of any fine or penalty or the institution of any criminal proceedings, and (ii) only so long as Lessee is contesting the same or the validity thereof by appropriate legal proceedings diligently pursued. Any such contest shall be prosecuted to completion and shall be conducted solely at Lessee's expense. Lessee shall protect and indemnify Lessor against any and all costs and expenses (including, without limitation, reasonable attorneys' fees), damages, liabilities, penalties, fines and interest resulting from such proceeding or from Lessee's failure to timely pay such taxes. Within twenty (20) days after the final determination of the amount due from Lessee with respect to the tax contested, Lessee shall pay the amount so determined to be due, together with all costs and expenses, whether or not this Lease shall have terminated.

V.

Utilities

5.1 Lessee shall pay all charges for any electricity, telephone, gas, water and other utilities used by Lessee in or on the Premises, and for the installation, repair and maintenance of all such utilities and the separate metering thereof, before such charges become delinquent. Lessor shall not be liable for damages or otherwise for any failure or interruption of any utility service furnished to the Premises by any utility company unless such failure or interruption was caused by the gross negligence or willful misconduct of Lessor or Lessor's agents, employees or contractors. Lessor shall not be liable for damages or otherwise for any failure or interruption of any services or support activities provided herein or in the Reciprocal Easement Agreement to be furnished by Lessor to Lessee unless such failure or interruption was caused by the gross negligence or willful misconduct of Lessor or Lessor's agents, employees or contractors. No such failure or interruption shall be deemed an eviction or entitle Lessee to terminate this Lease or withhold or abate any rent due hereunder. Lessee shall protect, defend, indemnify, hold and save Lessor harmless from and against any and all utility charges which are to be paid by Lessee pursuant to this Section 5.1, and all losses, costs, liabilities, or damages (including, without limitation, reasonable attorneys' fees, accountants' fees and court costs) incurred by or asserted against Lessor in connection therewith or in any way related thereto. The indemnities contained herein shall

survive the expiration or earlier termination of this Lease.

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VI.

Quiet Enjoyment

6.1 Lessor covenants and agrees with Lessee, its successors and assigns, that Lessee shall and will peacefully and quietly have, hold, use, occupy, possess and enjoy, subject to the Title Exceptions, the Premises and the easements appurtenant thereto, and every part and parcel thereof, for and during all of the term hereof, and any renewal or extension thereof, without any let, suit, hindrance, eviction, ejection, molestation or interruption whatsoever of or by Lessor, or any person lawfully claiming by, through or under Lessor.

VII.

Use

7.1 Throughout the term of this Lease, Lessee may use the Premises for any lawful purpose.

VIII.

Insurance

8.1 Insurance Coverage. Throughout the term of this Lease, Lessee shall

maintain insurance coverage as follows:

(a) Worker's Compensation Insurance at the statutory levels.

(b) Comprehensive General Liability Insurance, including broad form contractual liability (insuring Lessee's obligations hereunder, including obligations of indemnity), completed operations, products, personal injury, premises operations, broad form property damage and independent contractors coverage, with minimum limits of \$3,000,000.00 for combined single limit per each occurrence for bodily injury and property damage.

(c) Specification that the coverage provided is primary and not contributory with or in excess of any coverage which Lessee may carry and that such policies shall insure Lessee against all claims for bodily injury, death or damage to or destruction of property which may arise out of or in conjunction with their respective operations hereunder;

(d) Endorsement to name Lessor hereto as an additional insured; and

(e) Agreement for thirty (30) days prior written notice to Lessor of cancellation or material change in coverage.

8.2 Certificates of Insurance. Lessee shall provide to Lessor

certificates of insurance evidencing each of the insurance coverages required in clauses (a) and (b) and the specific additional requirements in clauses (c), (d) and (e) above within thirty (30)

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days after the Effective Date of this Lease and at least fifteen (15) days prior to each renewal period. Failure to so provide same shall in no way constitute a waiver of the foregoing insurance requirements.

8.3 Waiver of Subrogation. Notwithstanding anything to the contrary

contained herein, to the extent permitted by law and so long as any insurance coverage maintained by Lessee is not diminished by reason thereof, Lessee hereby (a) releases and waives any rights it may have against Lessor and its officers, directors, shareholders, agents, employees, and representatives on account of any loss or damages occasioned to Lessor, its property or the Premises, WHETHER OR NOT DUE TO THE NEGLIGENCE (OTHER THAN THE GROSS NEGLIGENCE) OF LESSOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS, EMPLOYEES, REPRESENTATIVES, CONTRACTORS, LICENSEES, INVITEES OR OTHER PERSONS, and (b) waives on behalf of any insurer providing such insurance to Lessee any right of subrogation that any such insurer may have or acquire against Lessor or such persons by virtue of payment of any loss under such insurance. Lessee shall use its best efforts to cause its insurance policies to contain waiver of subrogation clauses in accordance with the foregoing.

IX.

Improvements/Sublease

9.1 Improvements. Lessor has retained ownership to all Improvements, and

Lessee has not been granted or conveyed any interest in and to the Improvements situated upon the Premises.

9.2 Sublease. Immediately following the execution of this Lease, Lessee

may (without limiting any of Lessee's rights under Section 10.1) sublease the Premises to Lessor pursuant to a sublease agreement for a term less than the term of this Lease, which sublease shall be subject to the terms and conditions of this Lease. Without limiting the foregoing, any such sublease further shall be subject to the terms and conditions of the Reciprocal Easement Agreement.

X.

Assignment and Subletting

10.1 Lessee shall have the right to assign this Lease or any interest herein, and subject to the requirements set forth in this section, to sublet the Premises or any part thereof, and to grant any right or privilege appurtenant thereto (including without limitation, with respect to the easements appurtenant thereto), and to permit any person to occupy and use the Premises and any easements appurtenant to the Premises. Any sublease of the Premises or any part thereof to any person other than Lessor hereunder must contain environmental indemnity provisions in favor of the sublessor and the Lenders affording the same indemnification of sublessor and the Lenders as afforded to the Lessor under Section 14.3 of this Lease.

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XI.

Condemnation

11.1 Total Taking. In the event the entire Premises or leasehold interest

shall be appropriated or taken under the power of eminent domain by any Condemnor for any significant period of time ("Total Taking"), this Lease shall terminate and expire as of the Date of Taking.

11.2 Partial Taking. In the event that less than the entire Premises or

leasehold interest is taken under the power of eminent domain by any Condemnor, or if by reason of any appropriation or taking, regardless of the amount so taken ("Partial Taking"), and the remainder of the Premises is in Lessee's opinion unsuitable for the operation of Lessee's business, Lessee shall have the right to terminate this Lease as of the Date of Taking upon giving to Lessor notice in writing of such election within thirty (30) days after such appropriation or taking; provided that in such event all easements which are appurtenant to the Premises, and all easements which burden the Premises (to the extent the land thereunder has not been condemned) shall survive the termination of this Lease. If this Lease is not terminated, it shall continue in full force and effect as to those portions of the Premises not taken.

11.3 Notice of Taking. Lessor agrees to give Lessee notice in writing

within ten (10) days of its receipt of notice of the intention of any Condemnor to appropriate or take all or a portion of the Premises, provided that Lessor's failure to do so shall not be a default hereunder.

11.4 Award for Total Taking. In the event of a Total Taking, (i) Lessee

shall receive from such award the portion thereof representing the value of all of its trade fixtures and equipment taken, the value of the leasehold interest in the Premises and any relocation expenses, and (ii) Lessor shall be entitled to the balance of such award.

11.5 Award for Partial Taking. In the event of a Partial Taking, (i)

Lessee shall receive from such award the portion of the award applicable to the Premises so taken and the amount of diminution in value of the leasehold portion of the Premises not taken, and (ii) Lessor shall be entitled to the balance of such award.

XII.

Default and Remedies

12.1 Default. Lessee shall be in default (herein called "Default") of

this Lease if Lessee fails to perform any of its covenants or agreements under
this Lease.

12.2 Remedies. If any Default shall occur and continue uncorrected for

thirty (30) days after Lessee receives written notice of such Default (provided
that if any such Default may not be cured within such period, if Lessee promptly
commences to cure the same and thereafter prosecutes the curing thereof with
diligence, the period within which such delay may be cured shall be extended for
such further period as is necessary for the curing thereof), Lessor shall have
the following remedies exclusive of all other

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rights and remedies provided by law or in equity, which other rights and
remedies Lessor hereby expressly waives and releases:

(a) Lessor shall be entitled to damages for any amount reasonably
necessary to compensate Lessor for all the detriment directly caused by Lessee's
failure to perform its covenants or agreements under this Lease, provided,
however, Lessee shall not be liable for any consequential, special or indirect
damages as a result of such Default, provided further that nothing herein shall
be deemed to limit in any way the indemnification obligations of Lessee
described in this Lease.

(b) Lessor may seek specific enforcement of, or injunctive relief with
respect to, any covenant or agreement which Lessee has failed to perform or has
breached.

12.3 No Termination. Lessor shall have no right to terminate this Lease,

notwithstanding any Default or other breach by Lessee, and Lessor hereby
unconditionally waives and releases any and all right to terminate this Lease
for any cause whatsoever, except as provided for in Article XVII hereof.

12.4 Waivers. No waiver of any Default hereunder shall constitute a

waiver of any other Default or future Default. No waiver, benefit, privilege or
service voluntarily given or performed by one party shall give the other party
any contractual right by custom, estoppel or otherwise.

XIII.

Attorneys' Fees

13.1 In the event that either party hereto shall commence any legal
action or proceeding, including an action for declaratory relief, against the
other by reason of the alleged failure of the other to perform any covenant or
agreement under this Lease, the party prevailing in said action or proceeding
shall be entitled to recover, in addition to its court costs, expert witness
fees and reasonable attorneys' fees to be fixed by the court, and such recovery
shall include court costs and attorneys' fees on appeal, if any. As used herein,
"the prevailing party" means the party in whose favor final judgment is
rendered.

XIV.

Indemnification and Environmental Compliance

14.1 General. Except to the extent that such claim, demand, damage, loss,

judgment, award, liability, expense or suit is based upon or caused by the gross
negligence or willful misconduct of Lessor, its successors or assigns, or its or
their officers, directors, employees or agents, Lessee agrees to and shall
indemnify, defend and hold harmless Lessor, its officers, directors,
shareholders, employees and agents, and their respective successors and assigns,
from and against any and all claims, demands, damages, losses, judgments,
awards, liabilities, expenses (including reasonable attorneys' fees, court costs
and other expenses of litigation), and suits, whether groundless or not, for
bodily injury or death and for damage to or destruction of

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property, arising out of or relating to (a) Lessee's use, occupancy or operation
of the Premises or the easements appurtenant thereto, (b) any accident, injury
to or death of persons or loss of or damage to property occurring on the
Premises caused by and arising from any act or omission of Lessee, or any of its
officers, directors, agents, invitees, employees or contractors or any other
persons entering onto the Premises or any easements appurtenant thereto at the
request, behest or with the permission of Lessee; (c) performance of any labor
or services or the furnishing of any materials or other property to or for the

benefit of Lessee in respect of the Premises or any easements appurtenant thereto; (d) the negligence or willful misconduct on the part of Lessee or any of its officers, directors, agents, invitees, employees or contractors or any other persons entering onto the Premises or any easements appurtenant thereto at the request, behest or with the permission of Lessee; (e) the construction, use or occupancy of the Improvements which Lessee may elect to construct; or (f) the breach by Lessee of any of its covenants and agreements under this Lease. Lessee's duty to indemnify Lessor under this Section 14.1 shall survive the expiration or earlier termination of this Lease with respect to events occurring during the term or after the term hereof.

14.2 Lessee's Covenants. Lessee will not allow or permit the Premises to

be in violation of, or do anything or permit anything to be done which subjects Lessee, Lessor, the Premises or the easements appurtenant thereto to any remedial obligations under or which creates a claim or cause of action under, any Environmental Laws, assuming disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to the Premises or the easements appurtenant thereto, and Lessee will promptly notify Lessor in writing of any existing, pending or overtly threatened investigation, claim or inquiry regarding the Premises or any easement appurtenant thereto of which Lessee has knowledge by any governmental authority in connection with any Environmental Laws. Lessee shall obtain any permits, licenses or similar authorizations to construct, occupy, operate or use the Premises and the easements appurtenant thereto and any fixtures and equipment at any time located on the Premises or on the easements appurtenant thereto by reason of any Environmental Laws. Lessee will not allow or permit the unlawful disposal or release of any hazardous substance or solid waste on, under or above the Premises or the easements appurtenant thereto and covenants and agrees to keep or cause the Premises to be kept free of any unlawful disposal or release of hazardous substance, solid waste, or substance containing asbestos and to remove the same (or if removal is not required by Environmental Laws, to take whatever action is required by Environmental Laws) promptly upon discovery at Lessee's sole expense. Lessee shall promptly notify Lessor in writing of any unlawful disposal or release of any hazardous substances, solid wastes, or substance containing asbestos known to Lessee to exist on, under, or above the Premises or the easements appurtenant thereto. In the event Lessee fails to comply with or perform any of the foregoing covenants and obligations within thirty (30) days after written notice from Lessor (or such longer period, not to exceed ninety (90) days, if such covenants and obligations cannot be complied with or performed within such thirty (30) day period and if Lessee has commenced and is diligently proceeding to comply with or perform the same), (A) Lessor may, but shall be under no obligation to, cause the Premises to be freed from the unlawful disposal or release of hazardous substance, solid waste or substance containing asbestos (or if removal is not required by Environmental Laws, to take whatever action is required by Environmental Laws) and the reasonable cost of the

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removal or such other action shall be a demand obligation owing by Lessee to Lessor pursuant to this Lease, and (B) Lessee grants to Lessor and Lessor's agents and employees access to the Premises, and the license to remove the unlawfully disposed or released hazardous substance, solid waste or substance containing asbestos (or if removal is not required by Environmental Laws, to take whatever action is required by Environmental Laws) and agrees to indemnify, defend and hold Lessor harmless from all reasonable costs and expenses involved in the required removal or other action and from all claims asserted or proven against Lessor by any party in connection with the removal or other required action. The indemnities contained in this Section 14.2 shall survive the expiration or earlier termination of this Lease.

14.3 Environmental. Lessee further agrees to and shall indemnify, defend

and hold harmless Lessor, its officers, directors, shareholders, employees and agents, and their respective successors and assigns, from and against any and all claims, demands, damages, losses, judgments, awards, liabilities, expenses (including reasonable attorneys' fees, court costs and other expenses of litigation), suits, whether groundless or not, that any of said indemnified persons may incur by reason of (a) any environmental condition now or hereafter on or under the Premises or the easements appurtenant thereto caused by Lessee, (b) any past, present or future violation of any Environmental Laws by Lessee with respect to the Premises or the easements appurtenant thereto, and (c) any or all matters with regard to the Premises or the easements appurtenant thereto arising out of any acts or omissions of Lessee in the performance of Lessee's managerial affairs or in regard to any operations on or under the Premises or the easements appurtenant thereto, including, without limitation, the disposal or release of hazardous materials on or under the Premises or the easements appurtenant thereto. The indemnities contained in this Section 14.3 shall survive the expiration or earlier termination of this Lease.

XV.

15.1 Condition of Premises. Lessee accepts the Premises in its present

state without any representation or warranty, express or implied, by Lessor as to the condition of such property or as to the use which may be made thereof. Lessor shall not be responsible for any latent defect or change of condition in the Premises (except for any such change as may be caused by Lessor or its agents, employees or contractors), and the rent hereunder shall in no case be withheld or diminished on account of any defect in such property, any change in the condition thereof, or the existence with respect thereto of any violations of the laws or regulations of any governmental authority.

15.2 WAIVERS. THE PROVISIONS OF SECTION 15.1 AND THIS SECTION 15.2 HAVE

BEEN NEGOTIATED BY LESSOR AND LESSEE AFTER DUE CONSIDERATION FOR THE RENT PAYABLE HEREUNDER AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATIONS OR WARRANTIES (INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF HABITABILITY) OF LESSOR, EXPRESS OR IMPLIED, WITH RESPECT TO THE PREMISES OR ANY APPURTENANT

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EASEMENTS THAT MAY ARISE PURSUANT TO ANY LAW NOW OR HEREAFTER IN EFFECT, OR OTHERWISE. LESSEE HEREBY ACCEPTS THE PREMISES AND ANY APPURTENANT EASEMENTS AS-IS AND WAIVES ANY CLAIMS IT MAY HAVE AGAINST LESSOR WITH RESPECT TO THE PREMISES OR APPURTENANT EASEMENTS OR THE CONDITION THEREOF, WHETHER NOW OR IN THE FUTURE, AND FURTHER WAIVES ANY AND ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTY OF HABITABILITY) WHICH MAY NOW OR IN THE FUTURE EXIST AT LAW, IN EQUITY OR OTHERWISE.

15.3 Surrender of the Premises. Lessee shall surrender the Premises to

Lessor in the same condition as they exist on the date of this Lease excluding, however, any condition resulting from: (i) ordinary wear and tear; (ii) any Improvements which Lessee may elect to construct (in compliance with the terms of this Lease) and leave on the Premises; (iii) damage due to casualty (unless such damage results in an unsafe or hazardous condition on the Premises); and (iv) damage that is caused by Lessor or its agents, employees or contractors.

XVI.

Miscellaneous

16.1 Notices. Any notice to be given under this Lease shall be in writing

and shall be deemed to have been properly given and received if (i) delivered in person to the authorized representative of the party to whom the notice is addressed, or by courier service that provides an airbill or other evidence of delivery or attempted delivery, or sent by certified mail, postage prepaid, return receipt requested and properly addressed to the party for whom intended or (ii) sent by telegram, telex, or facsimile (which shall be followed promptly by a written notice sent in the manner providing in the preceding clause (i) of this sentence). Notices shall be considered duly given and received upon receipt or refusal of receipt.

All notices to Lessor shall be sent to:

One AMD Place
P.O. Box 3453
Sunnyvale, California 94088
Mail Stop 68/Legal Department

All notices to Lessee shall be sent to:

5204 East Ben White Boulevard
Austin, Texas 78741
Mail Stop 562/Legal Department

Any party may change the address at which it is to receive notice by written notice of such change of address given to the other party. Any request or demand hereunder shall likewise be made in writing, to the same address as for notice.

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16.2 Successors and Assigns. The terms, covenants and conditions of this

Lease, including without limitation the Option to Purchase and Put Option set forth in Article XVI hereof, shall apply to and bind the successors and assigns of the parties hereto.

16.3 Entire Agreement. This Lease and the other agreements, if any, which

are expressly referred to herein contain the entire agreement between the

parties. All prior negotiations or stipulations concerning its subject matter which preceded or accompanied the execution of this Lease are conclusively deemed to be superseded, provided, however, that this Lease may in the future be altered by written agreement executed by the parties and not otherwise.

16.4 Invalidity. If any provision of this Lease shall be declared invalid

or unenforceable, the remainder of the Lease shall continue in full force and effect.

16.5 GOVERNING LAW. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN

ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CHOICE OF LAW RULES.

16.6 Headings. Article, section and paragraph headings herein are for

convenience only, and shall not be used in construing this Lease.

16.7 Recorded Counterparts. A counterpart original of this Lease, Option

to Purchase, and Put Option Agreement shall be filed for record in Travis County, Texas.

16.8 Triple-Net Lease. Except as herein specifically otherwise provided,

Lessor and Lessee acknowledge that it is the intent of the parties that this Lease be of a "triple-net" nature and that Lessor shall have no obligation whatsoever to pay any costs or expenses whatsoever relating to the Premises, including but not limited to real property taxes. Lessee shall protect and indemnify Lessor against any and all such costs and expenses relating to the Premises.

XVII.

Option to Purchase; Put Options

17.1 Option to Purchase. For One Dollar (\$1.00) and other good and

valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Lessor, Lessor hereby grants to Lessee the exclusive right and option to purchase "Lessee's Parcel" (hereinbelow defined), for the total cash

purchase price of One Dollar (\$1.00), provided that the purchase and conveyance of Lessee's Parcel can be effected without violation of the subdivision ordinances of the City of Austin, Texas. Lessee may exercise its option to purchase Lessee's Parcel by giving Lessor a written notice (at the address of Lessor herein provided and in the manner herein provided with respect to notices generally) at least sixty (60) days prior to the date of closing and in no event later than the last day of the term of this Lease. Following exercise of said option, this Lease shall continue in effect until the purchase is closed, at which time this Lease shall terminate if the Lenders' consent has been obtained pursuant to Section 18.1 hereof, provided that in such event all easements created under and by virtue of the

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Reciprocal Easement Agreement shall continue in accordance with the terms and conditions of that agreement. The closing of the purchase of Lessee's Parcel by Lessee shall occur at such place in Austin, Texas, as Lessor and Lessee may agree, at 10:00 a.m. on a mutually agreeable date that is not more than sixty (60) days after Lessor's receipt of Lessee's notice exercising said option. As a condition precedent to the obligation of Lessor to close the sale and conveyance of Lessee's Parcel to Lessee, Lessee shall provide to Lessor the following documentation:

- (a) Lessor shall have received from Lessee a copy of a subdivision plat (the "Lessee's Plat") covering only Parcel 1 of the Premises and

excluding Parcel 2 thereof (herein called "Lessee's Parcel"), showing

recording data, evidencing final plat approval by the City of Austin, and involving no deviation from the description of Parcel 1 of the Premises set forth in Exhibit A (except as otherwise provided below);

and
- (b) Lessor shall have received from Lessee a copy of a subdivision plat ("Lessor's Plat") covering Lessor's Adjoining Land, showing recording

data, evidencing final plat approval by the City of Austin, and involving no deviations from the description of Lessor's Adjoining Land set forth in Exhibit B (except as otherwise provided below).

In the event that Lessee's Plat encompasses a tract of land which deviates in any respect from the tract of land described in Exhibit A as Parcel 1, or in

the event that Lessor's Plat encompasses a tract of land that deviates in any respect from the tract of land described in Exhibit B, Lessee shall provide

Lessor, in addition to the items required in subparagraphs (a) and (b) above and as a condition to Lessor's execution and delivery of any deed hereunder, a certificate from Gray Jansing & Associates, Inc., or other engineer or consultant approved by Lessor and the Lenders (which approval will not be unreasonably withheld) ("Lessor's Engineer"), stating that (i) all of the "FAB

25 Facilities" (herein defined) are located entirely on Lessor's Adjoining Land;

(ii) the facilities located on Lessor's Adjoining Land, in the opinion of the Engineer, will be sufficient from a civil engineering perspective to operate the FAB 25 Facilities; and (iii) all deviations do not result in a net decrease in the area contained in Lessor's Adjoining Land by more than .50 acres. For purposes of the foregoing sentence, the term "FAB 25 Facilities" shall mean the buildings that house the integrated circuit manufacturing (i.e., wafer fabrication) facility known as "FAB 25" and all related support buildings, structures and plants, including, without limitation, the nitrogen plant, the industrial waste neutralization plant, the reverse osmosis de-ionized water production plant, and the electric substation. Notwithstanding any provision contained in this Lease to the contrary, Lessor shall have no obligation to convey to Lessee the Lessee's Parcel if any portion of the buildings and structures comprising the FAB 25 Facilities is located on the Lessee's Parcel.

Lessee hereby further covenants and agrees that, after the conveyance to it of Lessee's Parcel, Lessee at Lessee's expense shall, within ninety (90) days after recordation of the deed conveying Lessee's Parcel to Lessee, obtain a separation upon all public taxing and assessment rolls so that Lessee's Parcel and Lessor's Adjoining Property shall be separately rendered for tax purposes. At the closing, Lessor shall deliver to Lessee an executed and acknowledged special warranty deed to Lessee's

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Parcel that shall convey good and indefeasible title thereto free and clear of any and all title exceptions and encumbrances, including without limitation, all liens, mortgages, deeds of trust and security interests, except only the Title Exceptions and any other exceptions to title caused by the actions or omissions of Lessee or Lessee's agents, employees or contractors.

If Lessee's Parcel is conveyed to Lessee pursuant to this option to purchase or pursuant to the put option herein provided, Lessor and Lessee agree, upon the request of the other, to ratify and confirm by recordable instrument all easements granted under the Reciprocal Easement Agreement (including those affecting Parcel 2 described in Exhibit A hereto), except that such easements

shall then attach to and burden or benefit Lessee's and Lessor's fee simple interests in Lessee's Parcel and Lessor's Adjoining Land, respectively.

17.2 Put Option. For One Dollar (\$1.00) and other good and valuable

consideration, the sufficiency of which is hereby acknowledged by the parties hereto, Lessee hereby grants to Lessor the right and option to sell Lessee's Parcel to Lessee for the total cash purchase price of One Dollar (\$1.00). Lessor may exercise its option to sell Lessee's Parcel to Lessee by giving Lessee a written notice (at the address of Lessee herein provided and in the manner herein provided with respect to notices generally) at least thirty (30) days prior to the date of closing. Following exercise of said put option, this Lease shall continue in effect until the purchase is closed, at which time this Lease shall terminate if the Lenders' consent has been obtained pursuant to Section 18.1 hereof, provided that in such event all easements created under and by virtue of the Reciprocal Easement Agreement shall continue in accordance with the terms and conditions of that agreement, except that such easements shall then attach to and burden or benefit Lessee's and Lessor's fee simple interests in Lessee's Parcel and Lessor's Adjoining Land, respectively. The closing of the purchase of Lessee's Parcel by Lessee shall occur at such place in Austin, Texas as Lessor and Lessee may agree, at 10:00 a.m. on a mutually agreeable date that is not more than thirty (30) days after Lessee's receipt of Lessor's notice exercising such option. At the closing, Lessor shall deliver to Lessee an executed and acknowledged special warranty deed to Lessee's Parcel that shall convey good and indefeasible title thereto free and clear of any and all title exceptions and encumbrances, including without limitation, all liens, mortgages, deeds of trust and security interests, except only the Title Exceptions and any other exceptions to title caused by the actions or omissions of Lessee or Lessee's agents, employees or contractors.

17.3 Payment of Purchase Price. Upon delivery of said special warranty

deed, Lessee shall pay the One Dollar (\$1.00) purchase price for Lessee's Parcel and all easements appurtenant thereto.

17.4 Sold "AS IS". Lessee shall purchase Lessee's Parcel in its present

condition on the closing date, "AS IS," "WHERE IS," with all faults and defects, whether known or unknown. If the stated term of this Lease shall expire prior to the closing date established following the exercise of this option, this Lease shall continue in full force and effect until said closing date, but no longer than sixty (60) days after said stated termination date. If this Lease terminates without Lessee having purchased

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Lessee's Parcel, Lessee shall execute a written release of this option, which obligation shall survive termination of this Lease.

XVIII.

Lender Provisions

18.1 Lessee and Lessor, for good and valuable consideration paid to each of them by the Lenders, the receipt and sufficiency of which are hereby acknowledged, covenant, stipulate and agree for the benefit of the Lenders that they will not cause or permit any termination or cancellation of this Lease, by reason of default, for cause, voluntarily, or otherwise, and notwithstanding any other provision hereof, except as may be first consented to in writing by the Lenders, and any such termination or cancellation without such written consent shall be void and of no force or effect.

18.2 Whenever in this Lease the consent, approval or agreement of, or notice to, the Lenders is required or provided, such consent, approval or agreement of, or notice to, Lenders shall be conclusively deemed to have been obtained and given respectively, if evidenced in writing and signed by, and if given to, respectively, Agent, if the Credit Agreement is in effect and no Event of Default (as defined in the Indenture) has occurred and is continuing under the Indenture, or the Collateral Agent, if the Credit Agreement is not in effect or an Event of Default (as defined in the Indenture) has occurred and is continuing under the Indenture.

18.3 Lessee and Lessor, for good and valuable consideration, paid to each of them by the Lenders, the receipt and sufficiency of which are hereby acknowledged, covenant, stipulate and agree for the benefit of the Lenders that they will not modify this Lease in any manner, the effect of which is to reduce the triple-net obligations of Lessee hereunder, cause a merger of the leasehold estate hereunder with the reversionary interest of Lessor in and to the Premises at any time while the Credit Agreement is in effect, or the Indenture is in effect and the Senior Notes issued pursuant thereto have not been defeased, alter the obligations or indemnifications of Lessee under Article XIV, or alter the lands covered by this Lease except in the manner herein expressly permitted.

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EXECUTED on the dates of the acknowledgements hereinbelow taken, to be effective as of the Effective Date.

LESSOR:

ADVANCED MICRO DEVICES, INC.,
a Delaware Corporation

By: /s/ Marvin D. Burkett

Name: Marvin D. Burkett

Title: Senior Vice President, Chief

Financial and Administrative Officer
and Treasurer

LESSEE:

AMD TEXAS PROPERTIES, LLC,
a Delaware limited liability company

By: /s/ Thomas M. McCoy

Name: Thomas M. McCoy

Title: Manager

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THE STATE OF CALIFORNIA (S)
(S)
COUNTY OF SANTA CLARA (S)

This instrument was acknowledged before me on the 8th day of August, 1996,
by Marvin Burkett, Chief Financial Officer of ADVANCED MICRO DEVICES, INC., a
Delaware corporation, on behalf of said corporation.

(SEAL)

/s/ Winona C. Orange

Notary Public in and for
the State of California

Winona C. Orange

(Printed Name of Notary)

My commission expires: 4/1/97

THE STATE OF CALIFORNIA (S)
(S)
COUNTY OF SANTA CLARA (S)

This instrument was acknowledged before me on the 8th day of
August, 1996, by Thomas M. McCoy, Manager of AMD TEXAS PROPERTIES, LLC, a
Delaware limited liability company, on behalf of said company.

(SEAL)

/s/ Winona C. Orange

Notary Public in and for
the State of California

Winona C. Orange

(Printed Name of Notary)

My commission expires: 4/1/97

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EXHIBIT A

Premises

Parcel 1: Description

FOR A 34.481-ACRE TRACT OF LAND SITUATED IN THE CITY OF AUSTIN, TRAVIS
COUNTY, TEXAS, SAID 34.481-ACRE TRACT BEING A PORTION OF LOT 1 OF
"SUNRIDGE PARK, SECTION TWO", A SUBDIVISION ACCORDING TO THE PLAT
THEREOF RECORDED IN BOOK 77, PAGES 118-119 OF THE PLAT RECORDS OF TRAVIS
COUNTY, TEXAS, SAID 34.481-ACRE TRACT BEING MORE PARTICULARLY DESCRIBED
BY METES AND BOUNDS AS FOLLOWS:

BEGINNING on a 3/4-inch-diameter from pipe found in the northerly
right-of-way line of Ben White Boulevard (right-of-way varies), being the
southeasterly corner of Lot A of "Briarton Subdivision", a subdivision of record
in Book 72, Page 40 of said Plat Records, being also the southwesterly corner of
said Lot 1 of "Sunridge Park, Section Two" and POINT OF BEGINNING hereof;

THENCE departing the northerly right-of-way line of Ben White Boulevard,
in part with the easterly boundary line of said "Briarton Subdivision", in part
with the easterly boundary line of a tract of land conveyed to Azur Property
Investment U.S.A., Inc. by deed recorded in Volume 8936, Page 288 of Real

Property Records of Travis County, Texas, same being the westerly boundary line of said Lot 1 of "Sunridge Park, Section Two", N31(Degrees)01'17"E for a distance of 788.86 feet to a 1-inch-diameter iron pipe found on an angle point hereof;

THENCE continuing with the easterly boundary line of said Azur Property Investment U.S.A., Inc. tract, same being the westerly boundary line of said Lot 1, N59(Degrees)34'01"W for a distance of 506.23 feet to a 1/2-inch-diameter iron rod in concrete found, being a southeasterly corner of "Sunridge Park, Section One" a subdivision according to the plat thereof recorded in Book 85, Pages 107B, 107C and 107D, of said Plat Records, being an angle point hereof;

THENCE with the easterly boundary line of said "Sunridge Park, Section One", continuing with the westerly boundary line of said Lot 1 of "Sunridge Park, Section Two", N31(Degrees)03'00"E (Bearing Basis) for a distance of 1303.59 feet to a 1-inch-diameter iron pipe in concrete found, being on an angle point in said easterly boundary line, same being the most northerly corner of said Lot 1, for the most northerly corner of the herein-described tract;

Exhibit A
Page 2

THENCE in part with the easterly boundary line of said "Sunridge Park, Section One", the southerly boundary line of Lot 6 of "University Business Park", a subdivision according to the plat thereof recorded in Book 85, Pages 52C, 52D and 53A of said Plat Records and the northerly boundary line of said Lot 1 of "Sunridge Park, Section Two", S58(Degrees)57'53"E, at a distance of 456.12 feet pass an iron rod found, being on an easterly corner of said "Sunridge Park, Section One", same being a southwesterly corner of said Lot 6 of "University Business Park", continuing for a total distance of 732.26 feet to a cotton gin spindle set in asphalt on an angle point hereof;

THENCE departing the southerly boundary line of said Lot 6 of "University Business Park", through the interior of said Lot 1 of "Sunridge Park, Section Two", the following fourteen (14) courses and distances:

- 1) S28(Degrees)25'15"W, for a distance of 67.41 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 2) S59(Degrees)50'45"E, for a distance of 172.50 feet to a PK nail set in concrete on an angle point hereof;
- 3) S18(Degrees)39'30"E, for a distance of 333.73 feet to a PK nail set in concrete on an angle point hereof;
- 4) S71(Degrees)27'23"W, for a distance of 374.42 feet to a PK nail set in concrete on an angle point hereof;
- 5) N52(Degrees)04'12"W, for a distance of 55.03 feet to a PK nail set in concrete on an angle point hereof;
- 6) S70(Degrees)25'04"W, for a distance of 201.88 feet to a PK nail set in asphalt on an angle point hereof;
- 7) S18(Degrees)47'06"E, for a distance of 207.97 feet to a PK nail set in concrete on an angle point hereof;
- 8) S71(Degrees)22'55"W, for a distance of 88.20 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 9) S18(Degrees)59'15"E, for a distance of 68.88 feet to a punch hole set in a concrete gutter on an angle point hereof;
- 10) S70(Degrees)47'24"W, for a distance of 243.96 feet to a 1/2-inch-diameter iron rod with Baker-Aicklen cap set on an angle point hereof;

Exhibit A
Page 3

- 11) S18(Degrees)31'43"E, for a distance of 456.56 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 12) N81(Degrees)16'37"W, for a distance of 88.07 feet to a cotton gin spindle set in asphalt on the point of curvature of a non-tangent curve to the left, from which the radius point of said curve bears S04(Degrees)43'15"W, a distance of 325.45 feet;
- 13) with the arc of said non-tangent curve to the left, having a radius of 325.45 feet, an interior angle of 22(Degrees)54'28", an arc length of 130.12 feet and a chord which bears S83(Degrees)16'01"W for a distance of 129.26 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 14) S09(Degrees)28'45"W, for a distance of 368.38 feet to a

1/2-inch-diameter iron rod with a Baker-Aicklen cap set on a point in the aforementioned northerly right-of-way line of Ben White Boulevard, being also the southerly boundary line of said Lot 1, from which a 1/2-inch-diameter iron rod with Baker-Aicklen cap set on a point being the southeasterly corner of said Lot 1 of "Sunridge Park, Section Two", bears S78(Degrees)29'31"E a distance of 267.25 feet;

THENCE with said northerly right-of-way line, same being the southerly boundary line of said Lot 1 of "Sunridge Park, Section Two", the following two (2) courses and distances:

- 1) N78(Degrees)29'31"W, for a distance of 264.94 feet to a concrete highway right-of-way marker found on an angle point hereof;
- 2) N78(Degrees)30'31"W, for a distance of 295.85 feet to the POINT OF BEGINNING and containing 34.481 acres of land.

Prepared from survey and office computations under the direct supervision of the undersigned:

/s/ Cecil Jackson Chisholm 7-15-96 (revised 8-7-96)

Cecil Jackson Chisholm Date [SEAL]
Registered Professional Land Surveyor No. 4295

Job No. 570-026-10
CJC:ek

Parcel 2:
- -----

DESCRIPTION

FOR A 1.849 ACRE (80,533 SQUARE FOOT) TRACT OF LAND SITUATED IN THE CITY OF AUSTIN, TRAVIS COUNTY, TEXAS, BEING A PORTION OF LOT 1 OF "ADVANCED MICRO DEVICES SECTION - 1", A SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED IN PLAT BOOK 85 PAGE 14-A AND 14-B OF THE PLAT RECORDS OF SAID COUNTY, SAID 1.849 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING on an iron rod found on a point in the southerly right-of-way line of Oltorf Street East (90.00 foot right-of-way width), said point being the northeasterly corner of Lot 4, Block B of "University Business Park", a subdivision according to the plat thereof recorded in Plat Book 85 Pages 52C, 52D & 53A of said Plat Records, said point being also the northwesterly corner of said Lot 1 and the POINT OF BEGINNING hereof;

THENCE with the southerly right-of-way line of Oltorf Street East, same being the northerly boundary line of said Lot 1, S59(Degree)02'54"E for a distance of 199.18 feet to the most easterly corner hereof;

THENCE departing said right-of-way line through the interior of said Lot 1 the following courses and distances numbered 1 through 6:

- 1) S31(Degrees)13'26"W for a distance of 95.01 feet to an angle point;
- 2) N60(Degrees)20'22"W for a distance of 101.25 feet to an angle point;
- 3) S11(Degrees)37'28"W for a distance of 97.15 feet to an angle point;
- 4) S41(Degrees)36'52"W for a distance of 125.38 feet to an angle point;
- 5) S11(Degrees)28'20"W for a distance of 257.55 feet to an angle point;
- 6) N78(Degrees)31'40"W for a distance of 182.05 feet to an iron rod found on an angle point in the westerly boundary line of said Lot 1, same being the northeasterly corner of Lot 3, Block E, of said "University Business Park", being also the southeasterly corner of said Lot 4 and most southerly corner hereof;

THENCE with the westerly boundary line of said Lot 1, same being the easterly boundary line of said Lot 4, the following courses and distances numbered 1 through 3:

- 1) N28(Degrees)57'50"E for a distance of 14.87 feet to an iron rod set on an angle point;
- 2) N29(Degrees)02'29"E for a distance of 465.12 feet to an iron rod set on an angle point;
- 3) N28(Degrees)58'29"E for a distance of 136.05 feet to the POINT OF BEGINNING hereof and containing 1.849 acres of land.

Surveyed under the direct supervision of the undersigned:

/s/ Cecil Jackson Chisholm 8-6-96

Cecil Jackson Chisholm Date
Registered Professional Land Surveyor No. 4295

Job No. 570-026-10

[SEAL]

EXHIBIT B

Lessor's Adjoining Land

Lot One (1), SUNRISE PARK SECTION 2, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 77, Page 118-119 of the Plat Records of Travis County, Texas, and Lots Three (3), Four (4), Five (5) and Six (6), Block "A", and Lots One (1) and Four (4), Block "B", all in University Business Park, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas, and Lot One (1), Block One (1), AMD ADDITION, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas;

SAVE, LESS AND EXCEPT THEREFROM a 34.481 acre tract of land out of said Lot One (1), SUNRIDGE PARK SECTION 2, more particularly described as Parcel 1 in Exhibit A attached to this agreement.

RECIPROCAL EASEMENT AGREEMENT

BY AND BETWEEN

ADVANCED MICRO DEVICES, INC.,
a Delaware corporation

And

AMD TEXAS PROPERTIES, LLC,
a Delaware limited liability company

RECIPROCAL EASEMENT AGREEMENT

This Reciprocal Easement Agreement (this "Agreement") is between ADVANCED MICRO DEVICES, INC., a Delaware corporation ("AMD"), and AMD TEXAS PROPERTIES, LLC, a Delaware limited liability company ("LLC").

RECITALS:

A. LLC is the owner of the leasehold estate covering certain real property described on Exhibit A attached hereto and made a part hereof for all purposes (the "Premises"), under and by virtue of that certain Lease, Option to Purchase, and Put Option Agreement dated of even date herewith (the "Lease") by and between LLC, as Lessee, and AMD, as Lessor, filed or to be filed of record in the Real Property Records of Travis County, Texas.

B. AMD is the owner of certain real property described on Exhibit B attached hereto and made a part hereof for all purposes ("AMD's Adjoining Land"), which is adjacent to the Premises.

C. LLC has agreed to grant certain easements to AMD on, over, under and across the Premises, and AMD has agreed to grant to LLC certain easements on, over, under and across AMD's Adjoining Land.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, Ten and No/100 Dollars (\$10.00) cash, and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby mutually acknowledged and confessed, AMD and LLC covenant and agree as follows:

I.

Definitions

1.1 The following capitalized terms shall have the indicated meanings when used in this Agreement:

"Agent" means Bank of America National Trust and Savings Association, as administrative agent for itself and the "Banks" defined in the Credit Agreement.

"AMD" shall have the meaning ascribed thereto in the first paragraph of this Agreement, and shall include its successors and assigns as the owner of AMD's Adjoining Land.

"AMD Easements" shall have the meaning ascribed thereto in Section 2.2.

"AMD Improvements" shall have the meaning ascribed thereto in Section 2.2(j) (9).

"AMD's Adjoining Land" shall mean the land adjacent to the Premises more

particularly described in Exhibit B attached hereto and made a part hereof.

"Grantee" shall mean IJB Schroder Bank & Trust Company, as collateral

agent, its successors and assigns, for the ratable benefit of (i) Agent,
its successors and assigns, as administrative agent under the Credit
Agreement, and (ii) Indenture Trustee, its successors and assigns, as
trustee under the Indenture.

"Indenture" shall mean that certain Indenture dated as of August 1, 1996,

by and between AMD and United States Trust Company of New York, as the same
may hereafter be amended, modified or restated from time to time.

"Indenture Trustee" shall mean United States Trust Company of New York, a

New York trust company, as the "Indenture Trustee", under the Indenture, or
any successor or substitute appointed from time to time under the
Indenture.

"Lease" shall have the meaning ascribed thereto in Recital A to this

Agreement.

"Lenders" shall mean, collectively, the Agent, the banks under the Credit

Agreement, the Indenture Trustee, the noteholders under the Indenture and
the Grantee, and singularly shall mean any of them.

"LLC" shall have the meaning ascribed thereto in the first paragraph of

this Agreement and shall include its successors and assigns as the owner of
the leasehold estate in and to the Premises.

"LLC Easements" shall have the meaning ascribed thereto in Section 2.1.

"LLC Improvements" shall have the meaning ascribed thereto in Section

2.1(1)(9).

"Premises" shall mean the land described in Exhibit A attached hereto and

made a part hereof.

1.2 All other capitalized terms used in this Agreement and not otherwise
defined herein shall have the meaning ascribed thereto in the Lease.

II.

Grant of Easements:

2.1 Grant of LLC Easements by AMD to LLC. AMD does hereby grant to LLC,

its successors and assigns, for the uses and purposes and subject to the
conditions and the limitations hereinafter set forth, the "LLC Easements" (as

such term is defined below). As used in this Agreement, the term "LLC

Easements" shall refer collectively to and mean non-exclusive easements and

rights-of-way in, on, over, under, through and across the respective portions of
AMD's Adjoining Land which are identified and described in Exhibit A-1 which is

attached hereto and made a part hereof for all purposes; provided, if any now or
hereafter existing pipelines, powerlines, equipment,

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facilities, pavement or other improvements are located outside of the boundaries
of such easements and rights-of-way as identified and described in Exhibit A-1,

this grant shall extend to and encompass such pipelines, powerlines, equipment,
facilities, pavement and other improvements to permit their use and enjoyment to
the same effect as if the descriptions set forth in Exhibit A-1 specifically

covered and described their present locations. The LLC Easements are granted
and accepted for the following purposes and upon and subject to the following
conditions, respectively:

(a) LLC Potable Water Supply Easement:

(1) This easement shall be used by LLC for the purposes of transporting potable water across AMD's Adjoining Land for use on the Premises and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit LLC to construct, inspect, maintain, repair, replace and use one or more pipelines and related facilities in and under the lands encumbered by this easement. Except for structures and improvements that presently exist thereon and for replacements therefor, no above or below ground structures or improvements shall be permitted without AMD's prior written consent, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes and other facilities in this easement for LLC shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, LLC shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of LLC.

(b) LLC Fire Water Storage and Distribution System Easement:

(1) This easement shall be used by LLC for the purposes of storing water at, and transporting such stored water from, the existing storage and distribution facilities on AMD's Adjoining Land and the Premises for use in combating fires on the Premises, and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit LLC jointly with AMD to construct, inspect, maintain, repair, replace and use fire water pipelines, pumps and storage and distribution facilities on the portion of AMD's Adjoining Land identified in Exhibit A-1 as the portion of the lands encumbered with this -----
easement on which such existing facilities are located and shall permit LLC to construct, inspect, maintain, repair, replace and operate one or more pipelines and related facilities in and under the lands encumbered by this easement as necessary to distribute such stored water to the Premises for the purpose of combating fires on the Premises. Except for structures and improvements that presently exist thereon and for replacements therefor, no above ground or below ground structures or improvements shall be permitted without the prior written consent of AMD, which consent shall not be unreasonably withheld.

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(3) Except for the portion of the lands encumbered with this easement on which the water storage tank is located, all work required to construct, maintain, repair, replace and operate pipes and other facilities in this easement for LLC shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, LLC shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of LLC.

(4) On that portion of the lands encumbered with this easement on which the water storage tanks are located, all work required to construct, maintain, repair, replace and operate such tanks (together with all pipes, pumps and facilities attached to such tanks and necessary for their use, operation or maintenance) shall be the joint cost of AMD and LLC and shall be managed and overseen by AMD. LLC shall reimburse AMD for thirty-three percent (33%) of such costs within thirty (30) days of request therefor by AMD.

(c) LLC Natural Gas Distribution Easement:

(1) This easement shall be used by LLC for the purpose of transporting natural gas across AMD's Adjoining Land for use on the Premises and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit LLC to construct, inspect, maintain, repair, replace and use one or more pipelines and related facilities in and under the lands encumbered by this easement. Except for structures and improvements that presently exist thereon and for replacements therefor, no above ground structures or improvements shall be permitted without the prior written consent of AMD, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and

use pipes and other facilities in this easement for LLC shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, LLC shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of LLC.

(d) LLC Wastewater Discharge System Easement:

(1) This easement shall be used by LLC for the purpose of transporting wastewater from the Premises to the existing wastewater disposal facilities located on AMD's Adjoining Land and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit LLC to construct, inspect, maintain, repair, replace and use one or more sewer lines and related facilities in and under the lands encumbered by this easement. Except for structures and improvements that presently exist thereon and for replacements therefor, no

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above ground structures or improvements shall be permitted without the prior written consent of AMD, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes and other facilities in this easement for LLC shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, LLC shall restore the area affected by such operations as nearly to the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of LLC.

(e) LLC Drainage/Detention System Easement:

(1) This easement shall be used by LLC for the purpose of transporting rainwater from the Premises to any detention and filtration facilities located on AMD's Adjoining Land or as may be necessary to transport rainwater across the AMD's Adjoining Land to detention and filtration facilities on neighboring properties, and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit LLC to use the existing pipes, drains, ditches and any ponds located on and over AMD's Adjoining Land. No additional structures or improvements shall be permitted except with the prior written consent of AMD, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes, drains, ditches and ponds and other facilities in this easement shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, AMD's Adjoining Land affected by any of such operations shall be restored to as nearly to the same condition as existed prior to such operations as possible. All such operations shall be conducted at the joint cost, risk and expense of AMD and LLC, and shall be managed and overseen by AMD. LLC shall reimburse AMD fifty percent (50%) of such costs within thirty (30) days of request therefor by AMD.

(f) LLC Parking Easement:

(1) This easement shall be used by LLC for the purpose of a motor vehicle parking lot for its employees and invitees who work or are meeting with LLC on the Premises and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit LLC jointly with AMD to construct, inspect, maintain, repair, replace and use a surface vehicular parking lot and related facilities. Except for structures and improvements that presently exist thereon and for replacements therefor and except for a security fence, curb stops and such other items which are customary for outdoor vehicle parking lots, no above ground structures or improvements shall be permitted without the prior written consent of AMD, which consent shall not be unreasonably withheld.

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(3) All work required to construct, maintain, repair, replace and operate the parking lot and other facilities in this easement shall be conducted at the joint cost, risk and expense of AMD and LLC. LLC shall reimburse AMD fifty percent (50%) of such costs within thirty (30) days of

request therefor by AMD. AMD shall manage and oversee all such activities and operations.

(g) LLC Driveway Easement:

(1) This easement shall be used by LLC for the purpose of a motor vehicle access between the Premises and public streets which abut AMD's Adjoining Land for its employees and invitees who work or are meeting with LLC on the Premises and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit LLC jointly with AMD to construct, inspect, maintain, repair, replace and use driveways on, over and across the lands encumbered by this easement. Except for structures and improvements that presently exist thereon and for replacements therefor and except for curbs and such other items which are customary for driveways which provide the type of service as now provided thereby, no above ground structures or improvements shall be permitted, without AMD's prior written consent, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate the driveways and other facilities in this easement shall be conducted at the joint cost, risk and expense of AMD and LLC. LLC shall reimburse AMD fifty percent (50%) of such costs within thirty (30) days of request therefor by AMD. AMD shall manage and oversee all such activities and operations.

(h) LLC Electric Services Easement:

(1) This easement shall be used by LLC for the purpose of transporting electric service across AMD's Adjoining Land to the facilities on the Premises and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit LLC jointly with AMD to construct, install, inspect, maintain, repair, replace and use wires, conduits, equipment and other facilities necessary to provide electric service to the facilities located on the Premises. Without limiting the foregoing, this easement shall also extend (to the extent only that the existing electric substation still exists on AMD's Adjoining Land and is being used to generate electricity for AMD) to the right of LLC to install, maintain, repair, replace and operate additional equipment and facilities to upgrade and increase the capacity of the existing electric substation located on AMD's Adjoining Land for the purpose of providing or increasing electric service to the Premises, at LLC's expense, and provided that such upgrading shall be effected without interruption or reduction of the electrical service to the facilities on AMD's Adjoining Land. Above ground structures and improvements shall be permitted in the locations currently being used for such above ground structures and improvements (including, without limitation, at the site of the

existing electric substation) (to the extent only that the existing electric substation still exists on AMD's Adjoining Land and is being used to generate electricity for AMD) and to the extent approved by AMD (which approval shall not be unreasonably withheld) as to locations on this easement at which no such above ground structures or improvements currently exist.

(3) All work required to construct, maintain, repair, replace and operate powerlines, conduits, equipment and other facilities in this easement for LLC shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, LLC shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of LLC.

(4) Nothing in this paragraph 2.1(h) shall be deemed or construed as an agreement by, or an obligation of, AMD to provide electric service to LLC, or to be or seek the status of a "public utility" under the laws of the State of Texas or any federal law. Any intention and any implication in this paragraph 2.1(h) that AMD shall become a public utility is hereby expressly negated.

(i) LLC Nitrogen Plant Site Easement:

(1) This easement shall be used by LLC for the purpose of transporting nitrogen gas and other gases from the gas manufacturing facilities located on AMD's Adjoining Land for use on the Premises and for the other purposes hereinbelow expressly permitted. If at any time during the term of this easement, no person is manufacturing gases from facilities

located on lands encumbered by this easement and LLC desires for gas manufacturing to be conducted thereon in order to obtain such gases for use on the Premises, then this easement shall also exist for the purposes of LLC's producing and manufacturing such gases thereon and therefrom; provided, however, should AMD modify the use of such plant in order to alter the facility in accordance with technological improvements in the process then conducted therein, then LLC's sole rights hereunder shall be to use such process and not restrict the facility to its existing production of gas.

(2) This easement shall permit LLC to construct, inspect, maintain, repair, replace and use one or more pipelines and related facilities in and under the lands encumbered by this easement for said purpose, and in the event specified in paragraph 2.1(i)(1), a gas manufacturing plant on said lands encumbered by this easement. Without limiting the foregoing, this easement shall also extend to the right of LLC to install, maintain, repair, replace and use additional equipment and facilities on the easement and within the existing improvements thereon to upgrade and increase the capacity of such facilities, at LLC's expense and without interference or interruption of the existing services to AMD's Adjoining Land. Except for structures and improvements that presently exist thereon and for replacements therefor and for construction of a gas manufacturing plant in the event specified in paragraph 2.1(i)(1), no above

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ground structures or improvements shall be permitted without the prior written consent of AMD, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes and other facilities in this easement for LLC shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, LLC shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of LLC.

(4) AMD and LLC acknowledge that at this time, the gas manufacturing plant located on AMD's Adjoining Land burdened by this easement is owned and operated by Air Products, Inc., and is located on a site leased to Air Products, Inc. by AMD. AMD and LLC each shall have the right to negotiate with such owner and operator of the gas manufacturing plant to purchase gas products upon such terms and conditions as such owner and operator and AMD or LLC, as the case may be, may agree. If at any time hereafter, however, no such third party owner and operator is providing gas products from the site encumbered by this easement, but AMD elects to operate a gas manufacturing plant at such site, then AMD agrees to furnish to LLC gas products manufactured by it at such plant at market rates upon market terms.

(j) LLC IWN/RO-DI Services Easement:

(1) This easement shall be used by LLC jointly with AMD for the purpose of transporting industrial waste water to, and disposing of such water in, the industrial waste neutralization facilities, and for producing de-ionized water in, and transporting such water from, the reverse osmosis de-ionized water production facilities, located on AMD's Adjoining Land.

(2) This easement shall permit LLC to construct, inspect, maintain, repair, replace and operate one or more pipelines and related facilities in and under the lands encumbered by this easement. Without limiting the foregoing, this easement shall also extend to the right of LLC to install, maintain, repair, replace and use additional equipment and facilities on the easement and within the existing improvements thereon to upgrade and increase the capacity of such facilities, at LLC's expense and without interference or interruption of the existing services to AMD's Adjoining Land. Except for structures and improvements that presently exist thereon and for replacements therefor, no above ground structures or improvements shall be permitted without the prior written consent of AMD, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes and other facilities in this easement for LLC shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, LLC shall restore the area affected by such operations to as nearly the same condition as existed prior

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to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of LLC.

(4) With respect to industrial waste water neutralization and de-ionized water production, AMD further agrees, if requested by LLC, to take and accept from LLC industrial waste water for neutralization at the industrial waste water neutralization facilities located on AMD's Adjoining Land, and to produce and supply to LLC de-ionized water from the reverse osmosis de-ionized water production facilities located on AMD's Adjoining Land. Such services and products shall be furnished to LLC, if requested, at market rates and upon market terms. Additionally, if AMD, its successors and assigns, cease to operate the industrial waste water neutralization or the de-ionized water facilities presently located on AMD's Adjoining Land encumbered by this easement, then this easement may also be used by LLC for the purposes of maintaining, repairing, replacing, using and operating such facilities all at LLC's sole risk, costs and expense.

(k) LLC Telecommunications Easement:

(1) This easement shall be used by LLC for the purpose of providing telephone, fiber optic and other telecommunication lines and related facilities across AMD's Adjoining Land to the Premises and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit LLC to construct, inspect, maintain, repair, replace and use cables, wires, conduits, equipment and other facilities necessary to provide telephone, fiber optic and telecommunication services to the facilities located on the Premises. Except for structures and improvements that presently exist thereon and for replacements therefor, no above-ground structures or improvements shall be permitted without the prior written consent of AMD, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate any telephone, fiber optic or telecommunication facilities in this easement for LLC shall be conducted on the area encumbered by this easement and within the area five feet (5') on either side of such area. Following all such operations, LLC shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of LLC.

(l) Conditions. Each of the LLC Easements is subject to the following

conditions:

(1) All operations conducted by LLC on any lands encumbered by any of the LLC Easements or AMD's Adjoining Land shall be conducted with as little disruption and interference of AMD's operations on AMD's Adjoining Land as possible, and in no event shall any such operations interfere with the continuous supply of any utility or manufacturing process services to AMD. During any construction activities by LLC on the lands encumbered by the LLC Easements,

LLC will take all steps reasonably necessary to ensure that any conditions created by LLC's activities thereon will not unreasonably interfere with the normal activities on AMD's Adjoining Land or create any unreasonably dangerous, unhealthy, unsightly or noisy conditions on the AMD's Adjoining Land.

(2) The LLC Easements are and shall remain appurtenant to the Premises, running with the land and title thereto shall pass to and vest in each successor to LLC, as owner of the leasehold estate granted under and by virtue of the Lease, and if the Lease shall terminate, expire or be cancelled, the LLC Easements shall nevertheless survive and continue as a burden to the lands described in Exhibit B binding upon the owner of such

lands and such owner's successors and assigns, and as an appurtenance to the lands described in Exhibit A, vesting in and inuring to the benefit of

the owner of such lands and such owner's successors and assigns.

(3) AMD shall have the right, at any time and from time to time, to change and modify the locations of the LLC Easements, at AMD's expense and without the consent or joinder of any person or entity, including, without limitation, LLC; provided, however, it is expressly understood, stipulated and agreed that (i) AMD shall minimize disruption of LLC's use of any relevant utility or manufacturing process services provided to the Premises to the maximum extent possible, and (ii) AMD shall give LLC written notice of the change and a copy of a survey map showing the relocation, and (iii) AMD shall pay for all costs of such relocation unless such relocation is required by law or order of governmental authority, in which case, such costs shall be borne equally by AMD and LLC.

(4) The construction of any improvements in the LLC Easement area shall be performed in accordance with plans and specifications which have been approved by AMD in writing in advance. Upon the completion of any such construction activities, LLC shall furnish AMD with (i) a set of as-built plans of such improvements, (ii) a certificate of the relevant architect stating that such improvements were built in accordance with the approved plans and specifications, (iii) unconditional lien waivers from any parties furnishing labor, services or materials as a part of the construction of such improvements, and (iv) copies of any and all permits and licenses necessary for the use of such improvements.

(5) Any construction work or activity by or on behalf of LLC on the LLC Easement area shall be commenced promptly and pursued diligently to completion. Time is of the essence with respect to the completion of such improvements.

(6) No material change shall be made by LLC to the contour of the ground within the LLC Easement area as it exists immediately prior to the excavation thereof without the prior written consent of AMD, which consent shall not be unreasonably withheld.

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(7) Except in the case of an emergency, LLC shall give AMD at least ten (10) days prior written notice of LLC's intention to enter AMD's Adjoining Land for the purpose of excavation or any other activity which would disturb the surface of the ground thereof.

(8) No mechanics liens for work performed by LLC in the LLC Easement area or AMD's Adjoining Land shall affix to or otherwise be binding upon AMD, the LLC Easement area or the AMD's Adjoining Land. LLC shall indemnify, protect, defend and hold AMD harmless from and against any loss, cost (including attorneys fees), liability, claim or damage suffered, commenced or incurred as a result of the filing or other attachment of a mechanics lien against the LLC Easement area or any lands of AMD and from any claim against AMD for payment which lien or claim for payment arises from any work performed within the LLC Easement area or otherwise related to work performed by or for LLC. Without limitation of the foregoing, in the event of the filing or other attachment of a mechanics lien as aforesaid, LLC shall, within ten (10) days after notice of the existence of such lien, post a bond or take such other action as is necessary to have such lien removed and terminated.

(9) LLC shall take whatever actions are necessary to keep and maintain any improvements made by LLC in the LLC Easement area ("LLC Improvements") in good working order and condition and free of leaks and

shall promptly undertake any work necessary to restore the LLC Improvements to that condition following notice or knowledge of the need for such work. LLC shall also take whatever actions are necessary for such LLC's Improvements to comply with any governmental laws, ordinances and regulations and any rules of the public utility, municipality or municipal authority with respect to such LLC Improvements. All costs and expenses of operating, maintaining, repairing, removing, restoring or replacing such LLC Improvements and of complying with any laws, ordinances, regulations and rules, as aforesaid, shall be borne solely by LLC. In the event of the failure of LLC to perform any of its obligations under this Section, AMD shall have the right, but not the obligation, to cure such failure following notice to LLC and affording LLC a reasonable opportunity to cure such failure. After exercise of this right by AMD, LLC shall pay to AMD, upon demand, the cost of work performed, materials purchased and expenses incurred or paid by AMD in curing such LLC's failure, together with interest thereon at a rate of ten percent (10%) per annum from the date such cost was paid until the date such cost is reimbursed to AMD.

(m) Non-Merger/Survival of Easements. AMD and LLC covenant and agree

that neither the termination, expiration nor cancellation of the Lease nor the execution and delivery of a sublease of the Premises by LLC to AMD shall effect any termination of this Agreement or of the LLC Easements, but the same shall remain in full force and effect for the benefit of and as appurtenant to the lands described in Exhibit A, and shall not merge with any estate of the owner

or owners of the lands described in Exhibit B burdened by the LLC Easements.

Without limiting the foregoing, any subsequent owner or owners of the lands described in Exhibit A shall have the right, upon request, to receive from the

owner or owners of the lands described in Exhibit B, a written ratification and

confirmation in recordable form that the LLC Easements are

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and remain appurtenant to the lands described in Exhibit A, running with the fee

simple title thereto, without regard to the existence of the leasehold estate created by the Lease or any subleasehold estate created by a sublease of the Premises by LLC to AMD. The LLC Easements may be cancelled only by a written release and cancellation filed of record in Travis County, Texas, expressly declaring the intention of the owner or owners of the lands described in Exhibit A to release and cancel such appurtenant easements, joined in by LLC if

the Lease is then in effect and has not theretofore terminated, expired or been cancelled, and subject to any required consent of the Lenders as provided in Section 5.1 hereof.

2.2 Grant of AMD Easements by LLC to AMD. LLC does hereby grant to AMD,

its successors and assigns, for the uses and purposes and subject to the conditions and the limitations hereinafter set forth, the "AMD Easements" (as

such term is defined below). As used in this Agreement, the term "AMD

Easements" shall refer collectively to and mean non-exclusive easements and

rights-of-way in, on, over, under, through and across the respective portions of the Premises which are identified and described in Exhibit B-1 which is attached

hereto and made a part hereof for all purposes; provided, if any now or hereafter existing pipelines, powerlines, equipment, facilities, pavement or other improvements are located outside of the boundaries of such easements and rights-of-way as identified and described in Exhibit B-1, this grant shall

extend to and encompass such pipelines, powerlines, equipment, facilities, pavement and other improvements to permit their use and enjoyment to the same effect as if the descriptions set forth in Exhibit B-1 specifically covered and

described their present locations. The AMD Easements are granted and accepted for the following purposes and upon and subject to the following conditions, respectively:

(a) AMD Potable Water Supply Easement:

(1) This easement shall be used by AMD for the purpose of transporting potable water across the Premises for use on AMD's Adjoining Land and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit AMD to construct, inspect, maintain, repair, replace, operate and use one or more pipelines and related structures in and under the lands encumbered by this easement. Except for structures and improvements that presently exist thereon and for replacements therefor, no above ground structures or improvements shall be permitted without LLC's prior written consent, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes and other facilities in this easement for AMD shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, AMD shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of AMD.

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(b) AMD Fire Water Distribution System Easement:

(1) This easement shall be used by AMD for the purposes of transporting water across the Premises for use in combating fires on AMD's Adjoining Land, and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit AMD jointly with LLC to construct, inspect, maintain, repair, replace and use the fire water pipelines and distribution facilities on the portion of the Premises identified in

Exhibit B-1 as the portion of the lands encumbered with this easement on

which such facilities are located and shall permit AMD to construct, inspect, maintain, repair, replace and operate one or more pipelines and related facilities in and under the lands encumbered by this easement as necessary to distribute such water to AMD's Adjoining Land for the purpose of combating fires on AMD's Adjoining Land. Except for structures and improvements that presently exist thereon and for replacements therefor, no above ground or below ground structures or improvements shall be permitted without LLC's prior written consent, which consent shall not be

unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes and other facilities in this easement for AMD shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, AMD shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of AMD.

(c) AMD Natural Gas Distribution Easement:

(1) This easement shall be used by AMD for the purpose of transporting natural gas across the Premises for use on AMD's Adjoining Land and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit AMD to construct, inspect, maintain, repair, replace and use one or more pipelines and related facilities in and under the lands encumbered by this easement. Except for structures and improvements that presently exist thereon and for replacements therefor, no above ground or below ground structures or improvements shall be permitted without LLC's prior written consent, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes and other facilities in this easement for AMD shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, AMD shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of AMD.

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(d) AMD Wastewater Discharge System Easement:

(1) This easement shall be used by AMD for the purpose of transporting wastewater from AMD's Adjoining Land to the existing wastewater disposal facilities on the Premises and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit AMD to construct, inspect, maintain, repair, replace and use one or more sewer lines and related facilities in and under the lands encumbered by this easement. Except for structures and improvements that presently exist thereon and for replacements therefor, no above ground or below ground structures or improvements shall be permitted without LLC's prior written consent, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes and other facilities in this easement for AMD shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, AMD shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of AMD.

(e) AMD Drainage/Detention System Easement:

(1) This easement shall be used by AMD for the purpose of transporting rainwater from AMD's Adjoining Land to any detention and filtration facilities located on the Premises or as may be necessary to transport rainwater across the Premises to existing detention and filtration facilities on neighboring properties, and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit AMD to use the existing pipes, drains, ditches and ponds located in, on, under and over the Premises. No additional structures or improvements shall be permitted except with the prior written consent of LLC, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate pipes, drains, ditches and any ponds and other facilities in this easement shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. All such operations shall be conducted at the joint cost, risk and expense of AMD and LLC, and shall be managed and overseen by LLC. AMD shall reimburse LLC fifty (50%) of such costs within thirty (30) days of request therefor by

LLC.

(f) AMD Parking Easement:

(1) This easement shall be used by AMD for the purpose of a motor vehicle parking lot for its employees and invitees who work or are meeting with AMD on AMD's Adjoining Land and for the other purposes hereinbelow expressly permitted.

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(2) This easement shall permit AMD jointly with LLC to construct, inspect, maintain, repair, replace and use a surface vehicular parking lot and related facilities. Except for structures and improvements that presently exist thereon and for replacements therefor and except for a security fence, curb stops and such other items which are customary for vehicle parking lots, no above ground structures or improvements shall be permitted without LLC's prior written consent, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate the parking lot and other facilities in this easement shall be conducted at the joint cost, risk and expense of AMD and LLC. LLC shall manage and oversee all such activities. AMD shall reimburse LLC fifty percent (50%) of such costs within thirty (30) days of request therefor by LLC.

(g) AMD Driveway Easement:

(1) This easement shall be used by AMD for the purpose of a motor vehicle access between AMD's Adjoining Land and public streets which abut the Premises for its employees and invitees who work or are meeting with AMD on AMD's Adjoining Land and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit AMD jointly with LLC to construct, inspect, maintain, repair, replace and use driveways on, over and across the lands encumbered by this easement. Except for structures and improvements that presently exist thereon and for replacements therefor and except for curbs and such other items which are customary for driveways which provide the type of service as now provided thereby, no above ground structures or improvements shall be permitted, without LLC's prior written consent, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate the driveways and other facilities in this easement shall be conducted at the joint cost, risk and expense of AMD and LLC. AMD shall reimburse LLC fifty percent (50%) of such costs within thirty (30) days of request therefor by LLC. LLC shall manage and oversee all such activities and operations.

(h) AMD Electric Services Easement:

(1) This easement shall be used by AMD for the purpose of transporting electric service across the Premises to the facilities on AMD's Adjoining Land and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit AMD jointly with LLC to construct, install, inspect, maintain, repair, replace and use wires, conduits, equipment and other facilities necessary to provide electric service to the facilities located on AMD's Adjoining Land. Above ground structures and improvements, if any, shall be permitted in the locations currently being used for such above ground structures and improvements and to the extent approved by LLC (which approval shall not be unreasonably withheld) as to locations on this easement at which no such above ground structures or improvements currently exist.

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(3) All work required to construct, maintain, repair, replace and operate powerlines, conduits, equipment and other facilities in this easement for AMD shall be conducted on the area encumbered with this easement and within the area five feet (5') on either side of such area. Following all such operations, AMD shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of AMD.

(4) Nothing in this paragraph 2.2(h) shall be deemed or construed as an agreement by, or an obligation of, LLC to provide electric service to AMD, or to be or seek the status of a "public utility" under the laws of

the State of Texas or any federal law. Any intention and any implication in this paragraph 2.2(h) that LLC shall become a public utility is hereby expressly negated.

(i) AMD Telecommunications Easement:

(1) This easement shall be used by AMD for the purpose of providing telephone, fiber optic and other telecommunication lines and facilities across the Premises to AMD's Adjoining Land and for the other purposes hereinbelow expressly permitted.

(2) This easement shall permit AMD to construct, inspect, maintain, repair, replace and use cables, wires, conduits, equipment and other facilities necessary to provide telephone, fiber optic and telecommunication services to the facilities located on AMD's Adjoining Land. Except for structures and improvements that presently exist thereon and for replacements therefor, no above-ground structures or improvements shall be permitted without LLC's prior written consent, which consent shall not be unreasonably withheld.

(3) All work required to construct, maintain, repair, replace and operate any telephone, fiber optic or telecommunication facilities in this easement for AMD shall be conducted on the area encumbered by this easement and within the area five feet (5') on either side of such area. Following all such operations, AMD shall restore the area affected by such operations to as nearly the same condition as existed prior to such operations as is possible. All such operations shall be conducted at the sole cost, risk and expense of AMD.

(j) Conditions. Each of the AMD Easements is subject to the following

conditions:

(1) All operations conducted by AMD on any lands encumbered by any of the AMD Easements shall be conducted with as little disruption and interference of LLC's operations on the Premises as possible, and that in no event shall any such operations interfere with the continuous supply of any utility or manufacturing process services to LLC. During the construction activities by AMD on the lands encumbered by the AMD Easements, AMD will take all steps reasonably necessary to ensure that any conditions created by AMD's activities thereon will not unreasonably interfere with the normal activities on the Premises or create any unreasonably dangerous, unhealthy, unsightly or noisy conditions on the Premises.

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(2) AMD Easements are and shall remain appurtenant to AMD's Adjoining Land, running with the land, and title thereto shall pass to and vest in each successor to AMD as the owner of AMD's Adjoining Land, and if the Lease shall terminate, expire or be cancelled, the AMD Easements shall nevertheless survive and continue as a burden to the lands described in Exhibit A binding upon the owner of such lands and such owner's successors

and assigns, and as an appurtenance to the land described in Exhibit B,

vesting in and inuring to the benefit of the owner of such lands and such owner's successors and assigns.

(3) LLC shall have the right, at any time and from time to time, to change and modify the locations of the AMD Easements, at LLC's expense and without the consent or joinder of any person or entity, including, without limitation, AMD; provided, however, it is expressly understood, stipulated and agreed that (i) LLC shall minimize disruption of AMD's use of any relevant utility or manufacturing process services provided to AMD's Adjoining Land to the maximum extent possible, and (ii) LLC shall give AMD written notice of the change and a copy of a survey map showing the relocation, and (iii) LLC shall pay for all costs of such relocation.

(4) The construction of any improvements in the AMD Easement area shall be performed in accordance with plans and specifications which have been approved by LLC in writing in advance. Upon the completion of any such construction activities, AMD shall furnish LLC with (i) a set of as-built plans of such improvements, (ii) a certificate of the relevant architect stating that such improvements were built in accordance with the approved plans and specifications, (iii) unconditional lien waivers from any parties furnishing labor, services or materials as a part of the construction of such improvements, and (iv) copies of any and all permits and licenses necessary for the use of such improvements.

(5) Any construction work or activity by or on behalf of AMD on the AMD Easement area shall be commenced promptly and pursued diligently to completion. Time is of the essence with respect to the completion of such improvements.

(6) No material change shall be made by AMD to the contour of the ground within the AMD Easement area as it exists immediately prior to the excavation thereof without the prior written consent of LLC, which consent shall not be unreasonably withheld.

(7) Except in the case of emergency, AMD shall give LLC at least ten (10) days prior written notice of AMD's intention to enter the Premises for the purpose of excavation or any other activity which would disturb the surface of the ground thereof.

(8) No mechanics liens for work performed by AMD in the AMD Easement area or on the Premises shall affix to or otherwise be binding upon the LLC, the AMD Easement area or the Premises. AMD shall indemnify, protect, defend and hold LLC harmless from and against any loss, cost (including attorneys fees), liability, claim or damage suffered, commenced or incurred as a

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result of the filing or other attachment of a mechanics lien against the AMD Easement area or the Premises and from any claim against LLC for payment which lien or claim for payment arises from any work performed within the AMD Easement area or otherwise related to work performed by or for AMD. Without limitation of the foregoing, in the event of the filing or other attachment of a mechanics lien as aforesaid, AMD shall, within ten (10) days after notice of the existence of such lien, post a bond or take such other action as is necessary to have such lien removed and terminated.

(9) AMD shall take whatever actions are necessary to keep and maintain any improvements made by AMD in the AMD Easement area ("AMD Improvements") in good working order and condition and free of leaks

and shall promptly undertake any work necessary to restore the AMD Improvements to that condition following notice or knowledge of the need for such work. AMD shall also take whatever actions are necessary for such AMD Improvements to comply with any governmental laws, ordinances and regulations and any rules of the public utility, municipality or municipal authority with respect to such AMD Improvements. All costs and expenses of operating, maintaining, repairing, removing, restoring or replacing such AMD Improvements and of complying with any laws, ordinances, regulations and rules, as aforesaid, shall be borne solely by AMD. In the event of the failure of AMD to perform any of its obligations under this Section, LLC shall have the right, but not the obligation, to cure such failure following notice to AMD and affording AMD a reasonable opportunity to cure such failure. After exercise of this right by LLC the AMD shall pay to LLC, upon demand, the cost of work performed, materials purchased and expenses incurred or paid by LLC in curing such AMD's failure, with interest at ten percent (10%) per annum from the date of disbursement by LLC until paid by AMD.

(k) Non-Merger/Survival of AMD Easements. AMD and LLC covenant and agree

that neither the termination, expiration nor cancellation of the Lease nor the execution and delivery of a sublease of the Premises by LLC to AMD shall effect any termination of this Agreement or of the AMD Easements, but same shall remain in full force and effect for the benefit of and as appurtenant to the lands described in Exhibit B, and shall not merge with any estate of the owner or

owners of the lands described in Exhibit A burdened by the AMD Easements.

Without limiting the foregoing, any subsequent owner or owners of AMD's Adjoining Land shall have the right, upon request, to receive from the owner or owners of the lands described in Exhibit A, a written ratification and

confirmation in recordable form that the AMD Easements are and remain appurtenant to the lands described in Exhibit B, running with the fee simple

title thereto, without regard to the existence of the leasehold estate created by the Lease or any subleasehold estate created by a sublease of the Premises by LLC to AMD. The AMD Easements may be cancelled only by a written release and cancellation filed of record in Travis County, Texas, expressly declaring the intention of the owner or owners of the lands described in Exhibit B to release

and cancel such appurtenant easements, and subject to any required consent of the Lenders as provided for in Section 5.1 hereof.

2.4 Additional Agreements. AMD and LLC recognize that for LLC to use the

LLC Easements, and for AMD to use the AMD Easements, for the purposes intended, the other party must cooperate and provide certain support services. For example, each

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of the LLC Potable Water Supply Easement and the AMD Potable Water Supply Easement contains components that are interconnected and include various pumps, meters, valves and other equipment necessary for the entire potable water system to function, some of which may require electric power to operate. In addition to the foregoing example of the potable water system within the Potable Water Easements, the systems within the easements herein granted to each party for fire protection, water storage and distribution, natural gas distribution, wastewater distribution, drainage and detention, and electric service, require that each party maintains and operates components located on its property for such systems to function. Except as otherwise provided in this Agreement, AMD and LLC agree to take such reasonable action, to bear such reasonable expense without expectation of reimbursement, and to use such reasonable diligence to maintain and operate the components of these systems within its control as may be required to enable such systems to function for their intended purposes. Subject to the foregoing and except as otherwise specifically provided herein, neither AMD nor LLC shall have any obligation to keep any system in place or to provide services associated therewith to the other unless the discontinuance of such services would cause the properties or operations of the other to violate applicable law, but either may, in its sole discretion, remove, modify or relocate any such systems on its property.

2.5 Permitted Encroachment. If any existing building or other structure

encroaches upon any AMD Easements or upon any LLC Easements, any such existing encroachment shall be deemed to be permitted hereunder provided that such encroachment does not unreasonably interfere with the use of such easement for the purposes herein granted.

III.

Term

3.1 Term. The term of this Reciprocal Easement Agreement shall be

perpetual; provided, however, in the event any easement herein granted shall cease to be used and is abandoned by the owner of such easement, then AMD and LLC, upon request of either to the other, agree to file for record in the office of the County Clerk of Travis County, Texas, a written document which terminates such easement.

IV.

Miscellaneous

4.1 Notices. Any notice to be given under this Agreement shall be in

writing and shall be deemed to have been properly given and received if (i) delivered in person to the authorized representative of the party to whom the notice is addressed, or by courier service that provides an airbill or other evidence of delivery or attempted delivery, or sent by certified mail, postage prepaid, return receipt requested and properly addressed to the party for whom intended or (ii) sent by telegram, telex, or facsimile (which shall be followed promptly by a written notice sent in the manner providing in the preceding clause (i) of this sentence). Notices shall be considered duly given and received upon receipt or refusal of receipt.

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All notices to AMD shall be sent to: All notices to LLC shall be sent to:

One AMD Place
P.O. Box 3453
Sunnyvale, California 94088
Mail Stop 68/Legal Department

5204 East Ben White Boulevard
Austin, Texas 78741
Mail Stop 562/Legal Department

Any party may change the address at which it is to receive notice by written notice of such change of address given to the other party. Any request or demand hereunder shall likewise be made in writing, to the same address as for notice.

4.2 Successors and Assigns. The terms, covenants and conditions of this

Agreement shall apply to and bind the successors and assigns of the parties hereto.

4.3 Entire Agreement. This Agreement, the Lease and the other

agreements if any, which are expressly referred to herein contain the entire agreement between the parties. All prior negotiations or stipulations concerning its subject matter which preceded or accompanied the execution of this Agreement are conclusively deemed to be superseded, provided, however, that this Agreement may in the future be altered by written agreement executed by the parties and not otherwise.

4.4 Invalidity. If any provision of this Agreement shall be declared

invalid or unenforceable, the remainder of the Agreement shall continue in full
force and effect.

4.5 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN

ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CHOICE OF LAW
RULES.

4.6 Headings. Article, section and paragraph headings herein are for

convenience only, and shall not be used in construing this Agreement.

4.7 Recorded Counterparts. A counterpart original of this Agreement

shall be filed for record in Travis County, Texas.

4.8 First Supplement. LLC, at LLC's expense, covenants and agrees to

cause to be surveyed by Baker-Aicklen & Associates, Inc., Consulting Engineers,
or other professional engineer or public land surveyor approved by AMD, within
one hundred and twenty (120) days from the date hereof, the specific location of
each of the easements more generally described in Exhibit A-1 and Exhibit B-1

attached hereto, describing the location of each such easement by field note
description, center line description, or other surveying method approved by AMD.
Upon completion of such survey and preparation of a surveyed description for
each of the easements described in Exhibit A-1 and Exhibit B-1 hereto, AMD and

LLC agree to execute a First Supplement to Reciprocal Easement Agreement, to
which shall be attached as exhibits (the "New Exhibits") the surveyed

description for each of the easements. The First Supplement to Reciprocal
Easement Agreement shall provide that the easements originally described in

Exhibit A-1 and Exhibit B-1 are one and the same as those more particularly

described and located in the New Exhibits. The First Supplement to Reciprocal
Easement Agreement shall be filed for record in the Real Property Records of
Travis County, Texas, and upon such filing shall supplement the Reciprocal

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Easement Agreement for the purposes of more particularly describing and locating
each of the easements therein originally described.

V.

Lender Provisions

5.1 AMD and LLC, for good and valuable consideration paid to each of them
by the Lenders, the receipt and sufficiency of which are hereby acknowledged,
hereby covenant, stipulate and agree for the benefit of each Lender, that AMD
and LLC will not cause or permit any modification, termination or cancellation
of this Agreement, by reason of default, for cause, voluntarily, or otherwise,
and notwithstanding any other provision hereof, except as may be first consented
to in writing by the Lenders, and any such modification, termination or
cancellation without such written consent shall be void and of no force or
effect; provided, the First Supplement referred to in Section 4.8 shall not
require the Lenders' consent.

5.2 Whenever in this Agreement the consent, approval or agreement of, or
notice to, the Lenders is required or provided, such consent, approval or
agreement of, or notice to, Lenders shall be conclusively deemed to have been
obtained and given respectively, if evidenced in writing and signed by, and if
given to, respectively, Agent, if the Credit Agreement is in effect and no Event
of Default (as defined in the Indenture) has occurred and is continuing under
the Indenture, or the Collateral Agent, if the Credit Agreement is not in effect
or an Event of Default (as defined in the Indenture) has occurred and is
continuing under the Indenture.

5.3 LLC and AMD, for good and valuable consideration, paid to each of
them by the Lenders, the receipt and sufficiency of which are hereby
acknowledged, covenant, stipulate and agree for the benefit of the Lenders that
they will not modify this Agreement in any manner, the effect of which is to
cause a merger of the leasehold estate hereunder with the reversionary interest
of AMD in and to the Premises at any time while the Credit Agreement is in
effect or the Indenture is in effect and the Senior Secured Notes issued
pursuant thereto have not been defeased, or alter the lands covered by this
Agreement except as permitted in Section 4.8.

VI.

Ownership of AMD Improvements and LLC Improvements

6.1 Notwithstanding any provision contained herein, AMD and LLC agree that the party who owns the fee simple real property (and not the party who owns the applicable easement) on which any AMD Improvements are located is and shall be the owner of such AMD Improvements, and the party who owns the fee simple real property (and not the party who owns the applicable easement) on which any LLC Improvements are located is and shall be the owner of the LLC Improvements, regardless of which party constructs the applicable AMD Improvement or part thereof or the LLC Improvement or part thereof.

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EXECUTED on the dates of the acknowledgements hereinbelow taken, to be effective as of the 1st day of August, 1996.

AMD:

ADVANCED MICRO DEVICES, INC.,
a Delaware Corporation

By: /s/ Marvin D. Burkett

Name: Marvin D. Burkett

Title: Senior Vice President,

Chief Financial and Administrative

Officer and Treasurer

LLC:

AMD TEXAS PROPERTIES, LLC,
a Delaware limited liability company

By: /s/ Thomas M. McCoy

Name: Thomas M. McCoy

Title: Manager

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THE STATE OF CALIFORNIA (S)
(S)
COUNTY OF SANTA CLARA (S)

This instrument was acknowledged before me on the 8th day of August, 1996,
by Marvin Burkett, Chief Financial Officer of ADVANCED MICRO DEVICES, INC., a
Delaware corporation, on behalf of said corporation.

(SEAL)

/s/ Winona C. Orange

Notary Public in and for
the State of California

Winona C. Orange

(Printed Name of Notary)

My commission expires: 4-1-97

THE STATE OF CALIFORNIA (S)
(S)

This instrument was acknowledged before me on the 8th day of August, 1996, by Thomas M. McCoy, Manager of AMD TEXAS PROPERTIES, LLC, a Delaware limited liability company, on behalf of said company.

(SEAL)

/s/ Winona C. Orange

Notary Public in and for the State of California

Winona C. Orange

(Printed Name of Notary)

My commission expires: 4-1-97

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EXHIBIT A

Premises

Parcel 1: Description

FOR A 34.481-ACRE TRACT OF LAND SITUATED IN THE CITY OF AUSTIN, TRAVIS COUNTY, TEXAS, SAID 34.481-ACRE TRACT BEING A PORTION OF LOT 1 OF "SUNRIDGE PARK, SECTION TWO", A SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED IN BOOK 77, PAGES 118-119 OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS, SAID 34.481-ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING on a 3/4-inch-diameter iron pipe found in the northerly right-of-way line of Ben White Boulevard (right-of-way varies), being the southeasterly corner of Lot A of "Briarton Subdivision", a subdivision of record in Book 72, Page 40 of said Plat Records, being also the southwesterly corner of said Lot 1 of "Sunridge Park, Section Two" and POINT OF BEGINNING hereof;

THENCE departing the northerly right-of-way line of Ben White Boulevard, in part with the easterly boundary line of said "Briarton Subdivision", in part with the easterly boundary line of a tract of land conveyed to Azur Property Investment U.S.A., Inc. by deed recorded in Volume 8936, Page 288 of Real Property Records of Travis County, Texas, same being the westerly boundary line of said Lot 1 of "Sunridge Park, Section Two", N31(Degrees)01'17"E for a distance of 788.86 feet to a 1-inch-diameter iron pipe found on an angle point hereof;

THENCE continuing with the easterly boundary line of said Azur Property Investment U.S.A., Inc. tract, same being the westerly boundary line of said Lot 1, N59(Degrees)34'01"W for a distance of 506.23 feet to a 1/2-inch-diameter iron rod in concrete found, being a southeasterly corner of "Sunridge Park, Section One" a subdivision according to the plat thereof recorded in Book 85, Pages 107B, 107C and 107D, of said Plat Records, being an angle point hereof;

THENCE with the easterly boundary line of said "Sunridge Park, Section One", continuing with the westerly boundary line of said Lot 1 of "Sunridge Park, Section Two", N31(Degrees)03'00"E (Bearing Basis) for a distance of 1303.59 feet to a 1-inch-diameter iron pipe in concrete found, being on an angle point in said easterly boundary line, same being the most northerly corner of said Lot 1, for the most northerly corner of the herein-described tract;

Exhibit A Page 2

THENCE in part with the easterly boundary line of said "Sunridge Park, Section One", the southerly boundary line of Lot 6 of "University Business Park", a subdivision according to the plat thereof recorded in Book 85, Pages 52C, 52D and 53A of said Plat Records and the northerly boundary line of said Lot 1 of "Sunridge Park, Section Two", S58(Degrees)57'53"E, at a distance of 456.12 feet pass an iron rod found, being on an easterly corner of said "Sunridge Park, Section One", same being a southwesterly corner of said Lot 6 of "University Business Park", continuing for a total distance of 732.26 feet to a cotton gin spindle set in asphalt on an angle point hereof;

THENCE departing the southerly boundary line of said Lot 6 of

(b) LLC Fire Water Storage and Distribution System Easement:

This nonexclusive easement covers and burdens those portions of AMD's Adjoining Land upon which presently exist fire water storage tanks and other equipment and facilities and those portions of AMD's Adjoining Land five feet (5') on each side of the presently existing fire water distribution pipelines which are in, upon, under and through AMD's Adjoining Land which are used to distribute fire water to the Premises (such storage tanks, equipment, facilities and pipelines being herein called the "Fire Protection System"). This nonexclusive easement further covers and includes, without limitation, all areas upon which there presently exist any other equipment, including without limitation, pumps, pipes and valves, necessary for the proper functioning of the Fire Protection System, and any power supply necessary to operate such system.

(c) LLC Natural Gas Distribution Easement:

This nonexclusive easement covers and burdens those portions of AMD's Adjoining Land five feet (5') on each side of the presently existing pipelines which are in, upon, under and through AMD's Adjoining Land and through which natural gas is distributed from the point of connection with the metering facilities of Southern Union Gas Company to the Premises, together with and including those additional areas on which other facilities related to the supply of natural gas to the Premises are located on AMD's Adjoining Land.

(d) LLC Wastewater Discharge System Easement:

This nonexclusive easement covers and burdens those portions of AMD's Adjoining Land five feet (5') on each side of the presently existing industrial and domestic waste water and sanitary sewer pipeline which are in, upon, under and through AMD's Adjoining Land and those portions of AMD's Adjoining Land in, on, over or across which one or more related facilities presently exist, which together with such pipelines, provide industrial and domestic waste water and sanitary sewer service to the Premises (the "Wastewater Discharge System"). This nonexclusive easement further covers and includes, without limitation, all areas upon which there presently exist equipment, including without limitation pumps, pipes and valves, necessary for

the proper functioning of the Wastewater Discharge System, and any power supply necessary to operate such system.

(e) LLC Drainage/Detention System Easement:

This nonexclusive easement covers and burdens:

(1) Lot Six (6), Block A, of UNIVERSITY BUSINESS PARK, a subdivision in Austin, Travis County, Texas, according to the map or plat thereof recorded in book 85, Pages 52C-53A, of the Plat Records of Travis County, Texas; and

(2) Lot One (1), Block One (1), AMD ADDITION, a subdivision in the City of Austin, Travis County, Texas, according to the map or plat thereof recorded in Book 92, Pages 92-93, of the Plat Records of Travis County, Texas; and

(3) Lot One (1), Block B, of UNIVERSITY BUSINESS PARK, a subdivision in Austin, Travis County, Texas, according to the map or plat thereof recorded in Book 85, Pages 52C-53A, of the Plat Records of Travis County, Texas; and

(4) Those additional portions of AMD's Adjoining Land five feet (5') on each side of all presently existing storm water pipelines and conduits which are in, upon, under and through AMD's Adjoining Land in, on, over or across which one or more related facilities presently exist, which together with such pipelines, provide the current storm water discharge system for the Premises.

(5) All areas on AMD's Adjoining Land upon which there presently exist natural drainage courses, ditches or detention ponds necessary for the detention or discharge of storm water from the Premises over the AMD's Adjoining Land to reach either offsite disposal of such storm water via the City of Austin's storm water discharge system, or onsite detention.

(f) LLC Parking Easement:

This nonexclusive easement covers and burdens:

(1) Lot 4, Block B, of University Business Park, a subdivision in Austin, Travis County, Texas, according to the map or plat thereof recorded in Book 85, Pages 52C-53A, of the Plat Records of Travis County, Texas; and

(2) Those additional portions of AMD's Adjoining Land upon which presently exist paved concrete parking lots and related facilities such as lighting, security fences, overhead walkways and curb stops, which facilities provide nonexclusive parking to the Premises in common with AMD's Adjoining Land.

Without limiting the foregoing this easement shall also include and extend to all necessary electric power distribution facilities necessary to service the lighting of the parking lots.

(g) LLC Driveway Easement:

This nonexclusive easement covers and burdens those portions of AMD's Adjoining Land upon which presently exist concrete or other paved surface driveways and concrete or other type hard surface paved areas used for ingress and egress between the Premises and public streets and adjoining properties. This nonexclusive easement further covers and includes, without limitation, the existing concrete paved maneuvering and staging area between Building No. 4 housing the FAB 25 complex and Building No. 1 housing the FAB 10 complex which provides access to and a vehicular turning area for the loading docks for each of said buildings, said turning area being located between said two buildings.

(h) LLC Electric Service Easement:

This nonexclusive easement covers and burdens those portions of AMD's Adjoining Land upon which presently exists electric power lines, wires, conduits, equipment, transformers and other facilities providing electric power service to the Premises (the "Electric Power System"). This nonexclusive easement further covers and includes, without limitation, the electric power substation located on AMD's Adjoining Land, it being contemplated that this substation may in the future provide electric power service to the Premises as well as to the AMD's Adjoining Land.

(i) LLC Nitrogen Plant Site Easement:

This nonexclusive easement covers and burdens those portions of AMD's Adjoining Land, abutting the Premises, on which a gas production facility owned and operated by Air Products, Inc. is presently located.

(j) LLC IWN/RO-DI Services Easement:

This nonexclusive easement covers and burdens those portions of AMD's Adjoining Land upon which there presently exists two (2) buildings in which an industrial wastewater neutralization facility and a reverse osmosis de-ionized (purified) water production facility, respectively, together with the areas appurtenant thereto which are necessary for ingress and egress between such respective buildings and the Premises, on, over and across AMD's

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Adjoining Land, together with all existing pipe lines and related facilities (if any) presently existing which transport either industrial wastewater for neutralization from, or purified water to, the Premises.

(k) LLC Telecommunications Easement:

This nonexclusive easement covers and burdens those portions of AMD's Adjoining Land five feet (5') on each side of all presently existing telephone, fiber optic and other telecommunication lines, including all cables, wires and conduits, together with those portions of AMD's Adjoining Land on which presently exist equipment and other facilities, used to provide telephone, video and sound, and telecommunications services to the Premises.

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EXHIBIT B

AMD's Adjoining Land

Lot One (1), SUNRIDGE PARK SECTION 2, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 77, Page 118-119 of the Plat Records of Travis County, Texas, and Lots Three (3), Four (4), Five (5) and Six (6), Block "A", and Lots One (1) and Four (4), Block "B", all in University Business Park, a subdivision in Travis County, Texas, according the map or plat thereof, recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas, and Lot One (1), Block One (1), AMD ADDITION, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas;

SAVE, LESS AND EXCEPT THEREFROM a 34.481 acre tract of land out of said Lot One (1), SUNRIDGE PARK SECTION 2, more particularly described as Parcel 1 in Exhibit A attached to this agreement.

(a) AMD Potable Water Supply Easement:

This nonexclusive easement covers and burdens those portions of Premises five feet (5') on each side of the presently existing potable water pipelines which are in, upon, under and through Premises and those portions of Premises in, on, over or across which one or more related facilities presently exist, which together with such pipelines, supply potable water to AMD's Adjoining Land (the "Parcel B Water Supply System"). This nonexclusive easement further covers and includes, without limitation, all areas upon which there presently exist equipment, including without limitation pumps, pipes and valves, necessary for the proper functioning of the Parcel B Water Supply System, and any power supply necessary to operate such system.

(b) AMD Fire Water Storage and Distribution System Easement:

This nonexclusive easement covers and burdens those portions of Premises upon which presently exist fire water storage tanks and other equipment and facilities and those portions of Premises five feet (5') on each side of the presently existing fire water distribution pipelines which are in, upon, under and through Premises which are used to distribute fire water to the AMD's Adjoining Land (such storage tanks, equipment, facilities and pipelines being herein called the "Parcel B Fire Protection System"). This nonexclusive easement further covers and includes, without limitation, all areas upon which there presently exist any other equipment, including without limitation, pumps, pipes and valves, necessary for the proper functioning of the Parcel B Fire Protection System, and any power supply necessary to operate such system.

(c) AMD Natural Gas Distribution Easement:

This nonexclusive easement covers and burdens those portions of Premises five feet (5') on each side of the presently existing pipelines which are in, upon, under and through Premises and through which natural gas is distributed from the point of connection with the metering facilities of Southern Union Gas Company to the AMD's Adjoining Land, together with and including those additional areas on which other facilities related to the supply of natural gas to the AMD's Adjoining Land are located on the Premises.

(d) AMD Wastewater Discharge System Easement:

This nonexclusive easement covers and burdens those portions of Premises five feet (5') on each side of the presently existing industrial and domestic waste water and sanitary sewer pipeline which are in, upon, under and through Premises and those portions of Premises in, on, over or across which one or more related facilities presently exist, which together with such pipelines, provide industrial and domestic waste water and sanitary sewer service to AMD's Adjoining Land (the "Parcel B Wastewater Discharge System"). This nonexclusive easement further covers and includes, without limitation, all areas upon which there presently exist equipment, including without limitation pumps, pipes and valves, necessary for the proper functioning of the Parcel B Wastewater Discharge System, and any power supply necessary to operate such system.

(e) AMD Drainage/Detention System Easement:

This nonexclusive easement covers and burdens:

(1) Those portions of the Premises five feet (5') on each side of all presently existing storm water pipelines and conduits which are in, upon, under and through Premises and those portions of Premises in, on, over or across which one or more related facilities presently exist, which together with such pipelines, provide the current storm water discharge system for the AMD's Adjoining Land.

(2) All areas on Premises upon which there presently exist natural drainage courses, ditches or detention ponds necessary for the detention or discharge of storm water from AMD's Adjoining Land over the Premises to reach either offsite disposal of such storm water via the City of Austin's storm water discharge system, or onsite detention.

(f) AMD Parking Easement:

This nonexclusive easement covers and burdens those portions of Premises upon which presently exist paved concrete parking lots and related facilities such as lighting, security fences, overhead walkways and curb stops, which facilities provide nonexclusive parking to the AMD's Adjoining Land in common with Premises. Without limiting the foregoing, this easement shall also include and extend to all necessary electric power distribution facilities necessary to service the lighting of the parking lots.

(g) AMD Driveway Easement:

This nonexclusive easement covers and burdens those portions of Premises (including Parcels 1 and 2 thereof) upon which presently exist concrete or other paved surface driveways and concrete or other type hard surface paved areas used for ingress and egress between the AMD's Adjoining Land and public streets and adjoining properties. This nonexclusive easement further covers and includes, without limitation, the existing concrete paved maneuvering and staging area between Building No. 4 housing the FAB 25 complex and Building No. 1 housing the FAB 10 complex which provides access to and a vehicular turning area for the loading docks for each of said buildings, said turning area being located between said two buildings.

(h) AMD Electric Service Easement:

This nonexclusive easement covers and burdens those portions of Premises upon which presently exists electric power lines, wires, conduits, equipment, transformers and other facilities providing electric power service to the AMD's Adjoining Land.

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(i) AMD Telecommunications Easement:

This nonexclusive easement covers and burdens those portions of Premises five feet (5') on each side of all presently existing telephone, fiber optic and other telecommunication lines, including all cables, wires and conduits, together with those portions of Premises on which presently exist equipment and other facilities, used to provide telephone, video and sound, and telecommunications services to the AMD's Adjoining Land.

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SUBLEASE AGREEMENT

BY AND BETWEEN

AMD TEXAS PROPERTIES, LLC,
a Delaware limited liability company

And

ADVANCED MICRO DEVICES, INC.,
a Delaware corporation

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT, executed as of the 1st day of August, 1996, is by and between ADVANCED MICRO DEVICES, INC., a Delaware corporation, with its principal offices in Sunnyvale, California ("Sublessee") and AMD TEXAS PROPERTIES, LLC, a Delaware limited liability company, with its principal offices in Austin, Texas ("Sublessor").

A G R E E M E N T

In consideration of the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

I.

Definitions

1.1 The following capitalized terms shall have the indicated meanings when used in this Sublease:

"AMD's Adjoining Land" shall mean the land described in Exhibit B attached hereto and made a part hereof.

"Agent" means Bank of America National Trust and Savings Association, administrative agent for itself and the "Banks" defined in the Credit Agreement.

"Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation.

"Condemnation" means (1) the exercise of any governmental power of eminent domain, whether by legal proceedings or otherwise, by a Condemnor and (2) a voluntary sale or transfer to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

"Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

"Date of Taking" means the date the Condemnor has the right to possession

of the property being condemned.

"Default" shall have the meaning ascribed to such term in Section 12.1

hereof.

"Effective Date" shall mean the date on which this Sublease is executed as

indicated in the first paragraph of this Sublease.

"Environmental Laws" shall mean all federal, state, or municipal laws,

rules, regulations, statutes, ordinances, or orders of any Governmental
Authority relating to (a) the control of any potential pollutant or
protection of the air,

water, or land, (b) solid, gaseous or liquid waste generation, handling,
treatment, storage, disposal or transportation, and (c) exposure to
hazardous, toxic or other substances alleged to be harmful. "Environmental
Laws" shall include but not be limited to the Clean Air Act, 42 U.S.C. (S)
7401 et seq., the Clean Water Act, 33 U.S.C. (S) 1251 et seq., the
Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. (S) 6901 et
seq., the Superfund Amendments and Reauthorization Act ("SARA"), 42 U.S.C.
(S) 11001 et seq., the Toxic Substances Control Act, 15 U.S.C. (S) 2601
et seq., the Safe Water Drinking Act, 42 U.S.C. (S) 300f et seq., and the
Comprehensive Environmental Response, Compensation and Liability Act
("CERCLA"), 42 U.S.C. (S) 9601 et seq. The term "hazardous materials"
shall be interpreted to mean any (a) petroleum or petroleum products, (b)
hazardous substances as defined by (S) 101(14) of the Comprehensive
Environmental Response, Compensation and Liability Act ("CERCLA"), 42
U.S.C. (S) 9601 et seq., and (c) any other chemical, substance or waste
that is regulated by any Governmental Authority under any Environmental
Law. The terms "release" (or "threatened release") and "disposal" (or
"disposed") shall have the meanings provided within the definitions of
"release," "threatened release," "disposal," or "disposed" in or pursuant
to any Environmental Law.

"Governmental Authority" shall mean the United States, the state, county,

city and political subdivisions in which the Premises is located or which
exercises jurisdiction over the Premises, and any agency, department,
commission, board, bureau or instrumentality or any of them which exercises
jurisdiction over the Premises.

"Grantee" shall mean IBJ Schroder Bank & Trust Company, as collateral

agent, its successors and assigns, for the ratable benefit of (i) Agent,
its successors and assigns, as administrative agent under the Credit
Agreement, and (ii) Indenture Trustee, its successors and assigns, as
trustee under the Indenture.

"Improvements" shall mean all buildings, structures, improvements, fixtures

and artifacts, of every kind and nature, now or hereafter existing on the
Premises.

"Indenture" shall mean that certain Indenture dated as of August 1, 1996,

by and between Lessor and United States Trust Company of New York, as the
same may hereafter be amended, modified or restated from time to time.

"Indenture Trustee" shall mean United States Trust Company of New York, a

New York trust company, as the "Indenture Trustee", under the Indenture, or
any successor or substitute appointed from time to time under the
Indenture.

"Lease" shall mean that certain Lease, Option to Purchase, and Put Option

Agreement of even date herewith by and between Sublessee, as "Lessor," and
Sublessor, as "Lessee."

"Lenders" shall mean, collectively, the Agent, the banks under the Credit

Agreement, the Indenture Trustee, the noteholders under the Indenture and
the Grantee, and singularly shall mean any of them.

"Partial Taking" shall have the meaning ascribed thereto in Section 11.2.

"Premises" shall mean the land hereby leased more particularly described in

Exhibit A attached hereto and made a part hereof.

"Reciprocal Easement Agreement" shall mean that certain Reciprocal Easement

Agreement of even date herewith by and between Sublessor, as "LLC," and
Sublessee, as "AMD."

"Sublease" means this Sublease Agreement.

"Sublessee" shall have the meaning ascribed thereto in the first paragraph

of this Sublease, and shall include its successors and assigns as the owner
of the subleasehold estate in and to the Premises created under and by
virtue of this Sublease.

"Sublessor" shall have the meaning ascribed thereto in the first paragraph

of this Sublease, and shall include its successors and assigns as the owner
of the leasehold estate in and to the Premises created under and by virtue
of the Lease.

"Title Exceptions" shall mean all restrictions, covenants, conditions,

easements, rights of way, mineral and royalty reservations, and other
encumbrances of record to the extent but only to the extent such
encumbrances affect the Premises or any easements appurtenant thereto, as
the case may be, as of the Effective Date.

"Total Taking" shall have the meaning ascribed to such term in Section 11.1

hereof.

II.

Sublease of Premises and Assignment of Easements

2.1 Sublease of Premises. Sublessor hereby leases to Sublessee, and

Sublessee hereby subleases from Sublessor, subject to the terms, covenants and
agreements contained in this Sublease and in the Lease, and to the Title
Exceptions, the two (2) parcels of land containing approximately 34.481 acres of
land and 1.849 acres of land, respectively, and described on Exhibit A attached

hereto and made a part hereof (the "Premises"). This Sublease covers the land

only and does not cover any Improvements, all of which are owned by Sublessee.

2.2 Reciprocal Easement Agreement. Sublessor hereby assigns and transfers

to Sublessee, for the term of this Sublease, all of Sublessor's rights and
privileges under the Reciprocal Easement Agreement, and in and to the LLC
Easements (defined in the Reciprocal Easement Agreement), and Sublessee hereby
assumes and agrees to pay and perform all of the obligations and duties of
Sublessor under the Reciprocal Easement Agreement during the term of this
Sublease. References in this Sublease to "easements appurtenant to this
Sublease" and to "easements appurtenant thereto" refer to the easements which
are appurtenant to and benefit the Premises under and by virtue of

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the Reciprocal Easement Agreement, unless the context otherwise requires. This
Sublease is subject to the AMD Easements (defined in the Reciprocal Easement
Agreement).

2.3 Option to Purchase and Put Option. Notwithstanding any contrary

provision hereof, Sublessor has not hereby assigned any right or interest in,
nor has Sublessee assumed any obligation or duty with respects to, either the
Option to Purchase or the Put Option set forth in Article XVII of the Lease,
which rights, interests, duties and obligations are reserved by and to
Sublessor.

III.

Term and Rental

3.1 Term. The term of this Sublease is ninety-eight (98) years commencing

on the Effective Date and ending on the ninety-eighth (98th) anniversary of the Effective Date.

3.2 Rental. Sublessee has paid to Sublessor for the entire 98-year term

of this Sublease, as rental for the Premises, the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which rental consideration are hereby acknowledged by Sublessor.

IV.

Taxes

4.1 Taxes. During the term hereof, Sublessee shall reimburse Sublessor

for all real property taxes payable by Sublessor as Lessee under the Lease, within twenty (20) days following receipt of a written invoice therefor. Sublessee shall protect, defend, indemnify, hold and save Sublessor harmless from and against any and all taxes, levies, assessments, fees, penalties, interest or other governmental charges which are to be reimbursed by Sublessee pursuant to this Section 4.1, and all losses, costs, liabilities, or damages (including, without limitation, reasonable attorneys' fees, accountants' fees and court costs) incurred by or asserted against Sublessor in connection therewith or in any way related thereto. The indemnities contained herein shall survive the expiration or earlier termination of this Sublease.

4.2 Proration During Certain Year. All real estate taxes and assessments

for the first and last years of this Sublease shall be prorated between Sublessor and Sublessee based upon the period of time during such year that this Sublease was in effect.

V.

Utilities

5.1 Sublessee shall pay all charges for any electricity, telephone, gas, water and other utilities used by Sublessee in or on the Premises, and for the installation,

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repair and maintenance of all such utilities and the separate metering thereof, before such charges become delinquent. Sublessee shall protect, defend, indemnify, hold and save Sublessor harmless from and against any and all utility charges which are to be paid by Sublessee pursuant to this Section 5.1, and all losses, costs, liabilities, or damages (including, without limitation, reasonable attorneys' fees, accountants' fees and court costs) incurred by or asserted against Sublessor in connection therewith or in any way related thereto. The indemnities contained herein shall survive the expiration or earlier termination of this Sublease.

VI.

Quiet Enjoyment

6.1 Sublessor covenants and agrees with Sublessee, its successors and assigns, that Sublessee shall and will peacefully and quietly have, hold, use, occupy, possess and enjoy, subject to the Title Exceptions, the Premises and the easements appurtenant thereto, and every part and parcel thereof, for and during all of the term hereof, and any renewal or extension thereof, without any let, suit, hindrance, eviction, ejection, molestation or interruption whatsoever of or by Sublessor, or any person lawfully claiming by, through or under Sublessor.

VII.

Use

7.1 Throughout the term of this Sublease, Sublessee may use the Premises for any lawful purpose.

VIII.

Insurance

8.1 Insurance Coverage. Throughout the term of this Sublease, Sublessee

shall maintain the insurance coverage required to be maintained by Sublessor as Lessee under the Lease, including without limitation, the following:

(a) Worker's Compensation Insurance at the statutory levels.

(b) Comprehensive General Liability Insurance, including broad form contractual liability (insuring Sublessee's obligations hereunder, including obligations of indemnity), completed operations, products, personal injury, premises operations, broad form property damage and independent contractors coverage, with minimum limits of \$3,000,000.00 for combined single limit per each occurrence for bodily injury and property damage.

(c) Specification that the coverage provided is primary and not contributory with or in excess of any coverage which Sublessee may carry and that such policies shall insure Sublessee against all claims for bodily injury, death or damage to or

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destruction of property which may arise out of or in conjunction with their respective operations hereunder;

(d) Endorsement to name Sublessor hereto as an additional insured; and

(e) Agreement for thirty (30) days prior written notice to Sublessor of cancellation or material change in coverage.

8.2. Certificates of Insurance. Sublessee shall provide to Sublessor and

the Lenders certificates of insurance evidencing each of the insurance coverages required in clauses (a) and (b) and the specific additional requirements in clauses (c), (d) and (e) above within thirty (30) days after the Effective Date of this Sublease and at least fifteen (15) days prior to each renewal period. Failure to so provide same shall in no way constitute a waiver of the foregoing insurance requirements.

8.3 Waiver of Subrogation. Notwithstanding anything to the contrary

contained herein, to the extent permitted by law and so long as any insurance coverage maintained by Sublessee is not diminished by reason thereof, Sublessee hereby (a) releases and waives any rights it may have against Sublessor and its officers, directors, shareholders, agents, employees, and representatives on account of any loss or damages occasioned to Sublessor, its property or the Premises, WHETHER OR NOT DUE TO THE NEGLIGENCE (OTHER THAN THE GROSS NEGLIGENCE) OF LESSOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS, EMPLOYEES, REPRESENTATIVES, CONTRACTORS, LICENSEES, INVITEES OR OTHER PERSONS, and (b) waives on behalf of any insurer providing such insurance to Sublessee any right of subrogation that any such insurer may have or acquire against Sublessor or such persons by virtue of payment of any loss under such insurance. Sublessee shall use its best efforts to cause its insurance policies to contain waiver of subrogation clauses in accordance with the foregoing.

IX.

Improvements

9.1 Improvements. Sublessee owns all Improvements and Sublessor has no

title to or other ownership interest in the Improvements.

X.

Assignment and Subletting

10.1 Provided that Sublessee shall have first obtained the written consent of Sublessor, and not otherwise, Sublessee shall have the right to assign this Sublease, or any interest herein, and subject to the requirement set forth in this section, to further sublet the Premises, or any part thereof, and to grant any right or privilege appurtenant thereto (including without limitation, with respect to the easements appurtenant thereto), and to permit any person to occupy and use the Premises and any easements appurtenant to the Premises. Any further sublease of the Premises or any part thereof must contain environmental indemnity provisions in favor of Sublessor

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and the Lenders affording the same indemnification of Sublessor and the Lenders as is afforded to Sublessor under Article XIV of this Sublease. Any such further sublease, regardless of the parties thereto, shall expressly negate any intention to merge the estate created thereby, or any estate created by the Lease or this Sublease, with any other estate in and to the Premises, including without limitation, the reversionary interest of Lessor in and to the Premises.

XI.

Condemnation

11.1 Total Taking. In the event the entire Premises or subleasehold

interest shall be appropriated or taken under the power of eminent domain by any
Condemnor for any significant period of time ("Total Taking"), this Sublease

shall terminate and expire as of the Date of Taking.

11.2 Partial Taking. In the event that less than the entire Premises or

leasehold interest is taken under the power of eminent domain by any Condemnor,
or if by reason of any appropriation or taking, regardless of the amount so
taken ("Partial Taking"), and the remainder of the Premises is in Sublessee's

opinion unsuitable for the operation of Sublessee's business, Sublessee shall
have the right to terminate this Sublease as of the Date of Taking upon giving
to Sublessor notice in writing of such election within thirty (30) days after
such appropriation or taking; provided that in such event all easements which
are appurtenant to the Premises, and all easements which burden the Premises (to
the extent the land thereunder has not been condemned) shall survive the
termination of this Sublease. If this Sublease is not terminated, it shall
continue in full force and effect as to those portions of the Premises not
taken.

11.3 Notice of Taking. Sublessor agrees to give Sublessee notice in

writing within ten (10) days of its receipt of notice of the intention of any
Condemnor to appropriate or take all or a portion of the Premises, provided that
Sublessor's failure to do so shall not be a default hereunder.

11.4 Award for Total Taking. In the event of a Total Taking, (i)

Sublessee shall receive from such award the portion thereof representing the
value of all of its trade fixtures and equipment taken, the value of the
subleasehold interest in the Premises and any relocation expenses, and the value
of all Improvements, and (ii) Sublessor shall be entitled to the balance of such
award, subject to the rights of the Lessor under the Lease.

11.5 Award for Partial Taking. In the event of a Partial Taking, (i)

Sublessee shall receive from such award the portion of the award applicable to
the Premises and any Improvements so taken and the amount of diminution in value
of the leasehold portion of the Premises and any Improvements not taken, and
(ii) Sublessor shall be entitled to the balance of such award, subject to the
rights of the Lessor under the Lease.

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XII.

Default and Remedies

12.1 Default. Sublessee shall be in default (herein called "Default") of

this Sublease if Sublessee fails to perform any of its covenants or agreements
under this Sublease.

12.2 Remedies. If any Default shall occur and continue uncorrected

for twenty-five (25) days after Sublessee receives written notice of such
Default (provided that if any such Default may not be cured within such period,
if Sublessee promptly commences to cure the same and thereafter prosecutes the
curing thereof with diligence, the period within which such delay may be cured
shall be extended for such further period as is necessary for the curing
thereof), Sublessor shall have the following remedies exclusive of all other
rights and remedies provided by law or in equity, which other rights and
remedies Sublessor hereby expressly waives and releases:

(a) Sublessor shall be entitled to damages for any amount reasonably
necessary to compensate Sublessor for all the detriment directly caused by
Sublessee's failure to perform its covenants or agreements under this Sublease,
provided, however, Sublessee shall not be liable for any consequential, special
or indirect damages as a result of such Default, provided further that nothing
herein shall be deemed to limit in any way the indemnification obligations of
Sublessee described in this Sublease.

(b) Sublessor may seek specific enforcement of, or injunctive relief with
respect to, any covenant or agreement which Sublessee has failed to perform or
has breached.

12.3 No Termination. Sublessor shall have no right to terminate this

Sublease, notwithstanding any Default or other breach by Sublessee, and Sublessor hereby unconditionally waives and releases any and all right to terminate this Sublease for any cause whatsoever.

12.4 Waivers. No waiver of any Default hereunder shall constitute a

waiver of any other Default or future Default. No waiver, benefit, privilege or service voluntarily given or performed by one party shall give the other party any contractual right by custom, estoppel or otherwise.

XIII.

Attorneys' Fees

13.1 In the event that either party hereto shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform any covenant or agreement under this Sublease, the party prevailing in said action or proceeding shall be entitled to recover, in addition to its court costs, expert witness fees and reasonable attorneys' fees to be fixed by the court, and such recovery shall include court costs and attorneys' fees on appeal, if any.

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As used herein, "the prevailing party" means the party in whose favor final judgment is rendered.

XIV.

Indemnification

14.1 General. Except to the extent that such claim, demand, damage, loss,

judgment, award, liability, expense or suit is based upon or caused by the gross negligence or willful misconduct of Sublessor, its successors or assigns, or its or their officers, directors, employees, or agents, Sublessee agrees to and shall indemnify, defend and hold harmless Sublessor, its officers, directors, shareholders, employees and agents, and their respective successors and assigns, from and against any and all claims, demands, damages, losses, judgments, awards, liabilities, expenses (including reasonable attorneys' fees, court costs and other expenses of litigation), and suits, whether groundless or not, for bodily injury or death and for damage to or destruction of property arising out of or relating to (a) Sublessee's use, occupancy or operation of the Premises or the easements appurtenant thereto, (b) any accident, injury to or death of persons or loss of or damage to property occurring on the Premises caused by and arising from any act or omission of Sublessor, or any of its officers, directors, agents, invitees, employees or contractors or any other persons entering onto the Premises or and easements appurtenant thereto at the request, behest or with the permission of Sublessee; (c) performance of any labor or services or the furnishing of any materials or other property to or for the benefit of Sublessee in respect of the Premises or any easements appurtenant thereto; (d) the negligence or willful misconduct on the part of Sublessee or any of its officers, directors, agents, invitees, employees or contractors or any other persons entering onto the Premises or any easements appurtenant thereto at the request, behest or with the permission of Sublessee; (e) the construction, use or occupancy of the Improvements; or (f) the breach by Sublessee of any of its covenants and agreements under this Sublease. Sublessee's duty to indemnify Sublessor under this Section 14.1 shall survive the expiration or earlier termination of this Sublease with respect to events occurring during the term or after the term hereof.

14.2 Sublessor's Covenants. Sublessee will not allow or permit the

Premises to be in violation of, or do anything or permit anything to be done which subjects Sublessor, Sublessee, the Premises or the easements appurtenant thereto to any remedial obligations under or which creates a claim or cause of action under, any Environmental Laws, assuming disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to the Premises or the easements appurtenant thereto, and Sublessee will promptly notify Sublessor in writing of any existing, pending or overtly threatened investigation, claim or inquiry of which Sublessee has knowledge by any governmental authority in connection with any Environmental Laws. Sublessee shall obtain any permits, licenses or similar authorizations to construct, occupy, operate or use the Premises and the easements appurtenant thereto and any fixtures and equipment at any time located on the Premises or on the easements appurtenant thereto by reason of any Environmental Laws. Sublessee will not allow or permit the unlawful disposal or release of any hazardous substance or solid waste on, under or above the Premises or the easements appurtenant thereto and covenants and agrees to keep or cause the Premises to be kept

free of any unlawful disposal or release of hazardous substance, solid waste, or substance containing asbestos and to remove the same (or if removal is not required by Environmental Laws, to take whatever action is required by Environmental Laws) promptly upon discovery at Sublessee's sole expense. Sublessee shall promptly notify Sublessor in writing of any unlawful disposal or release of any hazardous substances, solid wastes, or substance containing asbestos known to Sublessee to exist on, under, or above the Premises or the easements appurtenant thereto. In the event Sublessee fails to comply with or perform any of the foregoing covenants and obligations within thirty (30) days after written notice from Sublessor (or such longer period, not to exceed ninety (90) days, if such covenants and obligations cannot be complied with or performed within such thirty (30) day period and if Sublessee has commenced and is diligently proceeding to comply with or perform the same), (A) Sublessor may, but shall be under no obligation to, cause the Premises to be freed from the unlawful disposal or release of hazardous substance, solid waste or substance containing asbestos (or if removal is not required by Environmental Laws, to take whatever action is required by Environmental Laws) and the reasonable cost of the removal or such other action shall be a demand obligation owing by Sublessee to Sublessor pursuant to this Sublease, and (B) Sublessee grants to Sublessor and Sublessor's agents and employees access to the Premises, and the license to remove the unlawfully disposed or released hazardous substance, solid waste or substance containing asbestos (or if removal is not required by Environmental Laws, to take whatever action is required by Environmental Laws) and agrees to indemnify, defend and hold Sublessor harmless from all reasonable costs and expenses involved in the required removal or other action and from all claims asserted or proven against Sublessor by any party in connection with the removal or other required action. The indemnities contained in this Section 14.2 shall survive the expiration or earlier termination of this Sublease.

14.3 Environmental. Sublessee further agrees to and shall indemnify,

defend and hold harmless Sublessor, its officers, directors, shareholders, employees and agents, and their respective successors and assigns, from and against any and all claims, demands, damages, losses, judgments, awards, liabilities, expenses (including reasonable attorneys' fees, court costs and other expenses of litigation), suits, whether groundless or not, that any of said indemnified persons may incur by reason of (a) any environmental condition now or hereafter on or under the Premises or the easements appurtenant thereto caused by Sublessee, (b) any past, present or future violation of any Environmental Laws by Sublessee, and (c) any or all matters with regard to the Premises arising out of any acts or omissions of Sublessee in the performance of Sublessee's managerial affairs or in regard to any operations on or under the Premises or the easements appurtenant thereto, including, without limitation, the disposal or release of hazardous materials on or under the Premises or the easements appurtenant thereto.

XV.

Condition of Premises; Waivers; Surrender

15.1 Condition of Premises. Sublessee accepts the Premises in its present

state and, except as expressly provided herein, without any representation or warranty, express or implied, by Sublessor as to the condition of such property or as to the use

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which may be made thereof. Sublessor shall not be responsible for any latent defect or change of condition in the Premises (except for any such change as may be caused by Sublessor or its agents, employees or contractors), and the rent hereunder shall in no case be withheld or diminished on account of any defect in such property, any change in the condition thereof, or the existence with respect thereto of any violations of the laws or regulations of any governmental authority.

15.2 WAIVERS. THE PROVISIONS OF SECTION 15.1 AND THIS SECTION 15.2 HAVE

BEEN NEGOTIATED BY SUBLESSOR AND SUBLESSEE AFTER DUE CONSIDERATION FOR THE RENT PAYABLE HEREUNDER AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATIONS OR WARRANTIES (INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF HABITABILITY) OF SUBLESSOR, EXPRESS OR IMPLIED, WITH RESPECT TO THE PREMISES OR ANY APPURTENANT EASEMENTS THAT MAY ARISE PURSUANT TO ANY LAW NOW OR HEREAFTER IN EFFECT, OR OTHERWISE. SUBLESSEE HEREBY ACCEPTS THE PREMISES AND ANY APPURTENANT EASEMENTS AS-IS AND WAIVES ANY CLAIMS IT MAY HAVE AGAINST SUBLESSOR WITH RESPECT TO THE PREMISES OR APPURTENANT EASEMENTS OR THE CONDITION THEREOF, WHETHER NOW OR IN THE FUTURE, AND FURTHER WAIVES ANY AND ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTY OF HABITABILITY) WHICH MAY NOW OR IN THE FUTURE EXIST AT LAW, IN EQUITY OR OTHERWISE.

15.3 Surrender of the Premises. Sublessee shall surrender the Premises

to Sublessor in the same condition as they exist on the date of this Sublease excluding, however, any condition resulting from: (i) ordinary wear and tear; (ii) any Improvements which Sublessee may elect to leave on the Premises; (iii) damage due to casualty (unless such damage results in an unsafe or hazardous condition on the Premises); and (iv) damage that is caused by Sublessor or its agents, employees or contractors.

XVI.

Miscellaneous

16.1 Notices. Any notice to be given under this Sublease shall be in

writing and shall be deemed to have been properly given and received if (i) delivered in person to the authorized representative of the party to whom the notice is addressed, or by courier service that provides an airbill or other evidence of delivery or attempted delivery, or sent by certified mail, postage prepaid, return receipt requested and properly addressed to the party for whom intended or (ii) sent by telegram, telex, or facsimile (which shall be followed promptly by a written notice sent in the manner providing in the preceding clause (i) of this sentence). Notices shall be considered duly given and received upon receipt or refusal of receipt.

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All notices to Sublessee shall be sent to:

One AMD Place
P.O. Box 3453
Sunnyvale, California 94088
Mail Stop 68/Legal Department

All notices to Sublessor shall be sent to:

5204 East Ben White Boulevard
Austin, Texas 78741
Mail Stop 562/Legal Department

Any party may change the address at which it is to receive notice by written notice of such change of address given to the other party. Any request or demand hereunder shall likewise be made in writing, to the same address as for notice.

16.2 Successors and Assigns. The terms, covenants and conditions of this

Sublease shall apply to and bind the successors and assigns of the parties hereto.

16.3 Entire Agreement. This Sublease and the other agreements, if any,

which are expressly referred to herein contain the entire agreement between the parties. All prior negotiations or stipulations concerning its subject matter which preceded or accompanied the execution of this Sublease are conclusively deemed to be superseded, provided, however, that this Sublease may in the future be altered by written agreement executed by the parties and not otherwise.

16.4 Invalidity. If any provision of this Sublease shall be declared

invalid or unenforceable, the remainder of the Sublease shall continue in full force and effect.

16.5 GOVERNING LAW. THIS SUBLEASE SHALL BE GOVERNED BY AND CONSTRUED IN

ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CHOICE OF LAW RULES.

16.6 Headings. Article, section and paragraph headings herein are for

convenience only, and shall not be used in construing this Sublease.

16.7 Recorded Counterparts. A counterpart original of this Sublease

Agreement shall be filed for record in Travis County, Texas.

16.8 Triple-Net Sublease. Sublessor and Sublessee acknowledge that it is

the intent of the parties that this Sublease be of a "triple-net" nature and that Sublessor shall have no obligation whatsoever to pay any costs or expenses whatsoever relating to the Premises, including but not limited to real property taxes. Sublessee shall protect and indemnify Sublessor against any and all such

costs and expenses relating to the Premises.

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XVII.

Provisions Relating to Lease

17.1 Sublessee accepts this Sublease subject to all of the terms, provisions, conditions, and covenants of the Lease, and agrees that Sublessee shall perform all the duties, obligations, covenants and agreements of Sublessor as the Lessee thereunder (except with respects to the Option to Purchase and Put Option set forth in Article XVII of the Lease), and shall not by act or omission create, permit or cause any Default to occur under the terms of the Lease, provided that Sublessee shall not be responsible for any Default caused by Sublessor or by any person under Sublessor's control or for whom Sublessor is legally responsible.

17.2 Nothing in this Sublease shall be deemed or construed as an agreement or as the intention of Sublessor and Sublessee that this Sublease shall cause or result in a merger of the rights of Sublessor and Sublessee in and to the Premises whether such rights were granted or reserved under this or any other document.

XVIII.

Lender Provisions

18.1 Whenever in this Sublease the consent, approval or agreement of, or notice to, the Lenders is required or provided, such consent, approval or agreement of, or notice to, Lenders shall be conclusively deemed to have been obtained and given respectively, if evidenced in writing and signed by, and if given to, respectively, Agent, if the Credit Agreement is in effect and no Event of Default (as defined in the Indenture) has occurred and is continuing under the Indenture, or the Collateral Agent, if the Credit Agreement is not in effect or an Event of Default (as defined in the Indenture) has occurred and is continuing under the Indenture.

18.2 Sublessor and Sublessee, for good and valuable consideration, paid to each of them by the Lenders, the receipt and sufficiency of which are hereby acknowledged, covenant, stipulate and agree for the benefit of the Lenders that they will not modify this Sublease in any manner, the effect of which is to alter the obligation of Sublessee under Article XIV.

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EXECUTED on the dates of the acknowledgements hereinbelow taken, to be effective as of the Effective Date.

SUBLESSEE:

ADVANCED MICRO DEVICES, INC.,
a Delaware Corporation

By: /s/ Marvin D. Burkett

Name: Marvin D. Burkett

Title: Senior Vice President, Chief Financial
and Administrative Officer
and Treasurer

SUBLESSOR:

AMD TEXAS PROPERTIES, LLC,
a Delaware limited liability company

By: /s/ Thomas M. McCoy

Name: Thomas M. McCoy

Title: Manager

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THE STATE OF CALIFORNIA (S)
(S)
COUNTY OF SANTA CLARA (S)

This instrument was acknowledged before me on the 8th day of August, 1996, by Marvin Burkett, Chief Financial Officer of ADVANCED MICRO DEVICES, INC., a Delaware corporation, on behalf of said corporation.

(SEAL)

/s/ Winona C. Orange

Notary Public in and for
the State of California

Winona C. Orange

(Printed Name of Notary)

My commission expires: 4-1-97

THE STATE OF CALIFORNIA (S)
(S)
COUNTY OF SANTA CLARA (S)

This instrument was acknowledged before me on the 8th day of August, 1996, by Thomas M. McCoy, Manager of AMD TEXAS PROPERTIES, LLC, a Delaware limited liability company, on behalf of said company.

(SEAL)

/s/ Winona C. Orange

Notary Public in and for
the State of California

Winona C. Orange

(Printed Name of Notary)

My commission expires: 4-1-97

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EXHIBIT A

Premises

Parcel 1: Description

FOR A 34.481-ACRE TRACT OF LAND SITUATED IN THE CITY OF AUSTIN, TRAVIS COUNTY, TEXAS, SAID 34.481-ACRE TRACT BEING A PORTION OF LOT 1 OF "SUNRIDGE PARK, SECTION TWO", A SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED IN BOOK 77, PAGES 118-119 OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS, SAID 34.481-ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING on a 3/4-inch-diameter from pipe found in the northerly right-of-way line of Ben White Boulevard (right-of-way varies), being the southeasterly corner of Lot A of "Briarton Subdivision", a subdivision of record in Book 72, Page 40 of said Plat Records, being also the southwesterly corner of said Lot 1 of "Sunridge Park, Section Two" and POINT OF BEGINNING hereof;

THENCE departing the northerly right-of-way line of Ben White Boulevard, in part with the easterly boundary line of said "Briarton Subdivision", in part with the easterly boundary line of a tract of land conveyed to Azur Property Investment U.S.A., Inc. by deed recorded in Volume 8936, Page 288 of Real Property Records of Travis County, Texas, same being the westerly boundary line of said Lot 1 of "Sunridge Park, Section Two", N31(Degrees)01'17"E for a distance of 788.86 feet to a 1-inch-diameter iron pipe found on an angle point hereof;

THENCE continuing with the easterly boundary line of said Azur Property Investment U.S.A., Inc. tract, same being the westerly boundary line of said

Lot 1, N59(Degrees)34'01"W for a distance of 506.23 feet to a 1/2-inch-diameter iron rod in concrete found, being a southeasterly corner of "Sunridge Park, Section One" a subdivision according to the plat thereof recorded in Book 85, Pages 107B, 107C and 107D, of said Plat Records, being an angle point hereof;

THENCE with the easterly boundary line of said "Sunridge Park, Section One", continuing with the westerly boundary line of said Lot 1 of "Sunridge Park, Section Two", N31(Degrees)03'00"E (Bearing Basis) for a distance of 1303.59 feet to a 1-inch-diameter iron pipe in concrete found, being on an angle point in said easterly boundary line, same being the most northerly corner of said Lot 1, for the most northerly corner of the herein-described tract;

Exhibit A
Page 2

THENCE in part with the easterly boundary line of said "Sunridge Park, Section One", the southerly boundary line of Lot 6 of "University Business Park", a subdivision according to the plat thereof recorded in Book 85, Pages 52C, 52D and 53A of said Plat Records and the northerly boundary line of said Lot 1 of "Sunridge Park, Section Two", S58(Degrees)57'53"E, at a distance of 456.12 feet pass an iron rod found, being on an easterly corner of said "Sunridge Park, Section One", same being a southwesterly corner of said Lot 6 of "University Business Park", continuing for a total distance of 732.26 feet to a cotton gin spindle set in asphalt on an angle point hereof;

THENCE departing the southerly boundary line of said Lot 6 of "University Business Park", through the interior of said Lot 1 of "Sunridge Park, Section Two", the following fourteen (14) courses and distances:

- 1) S28(Degrees)25'15"W, for a distance of 67.41 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 2) S59(Degrees)50'45"E, for a distance of 172.50 feet to a PK nail set in concrete on an angle point hereof;
- 3) S18(Degrees)39'30"E, for a distance of 333.73 feet to a PK nail set in concrete on an angle point hereof;
- 4) S71(Degrees)27'23"W, for a distance of 374.42 feet to a PK nail set in concrete on an angle point hereof;
- 5) N52(Degrees)04'12"W, for a distance of 55.03 feet to a PK nail set in concrete on an angle point hereof;
- 6) S70(Degrees)25'04"W, for a distance of 201.88 feet to a PK nail set in asphalt on an angle point hereof;
- 7) S18(Degrees)47'06"E, for a distance of 207.97 feet to a PK nail set in concrete on an angle point hereof;
- 8) S71(Degrees)22'55"W, for a distance of 88.20 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 9) S18(Degrees)59'15"E, for a distance of 68.88 feet to a punch hole set in a concrete gutter on an angle point hereof;
- 10) S70(Degrees)47'24"W, for a distance of 243.96 feet to a 1/2-inch-diameter iron rod with Baker-Aicklen cap set on an angle point hereof;

Exhibit A
Page 3

- 11) S18(Degrees)31'43"E, for a distance of 456.56 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 12) N81(Degrees)16'37"W, for a distance of 88.07 feet to a cotton gin spindle set in asphalt on the point of curvature of a non-tangent curve to the left, from which the radius point of said curve bears S04(Degrees)43'15"W, a distance of 325.45 feet;
- 13) with the arc of said non-tangent curve to the left, having a radius of 325.45 feet, an interior angle of 22(Degrees)54'28", an arc length of 130.12 feet and a chord which bears S83(Degrees)16'01"W for a distance of 129.26 feet to a cotton gin spindle set in asphalt on an angle point hereof;
- 14) S09(Degrees)28'45"W, for a distance of 368.38 feet to a 1/2-inch-diameter iron rod with a Baker-Aicklen cap set on a point in the aforementioned northerly right-of-way line of Ben White Boulevard, being also the southerly boundary line of said Lot 1, from which a 1/2-inch-diameter iron rod with Baker-Aicklen cap set on a point being the southeasterly corner of said Lot 1 of "Sunridge Park, Section Two", bears S78(Degrees)29'31"E a distance of 267.25 feet;

/s/ Cecil Jackson Chisholm

8-6-96

Cecil Jackson Chisholm

Date

Registered Professional Land Surveyor No. 4295

Job No. 570-026-10

[SEAL]

EXHIBIT B

AMD's Adjoining Land

Lot One (1), SUNRIDGE PARK SECTION 2, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 77, Page 118-119 of the Plat Records of Travis County, Texas, and Lots Three (3), Four (4), Five (5) and Six (6), Block "A", and Lots One (1) and Four (4), Block "B", all in University Business Park, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 85, Pages 52C, 52D and 53A of the Plat Records of Travis County, Texas, and Lot One (1), Block One (1), AMD ADDITION, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 92, Pages 92-93 of the Plat Records of Travis County, Texas;

SAVE, LESS AND EXCEPT THEREFROM a 34.481 acre tract of land out of said Lot One (1), SUNRIDGE PARK SECTION 2, more particularly described as Parcel 1 in Exhibit A attached to this agreement.

CREDIT AGREEMENT

Dated as of July 19, 1996

among

ADVANCED MICRO DEVICES, INC.,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Administrative Agent,

ABN AMRO BANK N.V.,
as Syndication Agent,

CANADIAN IMPERIAL BANK OF COMMERCE,
as Documentation Agent

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

Arranged By

BA SECURITIES, INC.

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Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Legal Opinion of Company's Counsel
Exhibit E	Form of Assignment and Acceptance
Exhibit F	Form of Promissory Note (Revolving Loans)
Exhibit G	Form of Promissory Note (Term Loans)
Exhibit H	Form of Borrowing Base Certificate

CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of July 19, 1996, among Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), Bank of America National Trust and Savings Association, ABN AMRO Bank N.V. and Canadian Imperial Bank of Commerce (collectively, together with any other financial institutions from time to time party to this Agreement, the "Banks" and, individually, each a "Bank"), ABN AMRO Bank N.V., as Syndication Agent for the Banks, Canadian Imperial Bank of Commerce, as Documentation Agent for the Banks, and Bank of America National Trust and Savings Association, as Administrative Agent for the Banks.

WHEREAS, the Banks have agreed to make available to the Company a secured term loan and revolving credit facility upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.01 Certain Defined Terms. The following terms have the following meanings:

"Acquiree" has the meaning specified in Section 7.04(d).

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Company or the Subsidiary is the surviving entity.

"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

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of voting securities, membership interests, by contract, or otherwise. Without limitation, any director, executive officer of beneficial owner of 5% or more of the equity of a Person shall for 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" means BofA in its capacity as Administrative Agent for the Banks hereunder, and any successor agent arising under Section 9.09.

"Agent-Related Persons" means BofA and any successor agent arising under Section 9.09, together with their respective Affiliates (including, in the case of BofA, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agent's Payment Office" means the address for payments set forth on Schedule 10.02 or such other address as the Agent may from time to time specify.

"Agreement" means this Credit Agreement.

"Applicable Fee Amount" means, for purposes of calculating the commitment fee hereunder for any date, the per annum percentage amount set forth below based on the Applicable Rating on such date:

<TABLE>
<CAPTION>

LEVEL	DEBT RATINGS S&P / MOODY'S	APPLICABLE FEE AMOUNT
<S> Level 1	<C> BBB/Baa2 or greater	<C> .225%
Level 2	BBB-/Baa3	.375%
Level 3	BB+/Ba1	.375%
Level 4	BB/Ba2	.400%
Level 5	BB-/Ba3	.450%
Level 6	B+/B1 or below	.500%

</TABLE>

; provided that if the Moody's Rating and the S&P Adjusted Rating indicate two different but nonconsecutive pricing levels, the Applicable Fee Amount shall be the average of the applicable fee amounts corresponding to such pricing levels.

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"Applicable Margin" means, for any day, with respect to any Base Rate Loan or Offshore Rate Loan, the applicable margin (on a per annum basis) set forth below based on the Applicable Rating on such date:

<TABLE>
<CAPTION>

LEVEL	DEBT RATINGS S&P / MOODY'S	OFFSHORE RATE MARGIN	BASE RATE MARGIN
<S> Level 1	<C> BBB/Baa2 or greater	<C> .625%	<C> 0

Level 2	BBB-/Baa3	1.125%	0
Level 3	BB+/Ba1	1.500%	.25%
Level 4	BB/Ba2	1.750%	.50%
Level 5	BB-/Ba3	2.000%	.75%
Level 6	B+/B1 or below	2.500%	1.25%

</TABLE>

; provided that if the Moody's Rating and the S&P Adjusted Rating indicate two different but nonconsecutive pricing levels, the Applicable Margin shall be the average of the applicable margins corresponding to such pricing levels.

"Applicable Rating" means the Moody's Rating and the S&P Adjusted Rating; provided that (a) if the Moody's Rating or the S&P Adjusted Rating indicate two consecutive pricing levels, the level corresponding to the least favorable of such ratings shall apply, and (b) if only the Moody's Rating or the S&P Adjusted Rating, but not both, shall be available, the pricing level corresponding to such available rating shall apply. If at any time prior to the date that all Obligations have been paid in full and the Commitments terminated, Moody's does not for any reason provide a rating of the Senior Secured Notes and S&P does not for any reason provide a rating of the Company's senior unsecured long term debt, then the pricing level shall be set at level 4. Any change in the Applicable Margin or the Applicable Fee Amount shall become effective upon the earlier of (i) one Business Day after the Agent's receipt of written notice of any public announcement of a change in the Moody's Rating or the S&P Adjusted Rating requiring a change in the Applicable Margin or Applicable Fee Amount, and (ii) one Business Day after the Agent's receipt of written notice from the Company of such a rating change.

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"Arranger" means BA Securities, Inc., a Delaware corporation.

"Assignee" has the meaning specified in subsection 10.08(a).

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

"Austin Facility" means the Company's property, plant and equipment at its 950,000 square foot Fab 25 integrated circuit manufacturing facility and ancillary facilities located in Austin, Texas, together with certain adjoining land (but excluding the improvements on such adjoining land) until such adjoining land is released as provided in Section 9.11(b).

"Bank" means the institutions specified in the introductory clause hereto.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. (S)101, et seq.).

"Base Rate" means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest in effect for such day as publicly announced from time to time by BofA in San Francisco, California, as its "reference rate." (The "reference rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.) Any change in the reference rate announced by BofA 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.

"BoFA" means Bank of America National Trust and Savings Association, a

national banking association.

"Borrowing" means a borrowing hereunder consisting of Loans of the

same Type made to the Company on the same day by the Banks under Article
II, and, other than in the case of Base Rate Loans, having the same
Interest Period.

"Borrowing Base" shall mean at any time 70% of net Receivables of the

Company and its Restricted Subsidiaries, determined on a Consolidated
basis, as reported in the Company's most recent Borrowing Base Certificate.

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"Borrowing Base Certificate" means a certificate in substantially the

form of Exhibit H signed by a Responsible Officer of the Company and

delivered to the Agent and the Banks pursuant to Section 6.02.

"Borrowing Date" means any date on which a Borrowing occurs under

Section 2.03.

"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, in each
case, 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 and 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

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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" means the Comprehensive Environmental Response, Compensation

and Liability Act of 1980.

"Change of 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 Guaranty" means the Third Amended and Restated Guaranty dated as

of August 21, 1995, by the Company in favor of CIBC, Inc., as amended.

"CIBC Leases" means the Land Lease dated as of September 22, 1992, as

amended, and the Building Lease dated as of September 22, 1992, as amended, both of which are between CIBC, Inc., as Lessor, and AMD International Sales & Service, Ltd., as Lessee.

"Code" means the Internal Revenue Code of 1986.

"Collateral" means all property and interests in property and proceeds

thereof in respect of the Austin Facility now owned or hereafter acquired by the Company in or upon which a Lien now or hereafter exists in favor of the Collateral Agent, the Banks, or the Agent on behalf of the

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Banks, whether under this Agreement or under any other documents executed by the Company and delivered to the Collateral Agent, the Agent or the Banks.

"Collateral Agent" means IBJ Schroder Bank & Trust Company as the

collateral agent under the Intercreditor Agreement, and any successor or replacement collateral agent thereunder.

"Collateral Documents" means, collectively, (i) the Security

Agreement, the Mortgage, the Intercreditor Agreement and all other security agreements, mortgages, deeds of trust, lease assignments, guarantees and other similar agreements executed by the Company in favor of the Collateral Agent, the Banks or the Agent now or hereafter delivered to the Collateral Agent, the Banks or the Agent pursuant to or in connection with the transactions contemplated hereby, and all financing statements (or comparable documents now or hereafter filed in accordance with the Uniform Commercial Code or comparable law) against the Company as debtor in favor of the Collateral Agent, the Banks or the Agent as secured party, and (ii) any amendments, supplements, modifications, renewals, replacements, consolidations, substitutions and extensions of any of the foregoing.

"Commitment," as to each Bank, means, for each Bank, the sum of its

Revolving Commitment and Term Commitment.

"Compliance Certificate" means a certificate substantially in the form

of Exhibit C.

"Consolidated" means, for purposes of this Agreement, a consolidation

of the accounts of the Company and its Restricted Subsidiaries in conformity with GAAP (including giving effect to the elimination of all intercompany items in conformity with GAAP); provided, however, that such

term shall include all Subsidiaries to the extent that, in respect of any Indebtedness or obligations of the German Subsidiary, there shall exist at any time any Contractual Obligation which provides recourse to any assets of, or any Contingent Obligations or Indebtedness of, the Company or any of its Subsidiaries, other than as permitted hereunder.

"Contingent Obligation" means, as to any Person, any direct or

indirect liability of that Person, whether or not contingent, with or without recourse, (a) 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 (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or

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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, (iii) 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 (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a "Guaranty Obligation"); (b) with respect to any Surety Instrument

issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments; or (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered, or (d) in respect of any Swap Contract. The amount of any Contingent Obligation shall, in the case of Guaranty Obligations, 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 indeterminable, the maximum reasonably anticipated liability in respect thereof, and in the case of other Contingent Obligations other than in respect of Swap Contracts, shall be equal to the maximum reasonably anticipated liability in respect thereof and, in the case of Contingent Obligations in respect of Swap Contracts, shall be equal to the Swap Termination Value.

"Contractual Obligation" means, as to any Person, any provision 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/Continuation Date" means any date on which, under Section

2.04, the Company (a) converts Loans of one Type to another Type, or (b) continues as Loans of the same Type, but with a new Interest Period, Loans having Interest Periods expiring on such date.

"Current Liabilities" means, as of any date of determination, all

amounts which would, in accordance with GAAP, be included under current liabilities on a

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Consolidated balance sheet of the Company and its Restricted Subsidiaries, but in any event including all Revolving Loans and the current portion of all Term Loans, and principal amounts payable by the lessee within 12 months of such date of determination under the CIBC Leases.

"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 during such time) constitute an Event of Default.

"Disposition" means (i) the sale, lease, conveyance or other

disposition of property, other than sales or other dispositions expressly permitted under subsection 7.02(a) or 7.02(b), and (ii) the sale or

transfer by the Company or any Subsidiary of the Company of any equity securities issued by any Subsidiary of the Company and held by such transferor Person.

"Documentation Agent" means Canadian Imperial Bank of Commerce, in its

capacity as Documentation Agent for the Banks hereunder.

"Dollars," "dollars" and "\$" each mean lawful money of the United

States.

"EBITDA" means, with respect to the Company and its Subsidiaries on a

Consolidated basis for any period, Consolidated net income for such period plus, to the extent deducted in computing such Consolidated net income, the

sum of (a) income tax expense, (b) interest expense, (c) depreciation and amortization expense, and (d) any losses for such period reported by FASL, minus, to the extent added in computing such Consolidated net income, any

gains for such period reported by FASL, all as determined in accordance with GAAP.

"Effective Date" means the date on which all conditions precedent set

forth in Section 4.01 are satisfied or waived by the Agent and all Banks (or, in the case of subsection 4.01(e), waived by the Person entitled to receive such payment).

"Eligible Assignee" means (a) 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; (b) 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 (c) a Person that is primarily engaged in the business of

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commercial banking and that is (i) a Subsidiary of a Bank, (ii) a Subsidiary of a Person of which a Bank is a Subsidiary, or (iii) a Person of which a Bank is a Subsidiary.

"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 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.

"Environmental Laws" means all applicable 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.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not

incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension

Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension 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) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (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 Pension Plan or Multiemployer Plan; (e) an event

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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 Pension Plan or Multiemployer Plan; or (f) 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.

"Estimated Remediation Costs" means all costs associated with

performing work to remediate contamination of real property or groundwater, including engineering and other professional fees and expenses, costs to remove, transport and dispose of contaminated soil, costs to "cap" or otherwise contain contaminated soil, and costs to pump and treat water and monitor water quality.

"Eurodollar Reserve Percentage" has the meaning specified in the

definition of "Offshore Rate".

"Event of Default" means any of the events or circumstances specified

in Section 8.01.

"Event of Loss" means, with respect to any property, any of the

following: (a) any loss, destruction or damage of such property; (b) any pending or threatened institution of any proceedings for the condemnation or seizure of such property or for the exercise of any right of eminent domain; or (c) any actual condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, of such property, or confiscation of such property or the requisition of the use of such property.

"Exchange Act" means the Securities Exchange Act of 1934.

"FASL" means Fujitsu AMD Semiconductor Limited.

"FDIC" means the Federal Deposit Insurance Corporation, and any

Governmental Authority succeeding to any of its principal functions.

"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 with respect to the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published with respect to any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the 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

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leading brokers of Federal funds transactions in New York City selected by the Agent.

"Fee Letters" has the meaning specified in subsection 2.10(a).

"Fixed Charge Coverage Ratio" means, determined as of the last day of

any fiscal quarter for the Company on a Consolidated basis, the ratio of (a) EBITDA for the then-ending fiscal quarter and the three fiscal quarters immediately preceding such quarter, to (b) the sum of (i) gross 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

of the end of each of the four fiscal quarters in such four fiscal quarter period.

"FRB" means the Board of Governors of the Federal Reserve System, and

any Governmental Authority succeeding to any of its principal functions.

"Fujitsu Receivables" means, as of any date of determination, the

receivables owing from Fujitsu, Ltd., to the Company with respect to the sale of common stock of the Company to Fujitsu, Ltd., which are payable within 60 days of the stock sale giving rise to such receivables and which do not exceed \$15,000,000 in the aggregate at any time outstanding.

"Further Taxes" means any and all present or future taxes, levies,

assessments, imposts, duties, deductions, fees, withholdings or similar charges (including net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amounts payable or paid pursuant to Section 3.01.

"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 U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

"German Subsidiary" means, together, AMD Saxony Manufacturing GmbH, a

German corporation, and any company formed under the laws of a jurisdiction other than one of the United States of America for the purpose of holding 100% of the equity in AMD Saxony Manufacturing GmbH.

"Governmental Authority" means any nation or government, any state or

other political subdivision

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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" has the meaning specified in the definition of

"Contingent Obligation."

"Hazardous Materials" means all those substances that are regulated

by, or which may form the basis of liability under, any Environmental Law, including any substance 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 (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all reimbursement or payment obligations with respect to Surety 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 obligations with respect to capital leases; (g) all indebtedness referred to in clauses (a) through (f) 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 but excluding any capital stock or shares of the German Subsidiary) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and (h) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (g) above.

For all purposes of this Agreement, the Indebtedness of any Person shall include all recourse Indebtedness of any partnership or joint venture or limited liability company in which such Person is a general partner or a joint venturer or a member.

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"Indemnified Liabilities" has the meaning specified in Section 10.05.

"Indemnified Person" has the meaning specified in Section 10.05.

"Independent Auditor" has the meaning specified in subsection 6.01(a).

"Insolvency Proceeding" means, with respect to any Person, (a) any

case, action or proceeding with respect to such Person 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; undertaken under U.S. Federal, state or foreign
law, including the Bankruptcy Code.

"Intercreditor Agreement" means an Intercreditor and Collateral Agency

Agreement among the Agent, the indenture trustee for the holders of the
Senior Secured Notes and the Collateral Agent, providing, among other
things, for the sharing of the security interest in the Collateral by the
Banks and the holders of the Senior Secured Notes and the procedures for
the exercise of rights and remedies by the Collateral Agent in respect of
the Collateral, in form and substance satisfactory to the Agent and the
Banks.

"Interest Payment Date" means, as to any Loan other than a Base Rate

Loan, the last day of each Interest Period applicable to such Loan and, as
to any Base Rate Loan, the last Business Day of each calendar quarter and
each date such Loan is converted into another Type of Loan, provided,

however, that if any Interest Period for an Offshore Rate Loan exceeds

three months, the date that falls three months after the beginning of such
Interest Period and after each Interest Payment Date thereafter is also an
Interest Payment Date.

"Interest Period" means, as to any Offshore Rate Loan, the period

commencing on the Borrowing Date of such Loan or on the
Conversion/Continuation Date on which the Loan is converted into or
continued as an 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 or Notice of Conversion/Continuation;

provided that:

(i) if any Interest Period would otherwise end on a day that
is not a Business Day, that Interest

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Period shall be extended to the following Business Day unless, in the
case of an Offshore Rate Loan, 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 preceding Business Day;

(ii) any Interest Period pertaining to an Offshore Rate Loan
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;

(iii) no Interest Period for any Term Loan shall extend
beyond the Term Maturity Date and no Interest Period for any Revolving
Loan shall extend beyond the Revolving Termination Date; and

(iv) no Interest Period applicable to a Term Loan or portion
thereof shall extend beyond any date upon which is due any scheduled
principal payment in respect of the Term Loans unless the aggregate
principal amount of Term Loans represented by Base Rate Loans or
Offshore Rate Loans having Interest Periods that will expire on or
before such date, equals or exceeds the amount of such principal
payment.

"IRS" means the Internal Revenue Service, and any Governmental

Authority succeeding to any of its principal functions under the Code.

"Joint Venture" means a single-purpose corporation, partnership,

limited liability company, joint venture or other similar legal arrangement (whether created by contract or conducted through a separate legal entity) now or hereafter formed by the Company or any of its Subsidiaries with another Person in order to conduct a common venture or enterprise with such Person.

"Lending Office" means, as 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, on Schedule 10.02, or such

other office or offices as the Bank may from time to time notify the Company and the Agent.

"Leverage Ratio" means, the ratio of total Consolidated liabilities

(including the Obligations of the lessee under the CIBC Leases and all Guaranty Obligations) to Consolidated Tangible Net Worth at that time.

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"Lien" means any security interest, mortgage, deed of trust, pledge,

hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (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, 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 Uniform Commercial Code or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

"Loan" means an extension of credit by a Bank to the Company under

Article II, and may be a Base Rate Loan or an Offshore Rate Loan (each, a "Type" of Loan), and includes any Revolving Loan or Term Loan.

"Loan Availability Date" means the date occurring on or before August

30, 1996, that is the date on which all conditions precedent set forth in Sections 4.02 and 4.03 are satisfied or waived by the Agent and all Banks (or, in the case of subsection 4.02(d), waived by the Person entitled to receive such payment).

"Loan Documents" means this Agreement, any Notes, the Collateral

Documents, the Fee Letters, and all other documents delivered to the Collateral Agent, the Agent or any Bank in connection with the transactions contemplated by this Agreement.

"Majority Banks" means at any time Banks then holding at least 66-2/3%

of the then aggregate unpaid principal amount of the Loans, or, if no such principal amount is then outstanding, Banks then having at least 66-2/3% of the Commitments.

"Margin Stock" means "margin stock" as such term is defined in

Regulation G, T, U or X of the FRB.

"Material Adverse Effect" means (a) a material adverse change in, or a

material adverse effect upon, the operations, business, properties, condition (financial or otherwise) of the Company or the Company and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Company to perform under any Loan Document and to avoid any Event of Default; or (c) a material adverse effect upon (i) the legality, validity, binding effect or enforceability against the Company of any Loan Document, or (ii) the perfection or priority of any Lien granted under any of the Collateral Documents.

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"Material Subsidiary" means, at any time, any Restricted Subsidiary

having at such time either (i) total (gross) revenues for the preceding four fiscal quarter period 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 fiscal 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 Agent under Section 6.01. The Material Subsidiaries of the Company as of the Effective Date are set forth in Schedule 1.01.

"Moody's" means Moody's Investors Service, Inc. and any successor

thereto that is a nationally recognized rating agency.

"Moody's Rating" means the rating issued from time to time by Moody's

with respect to the Senior Secured Notes.

"Mortgage" means any deed of trust, mortgage, leasehold mortgage,

assignment of rents or other document creating a Lien on the real property, or any interest in real property, of the Company in respect of the Austin Facility.

"Mortgaged Property" means all property subject to a Lien pursuant to

a Mortgage.

"Multiemployer Plan" means a "multiemployer plan," within the meaning

of Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate 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 Issuance Proceeds" means, as to any issuance of debt or equity by

any Person, cash proceeds and non-cash proceeds received or receivable by such Person in connection therewith, net of reasonable out-of-pocket costs and expenses paid or incurred in connection therewith in favor of any Person not an Affiliate of such Person.

"Net Proceeds" means, as to any Disposition by a Person, proceeds in

cash, checks or other cash equivalent financial instruments as and when received by such Person, net of: (a) the direct costs relating to such Disposition excluding amounts payable to such Person or any Affiliate of such Person, (b) sale, use or other transaction taxes paid or payable by such Person as a direct result thereof, and (c) amounts required to be applied to repay principal, interest and prepayment premiums and penalties on Indebtedness secured by a Lien on the asset which is the subject of such Disposition. "Net Proceeds" shall also include proceeds paid on account of

any Event of Loss, net

of (i) all money actually applied to repair or reconstruct the damaged property or property affected by the condemnation or taking, (ii) all of the costs and expenses reasonably incurred in connection with the collection of such proceeds, award or other payments, and (iii) any amounts retained by or paid to parties having superior rights to such proceeds, awards or other payments.

"Note" means a promissory note executed by the Company in favor of a

Bank pursuant to subsection 2.02(b), in substantially the form of Exhibit F

or Exhibit G.

"Notice of Borrowing" means a notice in substantially the form of

Exhibit A.

"Notice of Conversion/Continuation" means a notice 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 advances, debts, liabilities, obligations,

covenants and duties arising under any Loan Document owing by the Company to any Bank, the Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"Offshore Rate" means, for any Interest Period, with respect to

Offshore Rate Loans comprising part of the same Borrowing, the rate of interest per annum (rounded upward to the next 1/16th of 1%) determined by the Agent as follows:

Offshore Rate = LIBOR

1.00 - Eurodollar Reserve Percentage

Where,

"Eurodollar Reserve Percentage" means for any day for any Interest

Period the maximum reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day (whether or not applicable to any Bank) under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"); and

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"LIBOR" means the rate of interest per annum (rounded upward to

the next 1/16th of 1%) notified to the Agent by the Reference Bank as the rate of interest at which dollar deposits in the approximate amount of the amount of the Loan to be made or continued as, or converted into, an Offshore Rate Loan by such Reference Bank and having a maturity comparable to such Interest Period would be offered to major banks in the London interbank market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

The Offshore Rate shall be adjusted automatically as to all Offshore Rate Loans then outstanding as of the effective date of any change in the Eurodollar Reserve Percentage.

"Offshore Rate Loan" means a Loan that bears interest based on the

Offshore Rate.

"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 of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation.

"Other Taxes" means any present or future stamp, court 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, performance, enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Participant" has the meaning specified in subsection 10.08(d).

"PBGC" means the Pension Benefit Guaranty Corporation, or any

Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of

ERISA) subject to Title IV of ERISA which the Company 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

five (5) plan years.

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"Permitted Liens" has the meaning specified in Section 7.01.

"Permitted Swap Obligations" means all obligations (contingent or

otherwise) of the Company or any Subsidiary existing or arising under Swap
Contracts, provided that each of the following criteria is satisfied: (a)

such obligations are (or were) entered into by such Person in the ordinary
course of business for the purpose of directly mitigating risks associated
with liabilities, commitments or assets held by such Person or Affiliates
of such Person, or changes in the value of securities issued by such Person
or Affiliates of such Person in conjunction with a securities repurchase
program not otherwise prohibited hereunder, and not for purposes of
speculation or taking a "market view;" (b) such Swap Contracts do not
contain (i) any provision ("walk-away" provision) exonerating the non-
defaulting party from its obligation to make payments on outstanding
transactions to the defaulting party, or (ii) any provision creating or
permitting the declaration of an event of default, termination event or
similar event upon the occurrence of an Event of Default hereunder (other
than an Event of Default under subsection 8.01(a)).

"Person" means an individual, partnership, corporation, limited

liability company, 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 sponsors or maintains or to which the Company
makes, is making, or is obligated to make contributions and includes any
Pension Plan.

"Prepayment Event" has the meaning specified in subsection 2.07(c).

"Pro Rata Share" means, as to any Bank at any time, the percentage

equivalent (expressed as a decimal, rounded to the ninth decimal place) at
such time of such Bank's Commitment divided by the combined Commitments of
all Banks. The initial Pro Rata Share of each Bank is set forth opposite
such Bank's name in Schedule 2.01 under the heading "Pro Rata Share."

"Receivable" means an account (as such term is defined in the UCC)

owned by the Company or any Restricted Subsidiary which has arisen in the
ordinary course of the business of the Company or any such Restricted
Subsidiary from the sale of inventory or the provision of services by the
Company or any such Restricted Subsidiary in the normal course of business
and all moneys due or to become due, and all rights and claims arising
thereunder and all rights

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related thereto, including those assertable against other Persons in
addition to the obligor.

"Reference Bank" means BofA.

"Refinanced Credit Facilities" means (i) that certain Amended and

Restated Credit Agreement, dated as of September 21, 1994, as amended among
the Company, the financial institutions named as the lending banks therein
and BofA as agent bank, and (ii) that certain Term Loan Agreement, dated as
of January 5, 1995, as amended among the Company, the financial
institutions named as the lending banks therein and ABN AMRO Bank N.V. as
agent bank.

"Refinancing Debt" has the meaning specified in subsection 7.05(d).

"Reportable Event" means, any of the events set forth in Section

4043(c) 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.

"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 compliance with financial covenants and delivery of the Certificates referred to in Sections 4.01(f) and 4.02(f), the chief financial officer or the treasurer of the Company, or any other officer having substantially the same authority and responsibility.

"Restricted Subsidiary" means any Subsidiary of the Company other than

the German Subsidiary; provided, however, that the term Restricted

Subsidiaries shall include the German Subsidiary if in respect of any Indebtedness or obligations of the German Subsidiary there shall exist at any time any Contractual Obligation which provides recourse to any assets of, or any Contingent Obligations or Indebtedness of, the Company or any of its Subsidiaries, other than as permitted hereunder.

"Revolving Commitment," as to each Bank, has the meaning specified in

subsection 2.01(b).

"Revolving Loan" has the meaning specified in Section 2.01(b).

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"Revolving Termination Date" means the earlier to occur of:

(a) the date that is three years after the Loan Availability Date (or the date that is four years after the Loan Availability Date if (i) the Company notifies the Agent in writing during the 60-day period prior to the first anniversary of the Loan Availability Date that it desires to extend the Revolving Termination Date by one year, and (ii) each of the Banks consents to such one-year extension within 30 days of its receipt of such written notice); and

(b) the date on which the Revolving Commitments terminate in accordance with the provisions of this Agreement.

"S&P" means Standard & Poor's Rating Group of Standard & Poor's

Corporation and any successor thereto that is a nationally recognized rating agency.

"S&P Adjusted Rating" means the rating issued from time to time by S&P

with respect to the Company's senior unsecured long term debt and increased by one pricing level for purposes of determining the Applicable Rating hereunder.

"SEC" means the Securities and Exchange Commission, or any

Governmental Authority succeeding to any of its principal functions.

"Security Agreement" means any security agreement, pledge agreement or

other document creating a Lien on the personal property, or any interest in personal property, of the Company in respect of the Austin Facility.

"Senior Secured Note Documents" means the Senior Secured Notes and the

indenture relating thereto.

"Senior Secured Notes" means the senior secured notes to be issued by

the Company in an aggregate principal amount of \$400,000,000 pursuant to the terms of the indenture relating thereto.

"Solvent" means, as to any Person at any time, that (a) the fair value

of the property of such Person is greater than the amount of such Person's liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(32) of the Bankruptcy Code and, in the alternative, for purposes of the Uniform Fraudulent Transfer Act; (b) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its

debts as they become absolute and matured; (c) such Person

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is able to realize upon its property and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital.

"Subsidiary" of a Person means any corporation, association,

partnership, limited liability company, joint venture or other business entity of which more than 50% of the voting stock, membership interests 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. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

"Surety Instruments" means all letters of credit (including standby

and commercial), banker's acceptances, bank guaranties, shipperside bonds, surety bonds and similar instruments.

"Swap Contract" means any agreement, whether or not in writing,

relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap

Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Bank).

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"Syndication Agent" means ABN AMRO Bank N.V., in its capacity as

Syndication Agent for the Banks hereunder.

"Tangible Net Worth" means, at any time of determination, in respect

of the Company and its Restricted 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) minus total liabilities (including accrued and

deferred income taxes), at such time.

"Taxes" means any and all present or future taxes, levies,

assessments, imposts, duties, deductions, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, respectively, taxes imposed on or measured by its net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is organized or maintains a lending office.

"Term Commitment," as to each Bank, has the meaning specified in

subsection 2.01(a).

"Term Loan" has the meaning specified in Section 2.01.

"Term Maturity Date" means the fourth anniversary of the Loan

Availability Date.

"Title Company" has the meaning specified in subsection 4.02(a)(v).

"Type" has the meaning specified in the definition of "Loan."

"UCC" means the Uniform Commercial Code as in effect in the State of

New York.

"Unfunded Pension Liability" means the excess of a Pension Plan's

benefit liabilities under Section 4001(a)(16) of ERISA, over the current
value of that Pension Plan's assets, determined in accordance with the
assumptions used for funding the Pension Plan pursuant to Section 412 of
the Code 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) 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

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determination is being made, is owned, beneficially and of record, by the
Company, or by one or more other Wholly-Owned Subsidiaries, or both.

1.02 Other Interpretive Provisions. (a) The meanings of defined terms are

equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof," "herein," "hereunder" and similar words refer
to this Agreement as a whole and not to any particular provision of this
Agreement; and subsection, Section, Schedule and Exhibit references are to this
Agreement unless otherwise specified.

(c) (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) 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."

(iv) The term "property" includes any kind of property or asset,
real, personal or mixed, tangible or intangible.

(d) Unless otherwise expressly provided herein, (i) references to
agreements (including this Agreement) 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, and (ii) references to any statute or regulation
are to be construed as including all statutory and regulatory provisions
consolidating, amending, replacing, supplementing or interpreting the statute or
regulation.

(e) The captions and headings of this Agreement are for convenience
of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different
limitations, tests or measurements to regulate the same or similar matters. All
such limitations, tests and measurements are cumulative and shall each be
performed in accordance with their terms. Unless otherwise expressly provided,
any reference to any action of the Agent or the Banks by way of consent,
approval or waiver shall be deemed modified by the phrase "in its/their sole
discretion."

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(g) This Agreement and the other Loan Documents are the result of
negotiations among and have been reviewed by counsel to the Agent, the Company
and the other parties, and are the products of all parties. Accordingly, they
shall not be construed against the Banks or the Agent merely because of the
Agent's or Banks' involvement in their preparation.

1.03 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 CREDITS

2.01 Amounts and Terms of Commitments. (a) The Term Credit. Each Bank

severally agrees, on the terms and conditions set forth herein, to make loans to the Company (each such loan, a "Term Loan") from time to time on any Business

Day during the period from the Loan Availability Date through the date that is six months after the Effective Date in an aggregate principal amount not to exceed the amount set forth opposite such Bank's name on Schedule 2.01 under the

heading "Term Commitment" (such amount, as the same may be reduced under Section 2.05 or reduced or increased as a result of one or more assignments under Section 10.08, such Bank's "Term Commitment"). Amounts borrowed as Term Loans

which are repaid or prepaid by the Company may not be reborrowed.

(b) The Revolving Credit. Each Bank severally agrees, on the terms

and conditions set forth herein, to make loans to the Company (each such loan, a Revolving Loan") from time to time on any Business Day during the period from

the Loan Availability Date to the Revolving Termination Date, in an aggregate principal amount not to exceed at any time outstanding the amount set forth opposite such Bank's name on Schedule 2.01 under the heading "Revolving

Commitment" (such amount as the same may be reduced under Section 2.05 or reduced or increased as a result of one or more assignments under Section 10.08, such Bank's "Revolving Commitment"); provided, however, that, after giving

effect to any Borrowing, the aggregate principal amount of all outstanding Revolving Loans:

(i) shall not at any time exceed the combined Revolving Commitments;

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(ii) together with the aggregate principal amount of all Term Loans outstanding at such time, shall not at any time exceed the combined Commitments; and

(iii) shall not at any time exceed the Borrowing Base.

Within the limits of each Bank's Revolving Commitment, and subject to the other terms and conditions hereof, the Company may borrow under this subsection 2.01(b), prepay under Section 2.06 and reborrow under this subsection 2.01(b).

2.02 Loan Accounts. (a) The Loans 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 Agent and each Bank shall be conclusive absent manifest error of the amount of the Loans 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 Loans.

(b) Upon the request of any Bank made through the Agent, the Loans made by such Bank may be evidenced by one or more Notes, instead of or in addition to loan accounts. Each such Bank shall endorse on the schedules annexed to its Note(s) the date and amount of each Loan made by it and the amount of each payment of principal made by the Company with respect thereto. Each such Bank is irrevocably authorized by the Company to endorse its Note(s) and each Bank's record shall be conclusive absent manifest error; provided, however, that

the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Bank.

2.03 Procedure for Borrowing. (a) Each Borrowing shall be made upon the

Company's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by the Agent prior to 9:00 a.m. (San Francisco time) (i) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Loans; and (ii) one Business Day prior to the requested Borrowing Date (or prior to 8:00 a.m. (San Francisco time) on the requested Borrowing Date), in the case of Base Rate Loans, specifying:

(A) the amount of the Borrowing, which shall be in an aggregate minimum amount of \$10,000,000 for Revolving Loans and \$25,000,000 for Term Loans, or any integral multiple of \$5,000,000 in excess thereof;

(B) the requested Borrowing Date, which shall be a Business Day;

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(C) the Type of Loans comprising the Borrowing; and

(D) the duration of the Interest Period applicable to such Loans included in such notice, subject to the provisions of the definition of "Interest Period" herein. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Offshore Rate Loans, such Interest Period shall be three months.

provided, however, that with respect to any Borrowing to be made on the Loan

Availability Date, the Notice of Borrowing shall be delivered to the Agent not later than 10:00 a.m. (San Francisco time) one Business Day before the Loan Availability Date and such Borrowing will consist of Base Rate Loans only.

(b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Borrowing available to the Agent for the account of the Company at the 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 Agent. The proceeds of all such Loans will then be made available to the Company by the Agent at such office by crediting the account of the Company on the books of BofA with the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent.

(d) After giving effect to any Borrowing, unless the Agent shall otherwise consent, there may not be more than six different Interest Periods in effect.

2.04 Conversion and Continuation Elections. (a) The Company may, upon

irrevocable written notice to the Agent in accordance with subsection 2.04(b):

(i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of any Offshore Rate Loans, to convert any such Loans (or any part thereof in an amount not less than \$10,000,000 or that is in an integral multiple of \$5,000,000 in excess thereof) into Loans of any other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than \$10,000,000, or that is in an integral multiple of \$5,000,000 in excess thereof);

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provided, that if at any time the aggregate amount of Offshore Rate Loans in

respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than \$10,000,000, such 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, and convert such Loans into, Offshore Rate Loans shall terminate.

(b) The Company shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than 9:00 a.m. (San Francisco time) at least (i) three Business Days in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued as Offshore Rate Loans; and (ii) one Business Day in advance of the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount of Loans to be converted or continued;

(C) the Type of Loans resulting from the proposed conversion or continuation; and

(D) other than in the case of conversions into Base Rate Loans, the duration of the requested Interest Period, subject to the provisions of the definition of "Interest Period" herein.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Loans, the Company has failed to select timely a new Interest Period to be applicable to such Offshore Rate Loans, or if any Default or Event of Default then exists, 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 Interest Period.

(d) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Company, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans with respect to which the notice was given held by each Bank.

(e) Unless the Majority Banks otherwise consent, 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.

(f) After giving effect to any conversion or continuation of Loans, unless the Agent shall otherwise consent,

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there may not be more than six different Interest Periods in effect.

2.05 Voluntary Termination or Reduction of Commitments. The Company may,

upon not less than five Business Days' prior notice to the Agent, terminate the Term and Revolving Commitments, or permanently reduce the Term and Revolving Commitments, in each case by an aggregate minimum amount of \$10,000,000 or any multiple of \$5,000,000 in excess thereof; unless, after giving effect thereto

and to any prepayments of Loans made on the effective date thereof, the then-outstanding principal amount of the Loans would exceed the amount of the combined Commitments then in effect or the then outstanding principal amount of the Revolving Loans would exceed the amount of the combined Revolving Commitments then in effect. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share. All accrued commitment fees to, but not including the effective date of any reduction or termination of Commitments, shall be paid on the effective date of such reduction or termination.

2.06 Optional Prepayments. Subject to Section 3.04, the Company may, at

any time or from time to time, upon not less than five Business Days' irrevocable notice to the Agent in the case of Offshore Rate Loans, and upon not less than one Business Day's irrevocable notice to the Agent in the case of Base Rate Loans, ratably prepay Loans in whole or in part, in minimum amounts of \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof; provided,

however, that, in the case of Base Rate Loans, if such notice of prepayment is received by the Agent prior to 8:00 a.m. (San Francisco time) on a Business Day, prepayment may occur on such Business Day if so specified in such notice. Such notice of prepayment shall specify the date and amount of such prepayment, whether such prepayment is of Term Loans or Revolving Loans (or a combination thereof), and the Type(s) of Loans to be prepaid. The Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment. If such notice is given by the Company, 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 any amounts required pursuant to Section 3.04. Optional prepayments of Term Loans shall be applied in inverse order of maturity.

2.07 Mandatory Prepayments of Revolving Loans; Mandatory Term Commitment

Reductions. (a) Mandatory Prepayments of Revolving Loans. If at any time the

aggregate principal amount of the outstanding Revolving Loans shall exceed the limits thereon set forth in subsection 2.01(b)(iii), the Company, upon becoming aware of such excess, shall immediately prepay the outstanding principal amount of the Revolving Loans, in an amount equal to such excess.

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(b) Mandatory Reduction of Term Commitments. If on the date six

months after the Loan Availability Date the aggregate Term Commitments shall exceed the outstanding principal amount of the Term Loans made as of such date, such unused portion of the Term Commitments shall automatically terminate on such date.

(c) Mandatory Prepayment of the Loans. Upon the occurrence of any

event or circumstance (including any Event of Loss with respect to the Collateral) which results in a required prepayment or redemption of any Senior Secured Notes in accordance with the terms of the Senior Secured Note Documents (a "Prepayment Event"), the Company shall be required to prepay Loans hereunder

on a pro rata basis in accordance with the respective outstanding principal amounts of the Senior Secured Notes and the Loans pursuant to the terms of the Intercreditor Agreement. The Company shall promptly notify the Agent and the Banks of the occurrence of any Prepayment Event and the amount of any prepayment to be made hereunder. 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 3.04. Any such prepayment shall be applied first to the outstanding Term Loans

and second to the outstanding Revolving Loans. Each mandatory prepayment of Term

Loans shall be applied to the principal installments of the Term Loans in inverse order of maturity. Additionally, any such prepayment made on a day other than an Interest Payment Date for any Loan shall be applied first to any Base Rate Loans then outstanding and then to Offshore Rate Loans with the shortest Interest Periods remaining. The Revolving Commitments shall automatically reduce by an amount equal to the aggregate principal amount of Revolving Loans prepaid. If the amount required to be paid pursuant to this subsection 2.07(c) after all of the Term Loans shall have been repaid shall exceed the aggregate outstanding principal amount of the Revolving Loans, such automatic reduction shall nonetheless occur and shall be determined on the basis of the aggregate amount of Revolving Loans that would be required to be prepaid assuming the Revolving Commitments were fully utilized.

2.08 Repayment. (a) The Term Credit. The Company shall repay to the

Banks the aggregate principal amount of the Term Loans made hereunder in eight equal successive quarterly installments beginning on the date that is three months after the second anniversary of the Loan Availability Date and every three months thereafter (each such quarterly payment date a "Principal Payment Date"); provided, however, that the aggregate principal balance then outstanding in respect of the Term Loans on the Term Maturity Date shall be due and payable on the Term Maturity Date.

(b) The Revolving Credit. The Company shall repay to the Banks on

the Revolving Termination Date the aggregate principal amount of Revolving Loans outstanding on such date.

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2.09 Interest. (a) Each Loan shall bear interest on the outstanding

principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Offshore Rate or the Base Rate, as the case may be (and subject to the Company's right to convert to other Types of Loans under Section 2.04), plus the Applicable Margin.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Loans under Section 2.06 or 2.07 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 paid on demand of the Agent at the request or with the consent of the Majority Banks.

(c) Notwithstanding subsection (a) of this Section, if any amount of principal or interest on any Loan, or any other amount payable hereunder or under any other Loan Document 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 to the extent permitted by law, payable on demand, at a fluctuating rate per annum equal to the Base Rate plus 2%.

(d) Anything herein to the contrary notwithstanding, the obligations of the Company to any Bank 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 such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that 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.

2.10 Fees. (a) Arrangement and Agency Fees. The Company shall pay fees

to the Arranger and the Agent as required by the letter agreement between the Company and the Arranger and Agent dated July 12, 1996. The Company shall pay fees to BofA, the Documentation Agent and the Syndication Agent as required by the letter agreement between the Company and BofA, the Documentation Agent and the Syndication Agent dated July 16, 1996 (such letter agreements, the "Fee Letters").

(b) Commitment Fees. The Company shall pay to the Agent for the

account of each Bank a commitment fee on the average daily unused portion of such Bank's Commitment, computed on a quarterly basis in arrears on the last Business Day of each calendar quarter based upon the daily utilization for that quarter as calculated by the Agent, at a rate per annum equal to the Applicable Fee Amount. Such commitment fee shall accrue from

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the Effective Date to the Revolving Termination Date and shall be due and payable quarterly in arrears on the last Business Day of each quarter commencing on September 30, 1996, through the Revolving Termination Date, with the final payment to be made on the Revolving Termination Date; provided that, in

connection with any termination of Commitments under Section 2.05 or Section 2.07, the accrued commitment fee calculated for the period ending on such date shall also be paid on the date of such termination. The commitment fees provided in this subsection shall accrue at all times after the Effective Date, including at any time during which one or more conditions in Article IV are not met.

2.11 Computation of Fees and Interest. (a) All computations of interest

for Base Rate Loans when the Base Rate is determined by BofA's "reference rate" 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 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) Each determination of an interest rate by the Agent shall be conclusive and binding on the Company and the Banks in the absence of manifest error. The Agent will, at the request of the Company or any Bank, deliver to the Company or the Bank, as the case may be, a statement showing the quotations used by the Agent in determining any interest rate and the resulting interest rate.

2.12 Payments by the Company. (a) All payments to be made by the Company

shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Company shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 10:00 a.m. (San Francisco time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Agent later than 10:00 a.m. (San Francisco time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Whenever any payment is due on a day other than a Business Day, such payment shall be made on the following 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; provided, however, that if such extension would cause payment

of interest on or principal of an Offshore Rate Loan to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

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(c) Unless the Agent receives notice from the Company prior to the date on which any payment is due to the Banks that the Company will not make

such payment in full as and when required, the Agent may assume that the Company has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

(d) If the Applicable Margin or Applicable Fee Amount is increased or reduced with respect to any period for which the Company has already paid interest or a commitment fee, the Agent shall recalculate the additional interest or commitment fee due from or to the Company and shall, within 15 Business Days, give the Company and the Banks notice of such recalculation. Any additional interest or commitment fee due from the Company shall be paid to the Agent for the account of the Banks within two days of receipt of the foregoing notice, and any interest or commitment fee refund due from the Banks shall be paid to the Company (through the Agent) within two Business Days of the receipt of the foregoing notice.

2.13 Payments by the Banks to the Agent. (a) Unless the Agent receives

notice from a Bank on or prior to the Loan Availability Date or, with respect to any Borrowing after the Loan Availability Date, at least one Business Day prior to the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Agent for the account of the Company the amount of that Bank's Pro Rata Share of the Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the Borrowing Date and the 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 Agent in immediately available funds and the Agent in such circumstances has made available to the Company such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the 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 Agent on the Business Day following the Borrowing Date, the Agent will notify the Company of such failure to fund and, upon demand by the Agent, the Company shall pay such amount to the Agent for the Agent's account, together with

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interest thereon for each day elapsed since the date of such Borrowing, 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 any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Loan on such Borrowing 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 any Borrowing Date.

2.14 Sharing of Payments, Etc. If, other than as expressly provided

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 ratable share (or other share contemplated hereunder), such Bank shall immediately (a) notify the 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 pro rata 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 therefor, together with an amount equal to such paying Bank's ratable share (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 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.10) 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 Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

2.15 Security. All obligations of the Company under this Agreement, the

Notes and all other Loan Documents shall be secured in accordance with the terms

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes. (a) Any and all payments by the Company to each Bank or the

Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Company shall pay all Other Taxes.

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(b) If the Company shall be required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then:

(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), such Bank or the Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained 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 taxing authority or other authority in accordance with applicable law; and

(iv) the Company shall also pay to each Bank or the Agent for the account of such Bank, at the time interest is paid, Further Taxes in the amount that the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed.

(c) The Company agrees to indemnify and hold harmless each Bank and the Agent for the full amount of (i) Taxes, (ii) Other Taxes, and (iii) Further Taxes in the amount that the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Agent makes written demand therefor.

(d) Within 30 days after the date of any payment by the Company of Taxes, Other Taxes or Further Taxes, the Company shall furnish to each Bank or the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to such Bank or the Agent.

(e) If the Company is required to pay any amount to any Bank or the Agent pursuant to subsection (b) or (c) of this Section, then such Bank shall use reasonable 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

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such change in the sole judgment of such Bank is not otherwise disadvantageous to such Bank.

3.02 Illegality. (a) If any Bank determines that the introduction of any

Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by the Bank to the Company through the Agent, any obligation of that Bank to make Offshore Rate Loans shall be suspended until the Bank notifies the Agent and the Company that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Offshore Rate Loan, the Company shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 3.04, 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 Loan. If the Company is required to so prepay any Offshore Rate Loan, then concurrently with such prepayment, the Company shall

borrow from the affected Bank, in the amount of such repayment, a Base Rate Loan.

3.03 Increased Costs and Reduction of Return. (a) If any Bank determines

that, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Offshore Rate) or in the interpretation of any law or regulation or (ii) the compliance by that Bank 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 (with a copy of such demand to be sent to the Agent), pay to the 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

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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 Commitment, loans, credits or obligations under this Agreement, then, upon demand of such Bank to the Company through the Agent, the Company shall pay to the Bank, from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase.

3.04 Funding Losses. The Company shall reimburse each Bank and hold each

Bank harmless from any loss or expense which the Bank may sustain or incur as a consequence of:

(a) the failure of the Company to make on a timely basis any payment of principal of any Offshore Rate Loan;

(b) the 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 or a Notice of Conversion/Continuation;

(c) the failure of the Company to make any prepayment in accordance with any notice delivered under Section 2.06;

(d) the prepayment (including pursuant to Section 2.07) or other payment (including after acceleration thereof) of an Offshore Rate Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under Section 2.04 of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans 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 and under subsection 3.03(a), 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 LIBOR 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.

3.05 Inability to Determine Rates. If the Majority Banks determine that

for any reason adequate and reasonable means do not exist for determining 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 2.09(a) for any requested Interest Period with respect to a proposed

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Offshore Rate Loan does not adequately and fairly reflect the cost to such Banks of funding such Loan, the Agent will promptly so notify the Company and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans hereunder shall be suspended until the 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.

3.06 Reserves on Offshore Rate Loans. The Company shall pay to each Bank,

as long as such Bank shall be required under regulations of the FRB to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional costs on the unpaid principal amount of each Offshore Rate Loan equal to the actual costs of such reserves allocated to such Loan by the Bank (as determined by the Bank in good faith, which determination shall be conclusive), payable on each date on which interest is payable on such Loan, provided the Company shall have received at least 15 days' prior written notice (with a copy to the Agent) of such additional interest from the Bank. If a Bank fails to give notice 15 days prior to the relevant Interest Payment Date, such additional interest shall be payable 15 days from receipt of such notice.

3.07 Certificates of Banks. Any Bank claiming reimbursement or

compensation under this Article III shall deliver to the Company (with a copy to the 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.

3.08 Survival. The agreements and obligations of the Company in this

Article III shall survive the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.01 Conditions of Effectiveness. The effectiveness of this Agreement is

subject to the condition that the Agent shall have received on or before the Effective Date all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement. This Agreement executed by each party thereto;

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(b) Resolutions; Incumbency. (i) Copies of the resolutions of the

board of directors of the Company and committees of such board of directors authorizing the transactions contemplated hereby, certified as of the Effective Date by the Secretary or an Assistant Secretary of the Company; and

(ii) A certificate of the Secretary or Assistant Secretary of the Company, dated the Effective Date, certifying the names, titles and true signatures of the officer or officers of the Company authorized to execute, deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered by it hereunder;

(c) Organization Documents; Good Standing. Each of the following

documents:

(i) the certificate of incorporation and the bylaws of the Company as in effect on the Effective Date, certified by the Secretary or Assistant Secretary of the Company as of the Effective Date; and

(ii) a good standing and tax good standing certificate for the Company from the Secretary of State of Delaware, California and Texas as of a recent date, together with a bring-down certificate by facsimile dated the Effective Date;

(d) Payment of Fees. Evidence of payment by the Company of all

accrued and unpaid fees, costs and expenses to the extent then due and payable on the Effective Date, together with Attorney Costs of BofA to the extent invoiced prior to or on the Effective Date, including any such costs, fees and expenses arising under or referenced in Sections 2.10 and 10.04;

(e) Certificate. A certificate signed by a Responsible Officer,

dated as of the Effective 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; and

(iii) there has occurred since June 30, 1996, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect, except as may be specifically disclosed in the Company's press release dated July 10, 1996; and

(f) Other Documents. Such other approvals, opinions, documents or -----
materials as the Agent or any Bank may request.

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4.02 Conditions of Initial Loans. The obligation of each Bank to make its -----

initial Loan hereunder is subject to the condition that (x) each condition listed under Section 4.01 is and remains satisfied on the Loan Availability Date, and (y) the Agent shall have received on or before the Loan Availability Date all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) Collateral Documents. The Collateral Documents, executed by the -----
Company and all other parties thereto, in appropriate form for recording, where necessary, together with:

(i) acknowledgment copies of all UCC-1 financing statements filed, registered or recorded to perfect the security interests of the Agent for the benefit of the Banks, or the Collateral Agent for the benefit of the Agent and/or the Banks, as the case may be, or other evidence satisfactory to the Agent that there has been filed, registered or recorded all financing statements and other filings, registrations and recordings necessary and advisable to perfect the Liens of the Agent for the benefit of the Banks, or the Collateral Agent for the benefit of the Agent and/or the Banks, as the case may be, in accordance with applicable law;

(ii) written advice relating to such Lien and judgment searches as the Agent shall have requested, and such termination statements or other documents as may be necessary to confirm that the Collateral is subject to no other Liens in favor of any Persons (other than Permitted Liens);

(iii) evidence that all other actions necessary or, in the opinion of the Agent or the Banks, desirable to perfect and protect the first priority security interest (subject only to Permitted Liens) created by the Collateral Documents have been taken;

(iv) funds sufficient to pay any filing or recording tax or fee in connection with any and all UCC-1 financing statements, and the Collateral Documents;

(v) with respect to the Mortgaged Property, a Texas Form T-2 (or other form acceptable to the Agent and the Banks) mortgagee policy of title insurance issued by a title insurance company satisfactory to the Agent and the Banks (the "Title Company") insuring that the Mortgage creates and constitutes a valid first Lien against the Mortgaged Property in favor of the Collateral Agent, subject only to exceptions acceptable to the Agent and the Banks, with such endorsements and affirmative insurance, and in such amount, as the Agent or any Bank may reasonably request;

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(vi) evidence that the insurance required by the Collateral Documents shall be in full force and effect;

(vii) evidence that the Agent or the Collateral Agent for the benefit of the Agent and/or the Banks, as the case may be, has been named as loss payee under all policies of casualty insurance, and as additional insured under all policies of liability insurance, required hereunder or by the Collateral Documents with respect to the Austin Facility;

(viii) proof of payment of all title insurance premiums, documentary stamp or intangible taxes, recording fees and mortgage taxes payable in connection with the recording of any Mortgage or the issuance of the title insurance policies (whether due on the Loan Availability Date or in the future), including sums due in connection with any future advances;

(ix) such consents, estoppels, subordination agreements and other documents and instruments executed by landlords, tenants and other Persons party to material contracts relating to any Collateral as to which the Agent shall be granted a Lien for the benefit of the Banks, or the Collateral Agent shall be granted a Lien for the benefit of the Agent and

the Banks, as the case may be, as requested by the Agent or any Bank; and

(x) evidence that all other actions necessary or, in the opinion of the Agent or the Banks, desirable to perfect and protect the first priority Lien created by the Collateral Documents, subject only to Permitted Liens, and to enhance the Collateral Agent's and the Agent's ability to preserve and protect their interests in and access to the Collateral, have been taken;

(b) Environmental Review. An environmental site assessment with

respect to the Austin Facility, dated as of a recent date prior to the Loan Availability Date, prepared by a qualified firm acceptable to the Agent and the Banks;

(c) Notes. The Notes executed by the Company in favor of the Banks

requesting such Notes;

(d) Payment of Fees. Evidence of payment by the Company of all

accrued and unpaid fees, costs and expenses to the extent then due and payable on the Loan Availability Date, together with Attorney Costs of BofA to the extent invoiced prior to or on the Loan Availability Date, including any such costs, fees and expenses arising under or referenced in Sections 2.10 and 10.04;

(e) Senior Secured Note Documents. Copies of the Senior Secured

Notes, including the related indenture, and

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evidence that the Senior Secured Notes have been funded or will be funded on the Loan Availability Date;

(f) Certificate. A certificate signed by a Responsible Officer,

dated as of the Loan Availability Date, certifying:

(i) that 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) that no Default or Event of Default exists or would result from the initial Borrowing of any Loans;

(iii) that there has occurred since June 30, 1996, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect, except as may be specifically disclosed in the Company's press release dated July 10, 1996; and

(iv) the Moody's Rating and the S&P Adjusted Rating as of such date;

(g) Legal Opinions.

(i) An opinion of Bronson, Bronson & McKinnon LLP, counsel to the Company, dated as of the Loan Availability Date and addressed to the Agent and the Banks, substantially in the form of Exhibit D; and

(ii) an opinion of Fulbright & Jaworski LLP, Texas counsel to the Company, addressed to the Agent and the Banks and addressing such matters as the Agent or the Banks shall reasonably request in reference to the Collateral Documents, dated as of the Loan Availability Date;

(h) Payment of Existing Debt. The Agent shall have received evidence

satisfactory to it that the outstanding principal of and interest and fees accrued through the Loan Availability Date on the loans made on or prior to the Loan Availability Date under the Refinanced Credit Facilities shall be repaid in full on the Loan Availability Date and that the commitments under the Refinanced Credit Facilities shall have been terminated;

(i) Third-Party Valuation. A third-party review and valuation of the

Austin Facility ordered by the Company and acceptable to the Agent and the Banks;

(j) Borrowing Base Certificate. A completed Borrowing Base

Certificate, dated the Loan Availability Date, setting forth the net Receivables of the Company and its Restricted Subsidi-

aries, on a Consolidated basis, as of the end of the immediately preceding calendar month;

(k) CIBC Guaranty Amendment. Copies of an amendment to the CIBC

Guaranty conforming certain financial covenants therein to the covenants contained in this Agreement and consenting to this Agreement, the Senior Secured Note Documents and the transactions contemplated hereby and thereby; and

(l) Other Documents. Such other approvals, opinions, documents or

materials as the Agent or any Bank may request.

4.03 Conditions to All Borrowings. The obligation of each Bank to make

any Loan to be made by it (including its initial Loan) is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date:

(a) Notice of Borrowing. The Agent shall have received a Notice of

Borrowing;

(b) Continuation of Representations and Warranties. The

representations and warranties in Article V shall be true and correct on and as of such Borrowing Date with the same effect as if made on and as of such Borrowing Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that this subsection (b) shall be deemed instead to refer to the last day of the most recent year for which financial statements have then been delivered in respect of the representation and warranty made in Section 5.11(a));

(c) No Existing Default. No Default or Event of Default shall exist

or shall result from such Borrowing or continuation or conversion;

(d) No Future Advance Notice. Neither the Agent nor any Bank shall

have received from the Company any notice that any Collateral Document will no longer secure on a first priority basis, subject only to Permitted Liens, future advances or future Loans to be made or extended under this Agreement; and

(e) No Material Adverse Effect. There has occurred since June 30,

1996, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect, except as may be specifically disclosed in the Company's press release dated July 10, 1996.

Each Notice of Borrowing 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 each Borrowing Date, that the conditions in this Section 4.03 are satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES -----

The Company represents and warrants to the Agent and each Bank that:

5.01 Corporate Existence and Power. The Company and each of its Material

Subsidiaries:

(a) is 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 and is 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 or license; and

(d) is in compliance with all Requirements of Law;

except, in each case referred to in clause (b) or clause (c), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 Corporate Authorization; No Contravention. The execution, delivery

and performance by the Company of this Agreement and each other Loan Document to which the Company is party, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of that Person's Organization Documents;

(b) as of the Loan Availability Date, after giving effect to the termination of the Refinanced Credit Facilities and the amendment of the CIBC Guaranty, 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 such Person is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject; or

(c) violate any Requirement of Law.

5.03 Governmental Authorization. No approval, consent, exemption,

authorization, or other action by, or notice to, or filing with, any Governmental Authority (except for recordings or

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filings in connection with the Liens granted to the Collateral Agent or the Agent under the Collateral Documents) is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of this Agreement or any other Loan Document.

5.04 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.

5.05 Litigation. Except as specifically disclosed in Schedule 5.05, 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 Restricted 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 Restricted 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 or 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.

5.06 No Default. No Default or Event of Default exists or would result

from the incurring of any Obligations by the Company or from the grant or perfection of the Liens of the Agent and the Banks on the Collateral. Neither the Company nor any Restricted Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would create an Event of Default under subsection 8.01(e).

5.07 ERISA Compliance. Except as specifically disclosed in Schedule 5.07:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable

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determination letter from the IRS and to the best knowledge of the Company, nothing has occurred which would cause the loss of such qualification. The Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, 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; and (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

5.08 Use of Proceeds; Margin Regulations. The proceeds of the Loans are

to be used solely for the purposes set forth in and permitted by Section 6.12 and Section 7.07. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

5.09 Title to Properties; Liens. The Company and each Material Subsidiary

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 their respective businesses, 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 Restricted 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

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reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Company or any Restricted Subsidiary that would, if made, have a Material Adverse Effect.

5.11 Financial Condition. (a) The audited consolidated balance sheet of

the Company and its Subsidiaries dated December 31, 1995, the unaudited balance sheet of the Company and its Subsidiaries for the fiscal quarter ending on March 31, 1996, and in each case the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal period ended on such date:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year-end audit adjustments, in the case of quarterly financial statements;

(ii) are complete and accurate in all material respects and fairly present the consolidated financial condition of the Company and its Subsidiaries as of the date thereof and results of operations and cash flows 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) Since June 30, 1996, there has been no Material Adverse Effect, except as may be specifically disclosed in the Company's press release dated July 10, 1996.

5.12 Environmental Matters. (a) Except as specifically disclosed in

Schedule 5.12, the on-going operations of the Company and each of its Restricted

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) Except as specifically disclosed in Schedule 5.12, the Company and

each of its Restricted Subsidiaries have obtained all licenses, permits, authorizations and registrations required under any Environmental Law ("Environmental Permits") and necessary for their respective ordinary course

operations, all such Environmental Permits are in good standing, and the Company and each of its Restricted Subsidiaries are 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, any of its Restricted Subsidiaries or any of their respective present property or operations, is subject to

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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 of the Company or any Restricted Subsidiary, or arising from operations prior to the Effective Date, of the Company or any of its Restricted Subsidiaries that would reasonably be expected to give rise to Environmental Claims with a potential liability of the Company and its Restricted Subsidiaries in excess of \$50,000,000 in the aggregate for any such condition, circumstance or property. In addition, (i) neither the Company nor any Restricted Subsidiary has any underground storage tanks (A) that are not properly registered or permitted under applicable Environmental Laws, or (B) that are leaking or disposing of Hazardous Materials off-site, and (ii) the Company and its Restricted 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 Collateral Documents. (a) The provisions of each of the Collateral

Documents are effective to create in favor of the Agent for the benefit of the Banks, or the Collateral Agent for the benefit of the Agent and/or the Banks, as the case may be, a legal, valid and enforceable first priority Lien on all right, title and interest of the Company in the Collateral described therein, subject only to Permitted Liens; and financing statements have been filed in the offices in all of the jurisdictions necessary to perfect or continue perfected with such priority such Lien on the Collateral.

(b) Each Mortgage when delivered will be effective to grant to the Agent for the benefit of the Banks, or the Collateral Agent for the benefit of the Agent and/or the Banks, as the case may be, a legal, valid and enforceable mortgage lien on all the right, title and interest of the Company in the mortgaged property described therein. When each such Mortgage is duly recorded in the applicable recording office(s) and the mortgage recording fees and taxes in respect thereof are paid and compliance is otherwise had with the formal requirements of state law applicable to the recording of real estate mortgages generally, such mortgaged property, subject to the encumbrances and exceptions to title set forth therein and except as noted in the title policies delivered to the Agent pursuant to Section 4.02, is subject to a legal, valid, enforceable and perfected first priority Mortgage; and when financing statements have been filed in the applicable filing offices, such Mortgage also creates a legal, valid, enforceable and perfected first Lien on all right, title and interest of the Company under such Mortgage

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in all personal property and fixtures which are covered by such Mortgage, subject to no other Liens, except the encumbrances and exceptions to title set forth therein and except as noted in the title policies delivered to the Agent pursuant to Section 4.02, and Permitted Liens.

(c) All representations and warranties of the Company contained in the Collateral Documents are true and correct.

5.14 Regulated Entities. None of the Company, any Person controlling the

Company, or any Subsidiary, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Company is not 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.

5.15 No Burdensome Restrictions. Neither the Company nor any Subsidiary

is a party to or bound by any Contractual Obligation, or subject to any
restriction in any Organization Document, or any Requirement of Law, which could
reasonably be expected to have a Material Adverse Effect.

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,
contractual 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. Except as specifically disclosed in
Schedule 5.05, 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
Subsidiary infringes upon any rights held by any other Person, no claim or
litigation regarding any of the foregoing is pending or, to the best knowledge
of the Company, threatened, and no patent, invention, device, application,
principle or any statute, law, rule, regulation, standard or code is pending or,
to the best knowledge of the Company, proposed, which, in either case, could
reasonably be expected to have a Material Adverse Effect.

5.17 Subsidiaries. As of the Effective Date, the Company has no

Subsidiaries other than those specifically disclosed in part (a) of Schedule

5.17 and has no equity investments in any other Person other than those

specifically disclosed in part (b) of Schedule 5.17.

5.18 Insurance. Except as specifically disclosed in Schedule 5.18, the

properties of the Company and its Restricted Subsidiaries are insured with
financially sound and reputable insurance companies not Affiliates of the
Company, in such amounts, with such deductibles and covering such risks as are

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customarily carried by companies engaged in similar businesses and owning
similar properties in localities where the Company or each such Restricted
Subsidiary operates.

5.19 Solvency. The Company and each of its Restricted Subsidiaries is

Solvent.

5.20 Full Disclosure. None of the representations or warranties made by

the Company or any Subsidiary in the Loan Documents as of the date such
representations and warranties are made or deemed made, and none of the
statements contained in any exhibit, report, statement or certificate furnished
by or on behalf of the Company or any Subsidiary in connection with the Loan
Documents (including the offering and disclosure materials delivered at the
request of the Banks by or on behalf of the Company to the Banks prior to the
Effective Date or the Loan Availability Date, as the case may be), 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 as of the time when made
or delivered (it being understood that although any financial projections and
forecasts furnished by the Company represent the Company's best estimates and
assumptions as to future performance, which the Company believes to be fair and
reasonable as of the time made in the light of current and reasonably
foreseeable business conditions, such financial projections and forecasts as to
future events are not to be viewed as facts and that actual results during the
period or periods covered thereby may differ from the projected or forecasted
results).

ARTICLE VI

AFFIRMATIVE COVENANTS -----

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:

6.01 Financial Statements. The Company shall deliver to the Agent, in

form and detail satisfactory to the Agent and the Banks, with sufficient copies
for each Bank:

(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 and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of Ernst & Young or another nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements

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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 fiscal year, a copy of the unaudited consolidated balance sheet of the Company and its 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, and certified by a Responsible Officer as being complete and accurate in all material respects and fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and the Subsidiaries;

(c) as soon as available, but not later than 90 days after the end of each fiscal year, copies of unaudited consolidating balance sheets of the Company and its Subsidiaries as at the end of such year and the related consolidating statements of income, shareholders' equity and cash flows for such year, certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in subsection 6.01(a);

(d) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year, copies of the unaudited consolidating balance sheets of the Company and its Subsidiaries, and the related consolidating statements of income, shareholders' equity and cash flows for such quarter, all certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in subsection 6.01(b).

As to any information contained in materials furnished pursuant to subsection 6.02(c), the Company shall not be separately required to furnish such information under subsection (a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Company to furnish the information and materials described in subsection (a) and (b) above at the times specified therein.

6.02 Certificates; Other Information. The Company shall furnish to the Agent, with sufficient copies for each Bank:

(a) concurrently with the delivery of the financial statements referred to in subsections 6.01(a) and (b), a completed Compliance Certificate executed by a Responsible Officer;

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(b) as soon as available, but no later than 10 days after the end of each calendar month, a completed Borrowing Base Certificate executed by a Responsible Officer setting forth the net Receivables of the Company and its Restricted Subsidiaries as of the end of such calendar month, determined on a Consolidated basis;

(c) promptly, copies of all financial statements and reports that the Company sends to its shareholders, and, no later than 10 days after the same are filed with or otherwise reported to the SEC, copies of all financial statements and regular, periodical or special reports (including Forms 10K, 10Q and 8K) that the Company or any Subsidiary may make to, or file with, the SEC; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Agent, at the request of any Bank, may from time to time request.

6.03 Notices. The Company shall promptly notify the 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, except as disclosed in Schedule 5.05;

(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 Restricted Subsidiary or any of their respective 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

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any Restricted Subsidiary that could 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 the occurrence of any of the following events affecting the Company or any ERISA Affiliate (but in no event more than 10 days after such event), and deliver to the Agent and each Bank a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a material increase in the Unfunded Pension Liability of any Pension Plan;

(iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by the Company or any ERISA Affiliate; or

(iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability;

(g) of any material change in accounting policies or financial reporting practices by the Company or any of its consolidated Subsidiaries;

(h) of any labor controversy resulting in or threatening to result in any strike, work stoppage, boycott, shutdown or other labor disruption against or involving the Company or any of its Subsidiaries;

(i) of any material change in or under any material technology license to which the Company or any Subsidiary is a party; and

(j) upon, but in no event later than five Business Days after the date of promulgation thereof by such rating agency, of any change in the Moody's Rating or the S&P Adjusted Rating.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Subsidiary proposes to take

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with respect thereto and at what time. Each notice under subsection 6.03(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been (or foreseeably will be) breached or violated.

6.04 Preservation of Corporate Existence, Etc. The Company shall, and

shall cause each Restricted Subsidiary 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;

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except in connection with transactions permitted by Section 7.03 and sales of assets permitted by Section 7.02;

(c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.05 Maintenance of Property. The Company shall, and shall cause each

Restricted Subsidiary 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 could not reasonably be expected to have a Material Adverse Effect, except as permitted by Section 7.02. The Company and each Restricted Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities.

6.06 Insurance. In addition to insurance requirements set forth in the

Collateral Documents, the Company shall maintain, and shall cause each of its Restricted Subsidiaries to maintain, with financially sound and reputable independent insurers, insurance with respect to the Collateral and its 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, including workers' compensation insurance, public liability and property and casualty insurance. All such insurance relating to the Austin Facility shall name the Agent for the benefit of the Banks, or the Collateral Agent for the benefit of the Agent and/or the Banks, as the case may be, as loss payee/mortgagee and/or as additional insured, as applicable, as their interests may appear. Upon request of the Agent or any Bank, the Company shall furnish

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the Agent, with sufficient copies for each Bank, at reasonable intervals (but not more than once per calendar year) a certificate of a Responsible Officer of the Company (and, if requested by the Agent, any insurance broker of the Company) setting forth the nature and extent of all insurance maintained by the Company and its Restricted Subsidiaries in accordance with this Section or any Collateral Documents (and which, in the case of a certificate of a broker, were placed through such broker).

6.07 Payment of Obligations. The Company shall, and shall cause each

Restricted Subsidiary 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 Restricted 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.

6.08 Compliance with Laws. The Company shall comply, and shall cause each

Restricted Subsidiary 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.

6.09 Compliance with ERISA. The Company shall, and shall cause each of

its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required contributions to any Plan subject to Section 412 of the Code.

6.10 Inspection of Property and Books and Records. The Company shall

maintain, and shall cause each Subsidiary 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 Subsidiary. The Company shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of the Agent or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating

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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 Agent or any Bank may do any of the
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foregoing at the expense of the Company at any time during normal business hours and without advance notice.

6.11 Environmental Laws. (a) The Company shall, and shall cause each

Restricted Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws.

(b) Upon the written request of the Agent or any Bank, the Company shall submit and cause each of its Restricted Subsidiaries to submit, to the Agent with sufficient copies for each Bank, at the Company's sole cost and expense, at reasonable intervals, a report providing an update of the status of any environmental, health or safety compliance, hazard or liability issue identified in any notice or report required pursuant to subsection 6.03(d), that could, individually or in the aggregate, result in liability in excess of \$50,000,000.

6.12 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 or of any Loan Document.

6.13 Further Assurances. (a) The Company shall ensure that all written

information, exhibits and reports furnished to the Agent or the Banks do not and will not contain any untrue statement of a material fact and do not and will not omit to state any material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances in which made, and will promptly disclose to the Agent and the Banks and correct any defect or error that may be discovered therein or in any Loan Document or in the execution, acknowledgement or recordation thereof.

(b) Promptly upon request by the Agent or the Majority Banks, the Company shall (and shall cause any of its Subsidiaries to) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, any and all such further acts, deeds, conveyances, security agreements, mortgages, assignments, estoppel certificates, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments the Agent or such Banks, as the case may be, may reasonably require from time to time in order (i) to carry out more effectively the purposes of this Agreement or any other Loan Document, (ii) to subject to the Liens created by any of the Collateral Documents

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any of the properties, rights or interests covered by any of the Collateral Documents, (iii) to perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer, preserve, protect and confirm to the Agent and Banks the rights granted or now or hereafter intended to be granted to the Collateral Agent, the Agent and the Banks under any Loan Document or under any other document executed in connection therewith.

6.14 Survey. On or before August 15, 1996 the Company shall provide to

Agent a current survey and surveyor's certification for the Austin Facility conforming to the Texas Professional Land Practices Act and the general rules of procedures and practices of the Texas Board of Professional Land Surveyors, as currently revised, for category (1) (a) condition II surveys. Thereafter, the Company shall promptly arrange, at the Company's sole expense, for any endorsements necessary for the Title Company to endorse over any exceptions to the title insurance policy issued the Collateral Agent and caused by the absence of such a survey. If the Title Company is unwilling or unable to issue such an

endorsement, or if the above-described survey shall disclose any matters which are unsatisfactory to the Agent or the Majority Banks, in their reasonable discretion, then the Company shall take all steps necessary to correct such matters within a reasonable period of time (but in no event more than 45 days) after notice thereof from the Agent.

ARTICLE VII

NEGATIVE COVENANTS

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:

7.01 Limitation on Liens. The Company shall not, and shall not suffer or

permit any Restricted Subsidiary 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 property of the Company or any Restricted Subsidiary on the Effective Date and set forth in Schedule 7.01 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

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permitted by Section 6.07, provided that no notice of lien has been filed or

recorded under the Code;

(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 its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent 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, in the aggregate, are not substantial in amount, and 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;

(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 Liens 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 120 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;

(k) Liens securing Capital Lease Obligations in respect of the assets subject thereto;

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(l) 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 FRB, and (ii) such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depository institution;

(m) Liens shared on a *pari passu* basis with the Agent and the Banks securing the Indebtedness of the Company under the Senior Secured Notes or any Refinancing Debt; and

(n) Liens on capital stock or shares of the German Subsidiary.

7.02 Disposition of Assets. The Company shall not, and shall not suffer or permit any Restricted Subsidiary 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) or enter into any agreement to do any of the foregoing, except:

(a) dispositions of inventory, or used, 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;

(c) any sale and leaseback transaction with respect to equipment so long as the equipment which is the subject of such transaction is acquired for the purpose of effecting such transaction and the sale and leaseback of such equipment occurs no later than 120 days following the original acquisition of such property; and

(d) dispositions not otherwise permitted hereunder which are made for fair market value; provided, that (i) at the time of any disposition, no Event of Default shall exist or shall result from such disposition, (ii) the aggregate sales price from such disposition shall be paid in cash, and (iii) the aggregate value of all assets so sold by the Company and its Restricted Subsidiaries, together, shall not exceed 20% of Consolidated Tangible Net Worth measured as of the Effective Date.

Notwithstanding subsection 7.02(d) above, the disposition of Receivables shall not be permitted, and, notwithstanding subsections 7.02(a) through 7.02(d) above, the

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disposition of Collateral shall not be permitted (i) except to the extent expressly permitted by the Senior Secured Note Documents in respect of partial sales of the Collateral only (and not the Collateral as an entirety) and in compliance with the terms of the Intercreditor Agreement and subsection 2.07(c) as to the application of the proceeds of any such disposition, and (ii) (A) any such partial disposition of Collateral may not individually exceed \$2,000,000 in fair market value and together with any other such partial dispositions of Collateral in the preceding twelve month period does not exceed \$10,000,000 in fair market value in the aggregate (any such fair market values to be established as of the time of consummation of any such disposition), (B) the Company shall receive consideration in respect of and concurrently with any such disposition at least equal to the fair market value of such Collateral, (C) the Company shall furnish to the Agent and the Banks such officer's certificate and other information required to be furnished by it to the indenture trustee for the holders of the Senior Secured Notes at the same time the foregoing is so furnished under the Senior Secured Note Documents, and (D) the Net Proceeds therefrom shall be paid directly by the purchaser to the Collateral Agent to be held by it as required pursuant to the terms of the Senior Secured Note Documents and the Collateral Documents.

7.03 Consolidations and Mergers. The Company shall not, and shall not suffer or permit any Restricted Subsidiary 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 Restricted Subsidiary may merge with the Company, provided

that the Company shall be the continuing or surviving corporation, or with any one or more Restricted Subsidiaries, provided that if any transaction shall be

between a Restricted Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation;

(b) any Restricted Subsidiary may sell all or substantially all of its assets (upon voluntary liquidation or otherwise), to the Company or another Wholly-Owned Subsidiary; and

(c) as permitted by Section 7.04.

Notwithstanding subsections 7.03(a), (b) and (c) above, the Company shall not, and shall not suffer or permit any Restricted Subsidiary 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, the German Subsidiary.

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7.04 Loans and Investments. The Company shall not purchase or acquire,

or suffer or permit any Restricted Subsidiary to purchase or acquire, or make any commitment therefor, any capital stock, equity interest, or any obligations or other securities of, or any interest in, any Person, or make or commit to make any Acquisitions, or make or commit to 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) extensions of credit by the Company to any of its Wholly-Owned Subsidiaries (other than the German Subsidiary) or by any of its Wholly-Owned Subsidiaries to another of its Wholly-Owned Subsidiaries (other than the German Subsidiary);

(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 Restricted 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 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 or 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 Agent, and (v) such Acquisition shall not result in any Default or Event or Default;

(e) Investments in FASL not exceeding \$50,000,000 as to all such Investments in the aggregate;

(f) Investments in the German Subsidiary not exceeding \$75,000,000 funded in fiscal 1996, \$100,000,000 funded in fiscal 1997, \$175,000,000 funded in fiscal 1998, \$175,000,000 funded in

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fiscal 1999 and \$175,000,000 funded in fiscal 2000 (in each case, minus the fair

market value of assets transferred or otherwise conveyed to the German Subsidiary by the Company or any Restricted Subsidiary) as to all such Investments in the aggregate in such year; provided that in no event shall the

aggregate amount of all such Investments made after the Effective Date exceed \$400,000,000 minus the aggregate fair market value of assets transferred or

otherwise conveyed to the German Subsidiary by the Company or any Restricted Subsidiary after the Effective Date; and

(g) 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, do not involve FASL or the German Subsidiary and do not exceed at any one time the sum of (i) \$100,000,000; (ii) 25% 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.

7.05 Limitation on Indebtedness. The Company shall not, and shall not

suffer or permit any Restricted Subsidiary to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(a) Indebtedness incurred pursuant to this Agreement;

(b) Indebtedness consisting of Contingent Obligations permitted pursuant to Section 7.08;

(c) Indebtedness secured by Liens permitted by subsection 7.01(i), (j) and (k);

(d) Indebtedness of no more than \$400,000,000 in aggregate principal amount under the Senior Secured Notes and any Indebtedness incurred by the Company in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease, purchase or refund, all or any part of the Senior Secured Notes (such Indebtedness, the "Refinancing Debt"), provided that:

(i) the principal amount of such Refinancing Debt, together with any remaining principal of the Senior Secured Notes, shall not in the aggregate exceed \$400,000,000, (ii) the dates upon which principal and interest are due as set forth in the senior secured notes are not changed to earlier dates with respect to such Refinancing Debt; (iii) the redemption or prepayment provisions as set forth in the Senior Secured Note Documents are not altered; (iv) the provisions as set forth in the Senior Secured Note Documents relating to the disposition of

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Collateral are not altered; and (v) the Collateral Agent and the indenture trustee for the holders of the Senior Secured Notes, or any replacement trustee in the case of any Refinancing Debt, as the case may be, shall have executed and delivered such agreements, documents or instruments as the agent or the Majority banks shall request in order to preserve, protect and maintain the perfection and priority of the Agent's and the Banks' Lien on the Collateral contemplated hereby and the rights and remedies of the Agent and the Banks under the Collateral Documents;

(e) other unsecured Indebtedness of no more than \$200,000,000 in aggregate principal amount; and

(f) subject to the other provisions of this Agreement, Indebtedness existing as of the Effective Date and any refinancing, renewal or extension of such Indebtedness so long as the principal amount thereof is not increased (unless the incurrence of Indebtedness in excess of the existing principal amount as of the Effective Date is permitted by subsection 7.05(e)).

7.06 Transactions with Affiliates. The Company shall not, and shall not

suffer or permit any Subsidiary to, enter into any transaction with any Affiliate of the Company, except 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.

7.07 Use of Proceeds. (a) The Company shall not, and shall not suffer or

permit any Subsidiary 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.

(b) The Company shall not, directly or indirectly, use any portion of

the Loan proceeds (i) knowingly to purchase Ineligible Securities from the Arranger during any period in which the Arranger makes a market in such Ineligible Securities, (ii) knowingly to purchase during the underwriting or placement period Ineligible Securities being underwritten or privately placed by the Arranger, or (iii) to make payments of principal or interest on Ineligible Securities underwritten or privately placed by the Arranger and issued by or for the benefit of the Company or any Affiliate of the Company. The Arranger is a registered broker-dealer and permitted to underwrite and deal in certain Ineligible Securities; "Ineligible Securities" means securities which may not be

underwritten or dealt in by member banks of the Federal Reserve System under Section 16 of the Banking Act of 1933 (12 U.S.C. (S) 24, Seventh).

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(c) The Company shall not, directly or indirectly, transfer any portion of the Loan proceeds to the German Subsidiary.

7.08 Contingent Obligations. The Company shall not, and shall not suffer or permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Contingent Obligations, except:

(a) endorsements for collection or deposit in the ordinary course of business;

(b) Permitted Swap Obligations, provided that the Swap Termination Values thereof do not at any time outstanding exceed \$20,000,000 in the aggregate;

(c) Contingent Obligations of the Company and its Subsidiaries existing as of the Effective Date and listed in Schedule 7.08;

(d) Contingent Obligations of the Company of not more than \$175,000,000 of Indebtedness of FASL;

(e) Contingent Obligations of the Company with respect to the Indebtedness and Permitted Swap Obligations of its Restricted Subsidiaries of no more than \$100,000,000 in the aggregate (minus the amount of any Contingent Obligations listed on Schedule 7.08) at any time for all such Restricted Subsidiaries combined; and

(f) Contingent Obligations of the Company with respect to the obligations of the German Subsidiary of not more than \$150,000,000 at any time in fiscal 1997, \$250,000,000 at any time in fiscal 1998, \$425,000,000 at any time in fiscal 1999 and \$550,000,000 at any time in fiscal 2000.

7.09 [Reserved]

7.10 Restricted Payments. The Company shall not, and shall not suffer or permit any Subsidiary 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 (other than dividends or other distributions by a Wholly-Owned Subsidiary to the Company), 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:

(a) declare and make dividend payments or other distributions payable solely in its common stock; and

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(b) purchase, redeem or otherwise acquire shares of its common stock or warrants or options to acquire any such shares with the proceeds received from the substantially concurrent issue of new shares of its common stock;

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.

7.11 Senior Secured Notes. Except as otherwise expressly contemplated or permitted under subsection 2.07(c) or subsection 7.05(d), the Company shall not, and shall not cause or permit any Subsidiary to, (a) 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 any 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 Senior Secured Note Documents) in respect of, or defease or otherwise establish any sinking fund, reserve or like set aside of funds or other property for the redemption, retirement or repayment of, any of the Senior Secured Notes, or transfer any property in payment of or as security for the payment of any of the Senior Secured Notes; or (b) amend, modify or change in any manner the terms of the Senior Secured Note Documents, if any such amendment, modification or change (i) changes (to earlier dates) the dates upon which principal and interest are due thereon; (ii) alters the redemption or prepayment provisions thereof; or (iii) alters the provisions thereof relating to dispositions of Collateral.

7.12 ERISA. The Company shall not, and shall not suffer or permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in liability of the Company in an aggregate amount in excess of \$25,000,000; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

7.13 Change in Business. The Company shall not, and shall not suffer or permit any Subsidiary 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.

7.14 Accounting Changes. The Company shall not, and shall not suffer or permit any Restricted Subsidiary 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 Restricted Subsidiary.

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7.15 Modified Quick Ratio. The Company shall not as of the end of any fiscal quarter 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, other than Cash Equivalents subject to a Lien securing Indebtedness, plus net Receivables, plus Fujitsu Receivables, to (b) Consolidated Current Liabilities, to be less than (i) 0.80 to 1.00 prior to fiscal year-end 1999 and (ii) 0.90 to 1.00 beginning at fiscal year-end 1999 and thereafter.

7.16 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 \$1,900,000,000 plus (a) 75% of net income for the Company and its Restricted Subsidiaries computed from the first day of the Company's third fiscal quarter of 1996 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 Issuance Proceeds of any sale of capital stock of the Company by or for the account of the Company occurring after the Effective Date, plus (c) any increase in stockholders' equity resulting from the conversion of debt securities to equity securities after the Effective Date.

7.17 Leverage Ratio. The Company shall not as of the end of any fiscal quarter suffer or permit its Leverage Ratio to be greater than 0.85 to 1.00.

7.18 Fixed Charge Coverage Ratio. The Company shall not as of the end of any fiscal quarter suffer or permit its Fixed Charge Coverage Ratio to be less than (a) 1.00 to 1.00 beginning on the Effective Date, (b) 1.75 to 1.00 beginning at the end of the second fiscal quarter of 1997, and (c) 2.50 to 1.00 beginning at the end of the fourth fiscal quarter of 1997 and thereafter.

ARTICLE VIII

EVENTS OF DEFAULT

8.01 Event of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Company fails to make, (i) when and as

required to be made herein, payments of any amount of principal of any Loan, or (ii) within three days after the same becomes due, payment of any interest, fee or any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by

the Company 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 Subsidiary, or any Responsible Officer, furnished at any time under this

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Agreement, or in or under any other Loan Document, is 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 any of Sections 6.01, 6.02, 6.03, 6.04, 6.08, 6.09, 6.12, 6.13 or 6.14 or in 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 knew or reasonably should have known of such failure or (ii) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or any "Event of Default" shall occur under any Collateral Document; or

(e) Cross-Default. The Company or any Restricted Subsidiary (i)

fails to make any payment in respect of any Indebtedness or Contingent Obligation (other than in respect of Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) 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 relevant document on the date of such failure; or (ii) 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 Contingent Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure 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 Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; or (iii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (1) any event of default under such Swap Contract as to which the Company or any Restricted Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (2) any Termination Event (as so defined) as to which the Company or any Restricted Subsidiary is an Affected Party (as so defined), and, in either event, the Swap Termination Value owed by the Company or such Restricted Subsidiary as a result thereof is greater than \$10,000,000 and the Company or such Restricted Subsidiary fails to pay such Swap Termination Value when due; or (iv) there shall occur any Deposit Event under (and as defined in) the CIBC

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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 (v) any "Event of Default" under the Senior Secured Note Documents shall occur or any mandatory redemption or prepayment of all or a portion of the Senior Secured Notes shall be required for any reason (other than in connection with a prepayment or redemption due to a Prepayment Event, so long as the required prepayment of the Loans has been made pursuant to subsection 2.07(c)); or

(f) Insolvency; Voluntary Proceedings. The Company or any Restricted

Subsidiary (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 Restricted Subsidiary, 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 Restricted Subsidiary's 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 Restricted Subsidiary 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 Restricted Subsidiary 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) An ERISA Event shall occur with respect to a Pension

Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of 5% of Consolidated Tangible Net Worth; or (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds 5% of Consolidated Tangible Net Worth; or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of 5% of Consolidated Tangible Net Worth; or

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(i) Monetary Judgments. One or more non-interlocutory judgments,

non-interlocutory orders, decrees or arbitration awards is entered against the Company or any Restricted Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related or unrelated 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 is entered against the Company or any Subsidiary 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; or

(k) Change of Control. There occurs any Change of Control; or

(l) Loss of Licenses. Any Governmental Authority revokes or fails to

renew any material license, permit or franchise of the Company or any Restricted Subsidiary, or the Company or any Restricted Subsidiary for any reason loses any material license, permit or franchise, or the Company or any Restricted Subsidiary suffers the imposition of any restraining order, escrow, suspension or impound of funds in connection with any proceeding (judicial or administrative) with respect to any material license, permit or franchise; or

(m) Adverse Change. There occurs a Material Adverse Effect; or

(n) Collateral.

(i) any provision of any Collateral Document shall for any reason cease to be valid and binding on or enforceable against the Company or the Company shall so state in writing or bring an action to limit its obligations or liabilities thereunder; or

(ii) any Collateral Document shall for any reason (other than pursuant to the terms thereof) cease to create a valid Lien on the Collateral purported to be covered thereby or such Lien shall for any reason cease to be a perfected and first priority Lien subject only to Permitted Liens.

8.02 Remedies. If any Event of Default occurs, the Agent shall, at the

request of, or may, with the consent of, the Majority Banks,

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(a) declare the obligation of each Bank to make any Loans hereunder

to be terminated, whereupon such obligation and such Bank's Commitment shall 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, 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 subsection

(f) or (g) of Section 8.01 (in the case of clause (i) of subsection (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 Agent or any Bank.

8.03 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.

8.04 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 7.15 through 7.18 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 Agent its audited annual or unaudited quarterly financial statements in respect of such fiscal period reflecting such Charge as taken.

ARTICLE IX

THE AGENT

9.01 Appointment and Authorization; "Agent". Each Bank hereby irrevocably

(subject to Section 9.09) appoints, designates

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and authorizes the 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 Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the 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 Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

9.02 Delegation of Duties. The 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 Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Agent. None of 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 or the transactions contemplated hereby (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 Agent under or in connection with, this Agreement or any other Loan Document, or for the value of or title to any Collateral, 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 the Company's Subsidiaries or Affiliates.

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9.04 Reliance by Agent. (a) The Agent shall be entitled to rely, and

shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, 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 Agent. The 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 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 4.01 and 4.02, 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 sent (or made available) by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to such Bank, unless the Agent shall have received written notice from such Bank prior to the Effective Date or the Loan Availability Date, as applicable, specifying its objection thereto and such objection shall not have been withdrawn by notice to the Agent to that effect on or prior to the Effective Date or Loan Availability Date, as applicable.

9.05 Notice of Default. The 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 Agent for the account of the Banks, unless the 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". The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; provided, however, that unless and until the Agent has received any such

request, the 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.

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9.06 Credit Decision. Each Bank acknowledges that none of the

Agent-Related Persons has made any representation or warranty to it, and that no act by the 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 any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person 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, the value of and title to any Collateral, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person 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 Agent, the 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.

9.07 Indemnification of Agent. Whether or not the transactions

contemplated hereby are consummated, 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), in accordance with the Banks' Pro Rata Shares, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the

payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the 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 Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the payment of all

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Obligations hereunder and the resignation or replacement of the Agent.

9.08 Agent in Individual Capacity. BofA 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 BofA were not the Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BofA 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 Agent shall be under no obligation to provide such information to them. With respect to its Loans, BofA 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 Agent, and the terms "Bank" and "Banks" include BofA in its individual capacity.

9.09 Successor Agent. The Agent may, and at the request of the Majority

Banks shall, resign as Agent upon 30 days' notice to the Banks. If the Agent resigns under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may 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 Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Majority Banks appoint a successor agent as provided for above.

9.10 Withholding Tax. (a) If any Bank is a "foreign corporation,

partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Agent, to deliver to the Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax

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treaty, two properly completed and executed copies of IRS Form 1001 before the payment of any interest or fees in the first calendar year and before the payment of any interest or fees in each third succeeding calendar year during which interest or fees may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 before the payment of any interest or fees is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest or fees may be paid under this Agreement; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Company to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. However, if the forms or other documentation required by subsection (a) of this Section are not delivered to the Agent, then the Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction.

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(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered or was not properly executed, or because such Bank failed to notify the 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 the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

9.11 Collateral Matters. (a) The Agent is authorized on behalf of all

the Banks, without the necessity of any notice to or further consent from the Banks, from time to time to take any action with respect to any Collateral or the Collateral Documents which may be necessary to perfect and maintain perfected the Liens on the Collateral granted pursuant to the Collateral Documents or protect and preserve the Agent's ability to enforce the Liens or realize upon the Collateral.

(b) The Banks irrevocably authorize the Agent, at its option and in its discretion, to release any Lien granted to or held by the Agent or the Collateral Agent upon any Collateral (i) upon termination of the Commitments and payment in full of all Loans and all other Obligations known to the Agent and payable under this Agreement or any other Loan Document; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder or under any Collateral Document; (iii) constituting property in which the Company or any Subsidiary owned no interest at the time the Lien was granted or at any time thereafter; (iv) constituting property leased to the Company or any Subsidiary under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by the Company or such Subsidiary to be, renewed or extended; (v) consisting of an instrument evidencing Indebtedness or other debt instrument, if the indebtedness evidenced thereby has been paid in full; (vi) if approved, authorized or ratified in writing by the Majority Banks or all the Banks, as the case may be, as provided

in subsection 10.01(f); or (vii) constituting the property described in the Mortgage with respect to that portion of the Austin Facility which pursuant to the terms of the Mortgage is to be released from the Lien of such Mortgage following certain re-mapping and subdivision of the Austin Facility. Upon request by the Agent at any time, the Banks will confirm in writing the Agent's authority to release particular types or items of Collateral pursuant to this subsection 9.11(b), provided that the absence of any such

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confirmation for whatever reason shall not affect the Agent's rights under this Section 9.11.

(c) Each of the Banks authorizes the Agent to execute and deliver, and act in accordance with the terms of, the Intercreditor Agreement. With the consent of the Majority Banks, the Agent may (i) take any action under the Intercreditor Agreement, (ii) provide any instructions, directions, consents or certificates to the Collateral Agent (as defined in the Intercreditor Agreement) under the Intercreditor Agreement, or (iii) consent to any amendments of or modifications to the Intercreditor Agreement; provided, however, that the Agent

shall not instruct or direct the Collateral Agent to release the Liens on the Collateral except as otherwise expressly permitted by Section 9.11(b) of this Agreement. Upon the request of the Agent at any time, the Banks shall confirm in writing the Agent's authority to act under the Intercreditor Agreement pursuant to this subsection 9.11(c); provided, however, that the absence of any

such confirmation for whatever reason shall not affect the Agent's rights under this Section 9.11.

(d) In the event of an Insolvency Proceeding involving the Company or the Collateral, each of the Banks agrees that (i) it shall not take any action in such Insolvency Proceeding that is inconsistent with the terms of the Intercreditor Agreement, and (ii) it shall vote its claims in such Insolvency Proceeding in such a way that is consistent with the terms of the Intercreditor Agreement. Each of the Agent and the Banks agrees that (A) the indenture trustee for the holders of the Senior Secured Notes shall be a beneficiary of this Section 9.11(d), (B) such trustee may enforce this Section 9.11(d) against the Agent and the Banks, and (C) the terms of this Section 9.11(d) shall not be amended or modified without the consent of such trustee.

(e) Each Bank agrees with and in favor of each other (which agreement shall not be for the benefit of the Company or any Subsidiary) that the Company's obligation to such Bank under this Agreement and the other Loan Documents is not and shall not be secured by any real property collateral now or hereafter acquired by such Bank other than the real property described in the Mortgage.

9.12 Documentation Agent; Syndication Agent. None of the Banks identified

on the facing page or signature pages of this Agreement or otherwise in this Agreement as Syndication Agent or Documentation Agent 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 Syndication Agent or Documentation Agent 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.

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ARTICLE X

MISCELLANEOUS -----

10.01 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 or any applicable Subsidiary therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Agent at the written request of the Majority Banks) and the Company and acknowledged by the Agent, and then any such waiver or consent 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 and the Company and acknowledged by the Agent, do any of the following:

(a) increase or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to Section 8.02);

(b) postpone or delay any date fixed by this Agreement or any other

Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or (subject to clause (ii) of the proviso below) any fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder;

(e) amend this Section, or Section 2.14, or any provision herein providing for consent or other action by all Banks; or

(f) release all or substantially all of the Collateral except as otherwise may be provided in the Collateral Document or except where the consent of the Majority Banks only is specifically provided for;

and, provided further, that (i) no amendment, waiver or consent shall, unless in

writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, (ii) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto, and (iii) Section 9.11(d) shall not be amended or modified without the prior written consent of the indenture trustee for the holders of the Senior Secured Notes.

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10.02 Notices. (a) All notices, requests, consents, approvals, waivers

and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission, provided that any

matter transmitted by the Company by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.02, and (ii) shall be followed promptly by delivery of a hard copy

original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 10.02; or, as directed to the Company

or the Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Company and the Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II or IX to the Agent shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Company. The 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 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 Agent or 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 Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic or facsimile notice.

10.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay

in exercising, on the part of the 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.

10.04 Costs and Expenses. The Company shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BofA (including in its capacity as Agent) within five Business Days after demand (subject to subsections 4.01(d) and 4.02(d)) for all costs and

expenses incurred by BofA (including in its capacity as Agent) in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), 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 reasonable Attorney Costs incurred by BofA (including in its capacity as Agent) with respect thereto; and

(b) pay or reimburse the Agent, the Arranger and each Bank within five Business Days after demand (subject to subsections 4.01(d) and 4.02(d)) for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding); and

(c) pay or reimburse BofA (including in its capacity as Agent) within five Business Days after demand (subject to subsections 4.01(d) and 4.02(d)) for all appraisal (including the allocated cost of internal appraisal services), valuation, audit, environmental inspection and review (including the allocated cost of such internal services), search and filing costs, fees and expenses, incurred or sustained by BofA (including in its capacity as Agent) in connection with the matters referred to under subsections (a) and (b) of this Section.

10.05 Company Indemnification. (a) Whether or not the transactions

 contemplated hereby are consummated, the Company shall indemnify, defend and hold the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities,

 obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of 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 resulting solely from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section shall survive payment of all other Obligations.

(b) (i) The Company shall 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 subject to a Mortgage in favor of the Agent or any Bank. No action taken by legal counsel chosen by the 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 Agent and each Bank.

(ii) In no event shall any site visit, observation, or testing by the Agent or any Bank (or any contractee of the 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 Agent or any Bank. Neither the 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 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 Agent or any Bank.

(c) Survival; Defense. The obligations in this Section 10.05 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 10.05 shall be paid within 30 days after demand.

10.06 Marshalling; Payments Set Aside. Neither the 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

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in payment of any or all of the Obligations. To the extent that the Company makes a payment to the Agent or the Banks, or the Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank in its discretion) 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 set-off had not occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share of any amount so recovered from or repaid by the Agent.

10.07 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 Agent and each Bank.

10.08 Assignments, Participations, Etc. (a) Any Bank may, with the

written consent of the Company and the Agent (which in each case shall not be unreasonably withheld), at any time assign and delegate to one or more Eligible Assignees (each an "Assignee") all, or any ratable part of all, of the Loans,

the Commitment and the other rights and obligations of such Bank hereunder; provided, however, that (i) no written consent of the Company shall be required

during the existence of a Default or an Event of Default; (ii) no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is another Bank or an Affiliate of such Bank; and (iii) any such assignment to an Eligible Assignee that is not a Bank hereunder shall be equal to or greater than \$5,000,000; and provided further, however, that the Company and the Agent may

continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (A) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance Agreement substantially in the form of Exhibit E (an "Assignment and

Acceptance") together with any Note or Notes subject to such assignment; (B) a

written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, in substantially the form of the Notice of Assignment attached as Schedule 1 to the Assignment and

Acceptance, shall have been given to the Company and the Agent by such Bank and the Assignee; and (C) the assignor Bank or Assignee shall have paid to the Agent a processing fee in the amount of \$3,500.

(b) From and after the date that the Agent notifies the assignor Bank that the Agent has received (and, if required,

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provided its consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (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) 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, and (iii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish

its rights and be released from its obligations under the Loan Documents; provided, however, that the assignor Bank shall not relinquish its rights under

Article III or under Sections 10.04 and 10.05 to the extent such rights relate to the time prior to the effective date of the Assignment and Acceptance. The Commitment allocated to each Assignee shall reduce the Commitment of the assigning Bank pro tanto.

(c) Within five Business Days after the Company's receipt of notice from the Agent that it has received (and, if necessary, consented to) an executed Assignment and Acceptance and payment of the processing fee (and

provided that the Company consents to such assignment in accordance with

subsection 10.08(a)), the Company shall execute and deliver to the Agent any new Notes requested by such Assignee evidencing such Assignee's assigned Loans and Commitment and, if the assignor Bank has retained a portion of its Loans and its Commitment, replacement Notes as requested by the assignor Bank evidencing the Loans and Commitment retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by such Bank, if any).

(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 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 has 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 of the Banks as described in the first proviso to Section 10.01. 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

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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) 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 FRB or U.S. Treasury Regulation 31 CFR (S)203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

10.09 Confidentiality. Each Bank agrees to take and to cause its

Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Company and provided to it by the Company or any Subsidiary, or by the Agent on the Company's or such Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Company or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of 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, 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 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 such Bank's independent auditors, legal counsel and

other professional advisors; (G) 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; (H) as to any Bank or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Company or any Subsidiary is party or is deemed party

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with such Bank or such Affiliate; and (I) to its Affiliates. 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") any such information in such Bank's possession concerning the

Company or its Subsidiaries which has been delivered to Agent or the Banks pursuant to this Agreement or which has been delivered to the 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.

10.10 Set-off. In addition to any rights and remedies of the Banks

provided by law, if an Event of Default exists or the Loans have been accelerated, 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 by, 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 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 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. NOTWITHSTANDING THE FOREGOING, NO BANK SHALL EXERCISE, OR ATTEMPT TO EXERCISE, ANY RIGHT OF SET-OFF, BANKER'S LIEN, OR THE LIKE, AGAINST ANY DEPOSIT ACCOUNT OR PROPERTY OF THE COMPANY OR ANY SUBSIDIARY OF THE COMPANY HELD OR MAINTAINED BY THE BANK WITHOUT THE PRIOR WRITTEN CONSENT OF THE MAJORITY BANKS.

10.11 Automatic Debits of Fees. With respect to any commitment fee,

arrangement fee, or other fee, or any other cost or expense (including Attorney Costs) due and payable to the Agent, BofA or the Arranger under the Loan Documents, the Company hereby irrevocably authorizes BofA to debit any deposit account of the Company with BofA in an amount such that the aggregate amount debited from all such deposit accounts does not exceed such fee 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

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whole or in part, in BofA's sole discretion) and such amount not debited shall be deemed to be unpaid. No such debit under this Section shall be deemed a set-off.

10.12 Notification of Addresses, Lending Offices, Etc. Each Bank shall

notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.13 Counterparts. This Agreement may be executed 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.

10.14 Severability. 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.

10.15 No Third Parties Benefited. This Agreement is made and entered into

for the sole protection and legal benefit of the Company, the Banks, the Agent, the Indemnified Persons and the Agent-Related Persons, 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, except as provided in Section 9.11(d).

10.16 Governing Law and Jurisdiction. (a) THIS AGREEMENT AND THE NOTES

SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE 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 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 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 NEW YORK LAW.

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10.17 Waiver of Jury Trial. THE COMPANY, THE BANKS AND THE 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 ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE BANKS AND THE 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 Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in San Francisco, California, by their proper and duly authorized officers as of the day and year first above written.

THE COMPANY

ADVANCED MICRO DEVICES, INC.

/s/ Marvin Burkett,
By: -----

Senior Vice President and Chief
Financial
Title: -----
and Administrative Officer, and
Treasurer

THE AGENT

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as
Administrative Agent

By: _____

Title: _____

THE SYNDICATION AGENT

ABN AMRO BANK N.V., as Syndication Agent

By: ABN AMRO NORTH AMERICA, INC., its agent

By: _____

Title: _____

By: _____

Title: _____

THE DOCUMENTATION AGENT

CANADIAN IMPERIAL BANK OF COMMERCE, as
Documentation Agent

By: _____

Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be
duly executed and delivered in San Francisco, California, by their proper and
duly authorized officers as of the day and year first above written.

THE COMPANY

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

THE AGENT

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as
Administrative Agent

/s/ Wendy M Young

By: -----

Vice President

Title: -----

THE SYNDICATION AGENT

ABN AMRO BANK N.V., as Syndication Agent

By: ABN AMRO NORTH AMERICA, INC., its agent

By: _____

Title: _____

By: _____

Title: _____

THE DOCUMENTATION AGENT

CANADIAN IMPERIAL BANK OF COMMERCE, as

Documentation Agent

By: _____

Title: _____

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in San Francisco, California, by their proper and duly authorized officers as of the day and year first above written.

THE COMPANY

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

THE AGENT

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as
Administrative Agent

By: _____

Title: _____

THE SYNDICATION AGENT

ABN AMRO BANK N.V., as Syndication Agent

By: ABN AMRO NORTH AMERICA, INC., its agent

/s/ Inga C. Lapsins

By: -----

Officer

Title: -----

[SIGNATURE NOT LEGIBLE]

By: -----

Senior Vice President + Managing
Director

Title: -----

THE DOCUMENTATION AGENT

CANADIAN IMPERIAL BANK OF COMMERCE, as
Documentation Agent

By: _____

Title: _____

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in San Francisco, California, by their proper and duly authorized officers as of the day and year first above written.

THE COMPANY

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

THE AGENT

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as
Administrative Agent

By: _____

Title: _____

THE SYNDICATION AGENT

ABN AMRO BANK N.V., as Syndication Agent

By: ABN AMRO NORTH AMERICA, INC., its agent

By: _____

Title: _____

By: _____

Title: _____

THE DOCUMENTATION AGENT

CANADIAN IMPERIAL BANK OF COMMERCE, as
Documentation Agent

/s/ Tom R. Wagner

By: -----

Vice President

Title: -----

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THE BANKS

BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION, as a Bank

/s/ Kevin McMahon

By: -----

Vice President

Title: -----

ABN AMRO BANK N.V., as a Bank

By: ABN AMRO NORTH AMERICA, INC., its agent

By: _____

Title: _____

By: _____

Title: _____

CANADIAN IMPERIAL BANK OF COMMERCE, as a Bank

By: _____

Title: _____

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THE BANKS

BANK OF AMERICA NATIONAL TRUST AND SAVINGS

ASSOCIATION, as a Bank

By: _____

Title: _____

ABN AMRO BANK N.V., as a Bank

By: ABN AMRO NORTH AMERICA, INC., its agent

/s/ Inga c. Lapsins

By: -----

Officer

Title: -----

[SIGNATURE NOT LEGIBLE]

By: -----

Senior Vice President +
Managing Director

Title: -----

CANADIAN IMPERIAL BANK OF COMMERCE, as a Bank

By: _____

Title: _____

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THE BANKS

BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION, as a Bank

By: _____

Title: _____

ABN AMRO BANK N.V., as a Bank

By: ABN AMRO NORTH AMERICA, INC., its agent

By: _____

Title: _____

By: _____

Title: _____

CANADIAN IMPERIAL BANK OF COMMERCE, as a Bank

/s/ Tom R. Wagner

By: -----

Vice President

Title: -----

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SCHEDULE 2.01

COMMITMENTS

AND PRO RATA SHARES

Bank	Revolving Commitment	Term Commitment	Pro Rata Share
-----	-----	-----	-----
<S>	<C>	<C>	<C>
BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION	\$ 56,250,000	\$ 93,750,000	37.50%
ABN AMRO BANK N.V.	\$ 46,875,000	\$ 78,125,000	31.25%
CANADIAN IMPERIAL BANK OF COMMERCE	\$ 46,875,000	\$ 78,125,000	31.25%
	-----	-----	-----
TOTAL	\$150,000,000	\$250,000,000	100%

</TABLE>

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SCHEDULE 10.02

OFFSHORE AND DOMESTIC LENDING OFFICES,

ADDRESSES FOR NOTICES

ADVANCED MICRO DEVICES, INC.

- - - - -

Advanced Micro Devices, Inc.
One AMD Place
P.O. Box 3453
Sunnyvale, California 94088
Attention: Marvin Burkett,
Senior Vice President,
Chief Financial and Administrative Officer and Treasurer
Telephone: (408) 749-2818
Facsimile: (408) 749-3945

BANK OF AMERICA NATIONAL TRUST

- - - - -

AND SAVINGS ASSOCIATION,

- - - - -

as Agent

Borrowing notices, Notices of
Conversion/Continuation and Payments:

Bank of America National Trust
and Savings Association
Agency Management Services #5596
1455 Market Street, 12th Floor
San Francisco, California 94103
Attention: Wendy Young, Vice President
Telephone: (415) 436-3420
Facsimile: (415) 436-2700

All other notices:

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
Credit Products-High Technology-SF #3697
555 California Street, 41st Floor
San Francisco, California 94104
Attention: Kevin McMahon, Vice President
Telephone: (415) 622-8088
Facsimile: (415) 622-2514

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AGENT'S PAYMENT OFFICE:

- - - - -

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
ABA No. 1210-0035-8
1850 Gateway Boulevard, Fourth Floor
Concord, California 94520
Account No.: 12331-14132
Reference: Advanced Micro Devices

Attention: Agency Administrative Services #5596

BANK OF AMERICA NATIONAL TRUST

AND SAVINGS ASSOCIATION,

as a Bank

Domestic and Offshore Lending Office
(Borrowing notices, Notices of
Conversion/Continuation, and Payments):

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
1850 Gateway Boulevard, Fourth Floor
Concord, California 94520
Attention: Acaria Almeida, Sr. Auth. Officer
Telephone: (510) 675-7352
Facsimile: (510) 675-7531

All other notices:

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
Credit Products-High Technology-SF #3697
555 California Street, 41st Floor
San Francisco, CA 94104
Attention: Kevin McMahon, Vice President
Telephone: (415) 622-8088
Facsimile: (415) 622-2514

ABN AMRO BANK N.V.

Domestic and Offshore Lending Office(s)
(Borrowing notices, Notices of
Conversion/Continuation, and Payments):

ABN AMRO BANK N.V.
101 California Street, Suite 4550
San Francisco, CA 94111
Attention: Gloria Lee
Telephone: (415) 984-3720
Facsimile: (415) 362-3524

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All other notices:

ABN AMRO BANK N.V.
101 California Street, Suite 4550
San Francisco, CA 94111
Attention: Inga Lapsins, Officer
Telephone: (415) 984-3734
Facsimile: (415) 362-3524

CANADIAN IMPERIAL BANK OF COMMERCE

Domestic and Offshore Lending Office(s)
(Borrowing notices, Notices of
Conversion/Continuation, and Payments):

CANADIAN IMPERIAL BANK OF COMMERCE
2727 Paces Ferry Road, Suite 1200
Atlanta, GA 30339
Attention: Clare Coyne
Telephone: (770) 319-4950
Facsimile: (770) 319-4836

All other notices:

CANADIAN IMPERIAL BANK OF COMMERCE
One Post Street, Suite 3550
San Francisco, CA 94104
Attention: Tom R. Wagner
Telephone: (415) 399-5744
Facsimile: (415) 399-5761

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EXHIBIT A

FORM OF NOTICE OF BORROWING

Date: _____

Bank of America National Trust
and Savings Association,
as Agent
1455 Market Street, 12th Floor
San Francisco, CA 94103
Attention: Agency Management
Services #5596

Ladies and Gentlemen:

The undersigned, Advanced Micro Devices, Inc. (the "Company"), refers to

the Credit Agreement, dated as of July 19, 1996 (as extended, renewed, amended
or restated from time to time, the "Credit Agreement"), among the Company, the

several financial institutions from time to time party thereto (the "Banks") and

Bank of America National Trust and Savings Association, as Agent (the "Agent"),

the terms defined therein being used herein as therein defined, and hereby gives
you notice irrevocably, pursuant to Section 2.03 of the Credit Agreement, of the
Borrowing specified below:

1. The Business Day of the proposed Borrowing is _____.
2. The Borrowing is in respect of \$_____ of [Term Loans [and
\$_____ of Revolving Loans]] [Revolving Loans].
3. The aggregate amount of the proposed Borrowing is
\$_____.
4. The Borrowing is to be comprised of \$_____ of [Base Rate
Loans] [Offshore Rate Loans].
- [5. The duration of the Interest Period for the [Offshore Rate Loans]
included in the Borrowing shall be [_____] months.]

The undersigned hereby certifies that the following statements are true on
the date hereof, and will be true on the date of the proposed Borrowing, before
and after giving effect thereto and to the application of the proceeds
therefrom:

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(a) the representations and warranties of the Company contained in
Article V of the Credit Agreement are true and correct as though made on
and as of such date, except to the extent such representations and
warranties expressly refer to an earlier date, in which case they are true
and correct as of such date, and except that this notice shall be deemed
instead to refer to the last day of the most recent fiscal year and the
last day of the most recent fiscal quarter for which financial statements
have then been delivered in respect of the representation and warranty made
in Section 5.11(a) of the Credit Agreement;

(b) no Default or Event of Default has occurred and is continuing, or
would result from such proposed Borrowing;

(c) there has occurred since June 30, 1996 no event or circumstance
that has resulted or could reasonably be expected to result in a Material
Adverse Effect; and

(d) the Moody's Rating as of the date hereof is ____, and the S&P
Adjusted Rating as of the date hereof is ____.

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

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EXHIBIT B

Date: _____

Bank of America National Trust
and Savings Association, as Agent
1455 Market Street, 12th Floor
San Francisco, CA 94103
Attention: Agency Management
Services #5596

Ladies and Gentlemen:

The undersigned, Advanced Micro Devices, Inc. (the "Company"), refers to

the Credit Agreement, dated as of July 19, 1996 (as extended, renewed, amended
or restated from time to time, the "Credit Agreement"), among the Company, the

several financial institutions from time to time party thereto (the "Banks") and

Bank of America National Trust and Savings Association, as Agent (the "Agent"),

the terms defined therein being used herein as therein defined, and hereby gives
you notice irrevocably, pursuant to Section 2.04 of the Credit Agreement, of the
[conversion] [continuation] of Loans specified below:

1. The Conversion/Continuation Date is _____.
2. The aggregate amount of the Loans to be [converted] [continued]
is \$ _____.
3. The Loans are to be [converted into] [continued as] [Offshore
Rate Loans] [Base Rate Loans].
- [4. The duration of the Interest Period for the [Offshore Rate Loans]
included in the [conversion] [continuation] shall be [____] months.]

The undersigned hereby certifies that the Moody's Rating as of the date
hereof is ____, and the S&P Adjusted Rating as of the date hereof is ____ .

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

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EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

ADVANCED MICRO DEVICES, INC.

FINANCIAL STATEMENTS DATE: _____

Reference is made to that certain Credit Agreement dated as of July 19,
1996 (as extended, renewed, amended or restated from time to time, the "Credit

Agreement"), among Advanced Micro Devices, Inc. (the "Company"), the several

financial institutions from time to time party thereto (the "Banks") and Bank of

America National Trust and Savings Association, as Agent (in such capacity, the
"Agent"). Unless otherwise defined herein, capitalized terms used herein have

the respective meanings assigned to them in the Credit Agreement.

The undersigned Responsible Officer of the Company hereby certifies as of
the date hereof that he/she is the [_____] of the Company, and that,
as such, he/she is authorized to execute and deliver this Certificate to the
Banks and the Agent on the behalf of the Company and its consolidated
Subsidiaries, and that:

[USE THE FOLLOWING PARAGRAPH IF THIS CERTIFICATE IS DELIVERED IN CONNECTION WITH
THE FINANCIAL STATEMENTS REQUIRED BY SUBSECTION 6.01 (A) OF THE CREDIT
AGREEMENT.]

1. Attached hereto are true and correct copies of the audited consolidated
balance sheet of the Company and its Subsidiaries as of the end of the fiscal
year ended _____ and the related consolidated statements of income or

operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, accompanied by the opinion of the Independent Auditor, which opinion (a) states 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 and (b) is not 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. Also attached hereto are true and correct copies of the unaudited consolidating balance sheets of the Company and its Subsidiaries as at the end of such year and the related consolidating statements of income, shareholders' equity and cash flows for such year, which were developed and used in connection with the preparation of the financial statements referred to above.

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OR

[USE THE FOLLOWING PARAGRAPH IF THIS CERTIFICATE IS DELIVERED IN CONNECTION WITH THE FINANCIAL STATEMENTS REQUIRED BY SUBSECTION 6.01(B) OF THE CREDIT AGREEMENT.]

1. Attached hereto are true and correct copies of the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of the fiscal quarter ended _____ 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, which are complete and accurate in all material respects and fairly present, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position, the results of operations and the cash flows of the Company and the Subsidiaries. Also attached hereto are copies of the unaudited consolidating balance sheets of the Company and its Subsidiaries as at the end of such quarter and the related consolidating statements of income, shareholders' equity and cash flows for such quarter, which were developed and used in connection with the preparation of the financial statements referred to above.

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Company and its Subsidiaries during the accounting period covered by the attached financial statements.

3. The Company and its Subsidiaries, during such period, have observed, performed or satisfied all of the covenants and other agreements, and satisfied every condition in the Credit Agreement to be observed, performed or satisfied by the Company and its Subsidiaries, and the undersigned has no knowledge of any Default or Event of Default.

4. The representations and warranties of the Company contained in Article V of the Credit Agreement are true and correct as though made on and as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they shall be true and correct as of such date; and except that this notice shall be deemed instead to refer to the last day of the most recent fiscal year and the last day of the most recent fiscal quarter for which financial statements have then been delivered in respect of the representation and warranty made in Section 5.11(a) of the Credit Agreement).

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5. The financial covenant analyses and information set forth on Schedule 1 attached hereto are true and accurate on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as the _____ of the Company as of _____.

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

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SCHEDULE 1
to the Compliance Certificate

Dated _____ / For the fiscal [quarter][year] ended _____.

1. Modified Quick Ratio (Section 7.15)

a. The sum of:

- i) cash _____
- ii) Cash Equivalents (other than those subject to a Lien securing Indebtedness) _____
- iii) Net Receivables _____
- iv) Fujitsu Receivables _____

Total: _____

b. The sum of all Consolidated Current Liabilities (including all outstanding Revolving Loans and the current portion of all Term Loans, and principal amounts payable within 12 months under the CIBC Leases): _____

c. Required Ratio of 1(a) to 1(b):

- (i) 0.80 to 1.00 (minimum) prior to fiscal year-end 1999; and (ii) 0.90 to 1.00 (minimum) at fiscal year-end 1999 and thereafter.

d. Actual Ratio of 1(a) to 1(b): _____

2. Minimum Tangible Net Worth (Section 7.16)

a. The sum of:

- i) \$1,900,000,000 \$1,900,000,000
- ii) 75% of net income (without subtracting losses) earned in each fiscal quarter, commencing with the third fiscal quarter of 1996 _____
- iii) 100% of Net issuance Proceeds from any equity securities issued in each fiscal quarter occurring after the Effective Date _____

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- iv) 100% of any increase in stockholders' equity resulting from the conversion of debt securities to equity securities, occurring after the Effective Date _____

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) _____

Consolidated Tangible Net Worth: _____

c. Difference between 2(a) and 2 (b): _____

3. Leverage Ratio (Section 7.17)

a. Total Consolidated liabilities (including the obligations under the CIBC Leases and all Guaranty Obligations) _____

- 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 of 3(a) to 3(b): _____

4. Fixed Charge Coverage Ratio (Section 7.18) (for

the four consecutive fiscal quarter periods ending
on the last day of the last fiscal quarter covered
in this Schedule C-1)

a. EBITDA:

Consolidated net income _____

Plus (to the extent deducted in

calculating Consolidated net income)

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- (i) income tax expense _____
 - (ii) gross interest expense _____
 - (iii) depreciation and amortization
expense _____
 - (iv) losses reported by FASL _____
- Less (to the extent added in calculating

Consolidated net income):
gains reported by FASL _____

EBITDA: _____

b. The sum of:

- i) gross 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):

(i) 1.00 to 1.00 (minimum) beginning on the
Effective Date; (ii) 1.75 to 1.00 beginning
at the end of the second fiscal quarter of
1997 and (iii) 2.50 to 1.00 beginning at
the end of the fourth fiscal quarter of 1997
and thereafter.

d. Actual Ratio of 4(a) to 4(b) _____

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EXHIBIT D

FORM OF LEGAL OPINION OF COMPANY'S COUNSEL

_____, 1996

To each of the Banks party to the Credit Agreement referred to below, and to
Bank of America National Trust and Savings Association, as Agent

Ladies and Gentlemen:

We have acted as counsel for _____ (the "Company"),

in connection with the Credit Agreement, dated as of _____, 199_ (the
"Credit Agreement"), among the Company, the financial institutions party thereto

(the "Banks")[, the Co-Agents party thereto,] and Bank of America National Trust

and Savings Association, as Agent (the "Agent").

This opinion is provided to the Agent and the Banks as required pursuant to subsection 4.01(d) of the Credit Agreement. Capitalized terms not otherwise defined herein have the respective meanings set forth in the Credit Agreement.

In connection with this opinion letter, we have examined executed copies of the Credit Agreement and the _____ [LIST OTHER LOAN DOCUMENTS REVIEWED] (the "Loan Documents");

certificates of public officials from the State of _____; the certificate or articles of incorporation, as the case may be, 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.

In addition, we have made such other investigations and reviewed such other documents as we have deemed necessary to enable us to express the opinions hereinafter set forth. In the course of this examination we have assumed the genuineness of all signatures of persons signing the Loan Documents 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.

Based upon the foregoing, and further subject to the assumptions, qualifications and exceptions set forth below, we

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hereby advise you that in our opinion [MODIFY OPINION BELOW, AS APPROPRIATE, TO INCLUDE ANY GUARANTORS]:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of _____ with the corporate power and authority to own and operate (or lease, as the case may be) its properties and to carry on its business as it is now conducted. The Company is qualified as a foreign corporation and in good standing in each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification.

2. The Company has the corporate power and authority to enter into and perform the Loan Documents to which it is a party, and has taken all necessary corporate action to authorize the execution, delivery and performance of the Loan Documents.

3. No authorization, consent, approval, license, exemption of, or filing or registration with, any Governmental Authority, or approval or consent of any other Person, is required for the due execution, delivery or performance by, or enforcement against, the Company of the Loan Documents.

4. The Loan Documents have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

5. The execution, delivery and performance by the Company of the Loan Documents will not (i) violate or be in conflict with any provision of the certificate or articles of incorporation, as the case may be, or by-laws of the Company, (ii) violate or be in conflict with any law or regulation having applicability to the Company, (iii) violate or contravene any judgment, decree, injunction, writ or order of any court, or any arbitrator or other Governmental Authority, having jurisdiction over the Company or the Company's properties or by which the Company may be bound, or (iv) violate or conflict with, or constitute a default under or result in the termination of, or accelerate the performance required by, any indenture, any loan or credit agreement, or any other agreement for borrowed money or any other [material] agreement, lease or instrument to which the Company is a party or by which it or the Company's properties may be bound, or result in the creation of any Lien upon any of the assets or properties of the Company.

6. Except as specifically disclosed in _____, there are no actions, suits, proceedings, claims or disputes pending, or to the best of our knowledge, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the

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Company, its Subsidiaries or any of their respective properties which (i) purport to affect or pertain to the Credit Agreement or any other Loan Document, or any of the transactions contemplated thereby; or (ii) if determined adversely to the Company or its Subsidiaries, would be likely to have a Material Adverse

Effect.

7. The extension of credit under the Credit Agreement does not violate the provisions of Regulations G, T, U or X of the FRB.

8. The Company is not an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

[CONSIDER INCLUDING SOME OR ALL OF THE FOLLOWING IF COMPANY IS LOCATED OUTSIDE OF CALIFORNIA OR NEW YORK, AS THE CASE MAY BE:]

9. Notwithstanding our assumption below that for purposes of this opinion _____ and federal law govern the terms of the Loan Documents, the choice of [California] [New York] law to govern the Loan Documents is a valid and effective choice of law under the laws of the State of _____.

10. If a final, conclusive and enforceable judgment for the recovery of a sum of money against the Company were obtained in a court of competent jurisdiction in the State of [California] [New York] in a proceeding arising out of or relating to any Loan Document, such judgment would be conclusive between the parties and enforceable by an action upon such judgment in an _____ court, or a Federal court sitting in _____, without further consideration as to the merits of the claim upon which such judgment is based.

11. Assuming for purposes of this opinion that the Loan Documents are governed by _____ law, the Loan Documents would not violate the usury laws of the State of _____. [NOTE: THIS OPINION POINT TO BE INCLUDED ONLY IF IT IS A CALIFORNIA OR NEW YORK LAW OPINION.]

[CONSIDER OTHER OPINIONS BASED ON TYPE OF TRANSACTION.]

Our opinion set forth in paragraph 4 above [(i)] is subject to the qualification that the enforceability of the Loan Documents may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and by general equity principles[; and (ii) is based upon the assumption that the internal law of the State of _____ and federal law would govern the provisions of the Loan Documents].

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[COUNSEL MAY INSERT OTHER USUAL AND CUSTOMARY EXCEPTIONS AND QUALIFICATIONS ACCEPTABLE TO THE AGENT, THE BANKS AND THEIR RESPECTIVE COUNSEL.]

We express no opinion herein concerning any law other than the law of the State of _____ and the federal law of the United States.

This letter has been furnished to you at the request of the Company pursuant to subsection 4.01(d) of the Credit Agreement for your use in connection with the Credit Agreement, and may not be relied upon by you or any other person for any other purpose without our consent; provided the Agent and _____

each Bank may deliver a copy to its legal counsel in connection with the Credit Agreement, to any prospective Assignee or Participant of any Bank and to any successor Agent, and such legal counsel, any Assignee or Participant and any successor Agent shall be entitled to rely hereon.

Very truly yours,

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EXHIBIT E

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This ASSIGNMENT AND ACCEPTANCE AGREEMENT (this "Assignment and Acceptance")

dated as of _____ is made between _____ (the "Assignor")

and _____ (the "Assignee").

RECITALS

WHEREAS, the Assignor is party to that certain Credit Agreement dated as of July 19, 1996 (as amended, restated, modified, supplemented or renewed from time to time, the "Credit Agreement"), among Advanced Micro Devices, Inc. (the "Company"), the several financial institutions from time to time party thereto

(including the Assignor, the "Banks") and Bank of America National Trust and

Savings Association, as agent for the Banks (the "Agent"). Any terms defined in

the Credit Agreement and not defined in this Assignment and Acceptance are used
herein as defined in the Credit Agreement;

WHEREAS, as provided under the Credit Agreement, the Assignor has committed
to making [Revolving Loans to the Company in an aggregate amount not to exceed
\$ _____ (the "Revolving Commitment")] [and to making Term Loans to the

Company in an aggregate amount not to exceed \$ _____ (the "Term

Commitment")][, and its commitment to make Term Loans has terminated];

WHEREAS, [the Assignor has made Loans in the aggregate principal amount of
\$ _____ to the Company consisting of \$ _____ principal amount of
Revolving Loans][and \$ _____ principal amount of Term Loans][no Loans are
outstanding under the Credit Agreement]; and

WHEREAS, the Assignor wishes to assign to the Assignee [part of the] [all]
rights and obligations of the Assignor under the Credit Agreement in respect of
its [Revolving] [Term] Commitment, [together with a corresponding portion of
each of its outstanding [Revolving] [Term] Loans], in an amount equal to ___% of
the Assignor's [Revolving] [Term] Commitment [and [Revolving] [Term] Loans], 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 agreements
contained herein, the parties hereto agree as follows:

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1. Assignment and Acceptance.

(a) Subject to the terms and conditions of this Assignment and
Acceptance, (i) the Assignor hereby sells, transfers and assigns to the
Assignee, and (ii) the Assignee hereby purchases, assumes and undertakes from
the Assignor, without recourse and without representation or warranty (except as
provided in this Assignment and Acceptance) ___% (the "Assignee's Percentage

Share") of (A) the [Revolving] [Term] Commitment [and the [Revolving] [Term]

Loans] of the Assignor and (B) all related rights, benefits, obligations,
liabilities and indemnities of the Assignor under and in connection with the
Credit Agreement and the Loan Documents.

(b) With effect on and after the Effective Date (as defined in
Section 5 hereof), the Assignee shall be a party to the Credit Agreement and
succeed to all of the rights and be obligated to perform all of the obligations
of a Bank under the Credit Agreement, including the requirements concerning
confidentiality and the payment of indemnification, with a [Revolving] [Term]
Commitment in the amount set forth in subsection (c) below. The Assignee agrees
that it will perform in accordance with their terms all of the obligations which
by the terms of the Credit Agreement are required to be performed by it as a
Bank. It is the intent of the parties hereto that the [Revolving] [Term]
Commitment of the Assignor shall, as of the Effective Date, be reduced by an
amount equal to the portion thereof assigned to the Assignee hereunder, and the
Assignor shall relinquish its rights and be released from its obligations under
the Credit Agreement to the extent such obligations have been assumed by the
Assignee; provided, however, that the Assignor shall not relinquish its rights

under Article III or Sections 10.04 and 10.05 of the Credit Agreement to the
extent such rights relate to the time prior to the Effective Date.

(c) After giving effect to the assignment and assumption set forth
herein, on the Effective Date: (i) the Assignee's [Revolving Commitment will be
\$ _____] [and its Term Commitment will be \$ _____]; and (ii) the
Assignee's aggregate outstanding [Revolving Loans will be \$ _____] [and
Term Loans will be \$ _____].

(d) After giving effect to the assignment and assumption set forth
herein, on the Effective Date: (i) the Assignor's [Revolving Commitment will be
\$ _____] [and its Term Commitment will be \$ _____]; and (ii) the
Assignor's aggregate outstanding [Revolving Loans will be \$ _____] [and
Term Loans will be \$ _____].

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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 \$_____, representing the Assignee's Percentage Share of the principal amount of all [Revolving] [Term] Loans previously made by the Assignor to the Company under the Credit Agreement and outstanding on the Effective Date.

(b) The [Assignor] [Assignee] further agrees to pay to the Agent a processing fee in the amount specified in Section 10.08 of the Credit Agreement.

3. Reallocation of Payments. Any interest, fees and other payments

accrued to the Effective Date with respect to the [Revolving] [Term] Commitment [and Loans] of the Assignor 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 portion of such [Revolving] [Term] Commitment [and Loans] assigned to the Assignee shall be for the account of the Assignee. Each of the Assignor and the Assignee agrees that it will hold in trust for the other party any interest, fees and other amounts which it may receive to which the other party is entitled pursuant to the preceding sentence and pay to the other party any such amounts which it may receive promptly upon receipt.

4. Independent Credit Decision. The Assignee: (a) acknowledges that it

has received a copy of the Credit Agreement and the Schedules and Exhibits thereto, together with copies of the most recent financial statements referred to in Section 5.11 or Section 6.01 of the Credit Agreement, and such other documents and information as it has deemed appropriate to make its own credit and legal analysis and decision to enter into this Assignment and Acceptance; and (b) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Bank 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 Credit Agreement.

5. Effective Date; Notices.

(a) As between the Assignor and the Assignee, the effective date for this Assignment and Acceptance shall be _____ (the "Effective Date");

provided that the following conditions precedent have been satisfied on or

before the Effective Date:

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(i) this Assignment and Acceptance shall be executed and delivered by the Assignor and the Assignee;

(ii) any consent of the Company and the Agent required under Section 10.08 of the Credit Agreement for the effectiveness of the assignment hereunder by the Assignor to the Assignee shall have been duly obtained and shall be in full force and effect as of the Effective Date;

(iii) the Assignee shall pay to the Assignor all amounts due to the Assignor under this Assignment and Acceptance;

(iv) the processing fee referred to in Section 2(b) hereof and in Section 10.08 of the Credit Agreement shall have been paid to the Agent; and

(v) the Assignor and Assignee shall have complied with the other requirements of Section 10.08 of the Credit Agreement and with the requirements of Sections 9.10 and 10.10 of the Credit Agreement (in each case to the extent applicable).

(b) Promptly following the execution of this Assignment and Acceptance, the Assignor shall deliver to the Company and the Agent for acknowledgment by the Agent, a Notice of Assignment substantially in the form attached hereto as Schedule 1.

6. Agent. The Assignee hereby appoints and authorizes the Assignor to

take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the Banks pursuant to the terms of the Credit Agreement. [The Assignee shall assume no duties or obligations held by the Assignor in its capacity as Agent under the Credit Agreement.] [INCLUDE ONLY IF ASSIGNOR IS AGENT]

7. Withholding Tax. The Assignee (a) represents and warrants to the

Bank, the Agent and the Company that under applicable law and treaties no tax will be required to be withheld by the Bank with respect to any payments to be

made to the Assignee hereunder, and (b) agrees to furnish (if it is organized under the laws of any jurisdiction other than the United States or any State thereof) to the Agent and the Company prior to the time that the Agent or Company is required to make any payment of interest or fees hereunder, duplicate executed originals of either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 (wherein the Assignee claims entitlement to the benefits of a tax treaty that provides for a complete exemption from U.S. federal income withholding tax on all payments hereunder) and agrees to provide new Forms 4224

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or 1001 upon the expiration of any previously delivered form or comparable statements in accordance with applicable U.S. law and regulations and amendments thereto, duly executed and completed by the Assignee, as and when required under the Credit Agreement.

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 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 Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance and to fulfill its obligations hereunder; (iii) no notices to, or consents, authorizations or approvals of, any Person are required (other than those referred to in Section 5(a)(ii) hereof and any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance, and apart from any agreements or undertakings or filings required by the Credit 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 Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, 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 Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit 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 Credit 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 Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance, and to fulfill

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its obligations hereunder; (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than those referred to in Section 5(a)(ii) hereof and any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance; and apart from any agreements or undertakings or filings required by the Credit 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 Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, 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 action, as either party may reasonably request in connection with the transactions contemplated by this Assignment and Acceptance, including 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. Miscellaneous.

(a) Any amendment or waiver of any provision of this Assignment and Acceptance shall be in writing and 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 thereof and any waiver of any breach of the provisions of this Assignment and Acceptance shall be without prejudice to any rights with respect to any other or further breach thereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) 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 Assignment and Acceptance.

(d) This Assignment and Acceptance 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.

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(e) THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. THE ASSIGNOR AND THE ASSIGNEE EACH IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE SOUTHERN DISTRICT OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS ASSIGNMENT AND ACCEPTANCE AND IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR FEDERAL COURT. EACH PARTY TO THIS ASSIGNMENT AND ACCEPTANCE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, 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 ASSIGNMENT AND ACCEPTANCE OR ANY DOCUMENT RELATED HERETO, AND PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK.

(f) THE ASSIGNOR AND THE ASSIGNEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS ASSIGNMENT AND ACCEPTANCE, AND ANY RELATED DOCUMENTS AND AGREEMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE PARTIES ALSO AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY.

[OTHER PROVISIONS TO BE ADDED AS MAY BE NEGOTIATED BETWEEN THE ASSIGNOR AND THE ASSIGNEE, PROVIDED THAT SUCH PROVISIONS ARE NOT INCONSISTENT WITH THE CREDIT AGREEMENT.]

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Assignment and Acceptance to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By: _____
Title: _____

[ASSIGNEE]

By: _____
Title: _____

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SCHEDULE 1
to the Assignment and Acceptance Agreement

NOTICE OF ASSIGNMENT AND ACCEPTANCE

Date: _____

Bank of America National Trust
and Savings Association, as Agent
1455 Market Street, 12th Floor
San Francisco, California 94103
Attention: Agency Management Services #5596

Advanced Micro Devices, Inc.
One AMD Place

Ladies and Gentlemen:

We refer to the Credit Agreement dated as of July 19, 1996 (as amended, restated, modified, supplemented or renewed from time to time, the "Credit Agreement") among Advanced Micro Devices, Inc. (the "Company"), the Banks referred to therein, the Co-Arrangers referred to therein and Bank of America National Trust and Savings Association, as Agent for the Banks (the "Agent"). Terms defined in the Credit Agreement are used herein as therein defined.

1. We hereby give you notice of[, and request the consent of the Company and the Agent to,] the assignment by _____ (the "Assignor") to _____ (the "Assignee") of ____% of the right, title and interest of the Assignor in and to the Credit Agreement (including, without limitation, ____% of the right, title and interest of the Assignor in and to the [Revolving] [Term] Commitment of the Assignor [and all outstanding [Revolving] [Term] Loans made by the Assignor]) pursuant to that certain Assignment and Acceptance Agreement, dated as of _____ (the "Assignment and Acceptance") between Assignor and Assignee, a copy of which Assignment and Acceptance is attached hereto. Before giving effect to such assignment the Assignor's Revolving Commitment is \$_____ and its Term Commitment is \$_____. [The Assignor has made Loans in the aggregate principal amount of \$_____ to the Company [consisting of \$_____ principal amount of Revolving Loans] [and \$_____ principal amount of Term Loans.]] [No [Revolving] [Term] Loans are outstanding under the Credit Agreement.]

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2. The Assignee agrees that, upon receiving the consent of the Company and the Agent to such assignment (if applicable) and from and after the Effective Date (as such term is defined in Section 5 of the Assignment and Acceptance), the Assignee shall be bound by the terms of the Credit Agreement, with respect to the interest in the Credit Agreement assigned to it as specified above, as fully and to the same extent as if the Assignee were the Bank originally holding such interest in the Credit Agreement.

3. The following administrative details apply to the Assignee:

(A) Lending Office(s):

Assignee name: _____
Address: _____

Attention: _____
Telephone: () _____
Facsimile: () _____

Assignee name: _____
Address: _____

Attention: _____
Telephone: () _____
Facsimile: () _____

(B) Notice Address:

Assignee name: _____
Address: _____

Attention: _____
Telephone: () _____
Facsimile: () _____

(C) Payment Instructions:

Account No.: _____
 At: _____

 Reference: _____
 Attention: _____

4. You are entitled to rely upon the representations, warranties and covenants of each of the Assignor and Assignee contained in the Assignment and Acceptance.

5. This Notice of Assignment and Acceptance may be executed by the Assignor and the Assignee in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same notice and agreement.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Notice of Assignment and Acceptance to be executed by their respective duly authorized officials, officers or agents as of the date first above mentioned.

Very truly yours,

Adjusted Revolving Commitment: [ASSIGNOR]
 - -----
 \$ _____ By: _____

Adjusted Term Commitment Title: _____
 - -----
 \$ _____

Adjusted Pro Rata Share:
 - -----
 _____%

Revolving Commitment: [ASSIGNEE]
 - -----
 \$ _____ By: _____

Term Commitment Title: _____
 - -----
 \$ _____

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Pro Rata Share:
 - -----
 _____%

[CONSENTED TO this ____ day of _____:

ADVANCED MICRO DEVICES, INC.

By: _____
 Title: _____]

ACKNOWLEDGED [AND CONSENTED TO] this ____ day of _____:

BANK OF AMERICA NATIONAL TRUST
 AND SAVINGS ASSOCIATION,
 as Agent

By: _____
 Title: _____

EXHIBIT F

FORM OF PROMISSORY NOTE (REVOLVING LOANS)

U.S. \$ _____

Date: _____

FOR VALUE RECEIVED, the undersigned, Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), hereby promises to pay to the order of

_____ (the "Bank") the principal sum of _____

Dollars (\$ _____) or, if less, the aggregate unpaid principal amount of all Revolving Loans made by the Bank to the Company pursuant to the Credit Agreement, dated as of July 19, 1996 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the

Company, the Bank, the other financial institutions from time to time party thereto (the "Banks") and Bank of America National Trust and Savings

Association, as Agent for the Banks (the "Agent"), on the dates and in the

amounts provided in the Credit Agreement. The Company further promises to pay interest on the unpaid principal amount of the Revolving Loans evidenced hereby from time to time at the rates, on the dates, and otherwise as provided in the Credit Agreement.

The Bank is authorized to endorse the amount of each Revolving Loan, the date on which each Revolving Loan is made, and each payment of principal with respect thereto on the schedule annexed hereto and made a part hereof, or on continuations thereof which shall be attached hereto and made a part hereof;

provided that any failure to endorse such information on such schedule or

continuation thereof shall not in any manner affect any obligation of the Company under the Credit Agreement and this Promissory Note (this "Note").

This Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

Terms defined in the Credit Agreement are used herein with their defined meanings therein unless otherwise defined herein.

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This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

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SCHEDULE

to Promissory Note (Revolving Loans)

<TABLE>
<CAPTION>

DATE	LOAN DISBURSED	AMOUNT OF LOAN	PRINCIPAL PAYMENT	DATE	PRINCIPAL PAID
<S>		<C>	<C>		<C>

</TABLE>

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EXHIBIT G

FORM OF PROMISSORY NOTE (TERM LOANS)

U.S. \$ _____ Date: _____

FOR VALUE RECEIVED, the undersigned, Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), hereby promises to pay to the order of

_____ (the "Bank"), the principal sum of _____

Dollars (\$ _____) or, if less, the aggregate unpaid principal amount of the Term Loans made by the Bank to the Company pursuant to the Credit Agreement, dated as of July 19, 1996 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the

Company, the Bank, the other financial institutions from time to time party thereto (the "Banks") and Bank of America National Trust and Savings

Association, as Agent for the Banks (the "Agent"), in eight equal successive

quarterly installments beginning on the date that is three months after the second anniversary of the Loan Availability Date and every three months thereafter (each such quarterly payment date a "Principal Payment Date");

provided, however, that the aggregate principal balance then outstanding in

respect of the Term Loans made by the Bank on the Term Maturity Date shall be due and payable on the Term Maturity Date. The Company further promises to pay interest on the unpaid principal amount of the Term Loans evidenced hereby from time to time at the rates, on the dates, and otherwise as provided in the Credit Agreement.

The Bank is authorized to endorse the amount of each Term Loan, the date on which each Term Loan is made and each payment of principal with respect thereto on the schedule annexed hereto and made a part hereof, or on continuations thereof which shall be attached hereto and made a part hereof; provided that any

failure to endorse such information on such schedule or continuation thereof

EXHIBIT H

FORM OF BORROWING BASE CERTIFICATE

Bank of America National Trust and Savings Association, as Agent
1455 Market Street, 12th Floor
San Francisco, CA 94103
Attention: Agency Management
Services #5596

Re: Advanced Micro Devices, Inc.

Ladies and Gentlemen:

This Borrowing Base Certificate is made and delivered pursuant to the Credit Agreement dated as of July 19, 1996 (as amended, modified, renewed or extended from time to time, the "Credit Agreement") among Advanced Micro

Devices, Inc. (the "Company"), certain financial institutions named therein as

Banks and Bank of America National Trust and Savings Association, as Agent, and reference is made thereto for full particulars of the matters described herein. All capitalized terms used in this Borrowing Base Certificate and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

I am the _____ of the Company and hereby certify that the information set forth on Schedule 1 hereto is true, accurate and complete as of _____.

IN WITNESS WHEREOF, the undersigned officer has signed this Borrowing Base Certificate this ____ day of _____.

Name: _____
Title: _____

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SCHEDULE 1
to the Borrowing Base Certificate

Date of Calculation _____.

A. Receivables

1. Aggregate amount of net Receivables of the Company and its Restricted Subsidiaries as of _____, determined on a Consolidated basis. \$ _____

B. Borrowing Base and Availability

1. Total Borrowing Base (70% of A.1) \$ _____

2. Outstanding aggregate principal amount of Revolving Loans \$ _____

3. Total Revolving Commitments \$ _____

4. Aggregate principal amount of Revolving Loans available for borrowing (lesser of (i) 1 minus 2 or (ii) 3 minus 2) \$ _____

5. Aggregate principal amount of Revolving
Loans to be prepaid (if 1 is less than 2)

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\$

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FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), is entered

 into as of August 7, 1996, among Advanced Micro Devices, Inc., a Delaware
 corporation (the "Company"), Bank of America National Trust and Savings

 Association, ABN AMRO Bank N.V. and Canadian Imperial Bank of Commerce (the
 "Banks" and, individually, each a "Bank"), ABN AMRO Bank N.V., as Syndication

 Agent for the Banks (the "Syndication Agent"), Canadian Imperial Bank of

 Commerce, as Documentation Agent for the Banks (the "Documentation Agent"), and

 Bank of America National Trust and Savings Association, as Administrative Agent
 for the Banks (the "Agent").

WHEREAS, the Company, the Banks, the Syndication Agent, the Documentation
 Agent and the Agent are parties to a Credit Agreement dated as of July 19, 1996
 (the "Credit Agreement");

WHEREAS, the Company has requested that the Banks agree to certain
 amendments to the Credit Agreement;

WHEREAS, the Banks have agreed to such request, subject to the terms and
 conditions hereof;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and
 covenants contained herein, the parties hereto agree as follows:

1. Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this

 Amendment (including in the recitals hereof) and not otherwise defined
 herein shall have the meanings assigned to them in the Credit Agreement.

(b) Interpretation. The rules of interpretation set forth in Section 1.02

 of the Credit Agreement shall be applicable to this Amendment and are
 incorporated herein by this reference.

2. Amendments to the Credit Agreement.

(a) Amendment. Effective as of the date upon which executed signature

 pages hereof for the Agent, the Banks, the Company, the Syndication
 Agent and the Documentation Agent shall have been received by the
 Agent (the "Effective Date"), the Credit Agreement is amended as

follows:

(i) Section 4.02(i) of the Credit Agreement shall be deleted in its
 entirety.

(ii) Section 6.14 of the Credit Agreement shall be amended in its
 entirety to read as follows:

1.

"6.14 Valuation; Survey. (a) On or before September 1, 1996 the Company

 shall provide to Agent a third-party review and valuation of the Austin
 Facility ordered by the Company and acceptable to the Agent and the Banks.

(b) On or before September 1, 1996, the Company shall provide to Agent a
 current survey and surveyor's certification for the Austin Facility
 conforming to the Texas Professional Land Practices Act and the general
 rules of procedures and practices of the Texas Board of Professional Land
 Surveyors, as currently revised, for category (1) (a) condition II surveys.
 Thereafter, the Company shall promptly arrange, at the Company's sole
 expense, for any endorsements necessary for the Title Company to endorse
 over any exceptions to the title insurance policy issued the Collateral
 Agent and caused by the absence of such a survey. If the Title Company is
 unwilling or unable to issue such an endorsement, or if the above-described
 survey shall disclose any matters which are unsatisfactory to the Agent or

the Majority Banks, in their reasonable discretion, then the Company shall take all steps necessary to correct such matters within a reasonable period of time (but in no event more than 45 days) after notice thereof from the Agent."

(iii) Subsection 8.01(d) of the Credit Agreement shall be amended in its entirety to read as follows:

"(d) Other Defaults. The Company fails to perform or observe any other

term or covenant contained in this Agreement or any other Loan Document to which the Company is a party, and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date upon which a Responsible Officer knew or reasonably should have known of such failure or (ii) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or any "Event of Default" shall occur under any Collateral Document other than the Intercreditor Agreement; or"

(b) References Within Credit Agreement. Each reference in the Credit

Agreement to "this Agreement" and the words "hereof," "herein," "hereunder," or words of like import, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

3. Representations and Warranties. -----

To induce the Agent, the Syndication Agent, the Documentation Agent and each Bank to enter into this Amendment, the Company hereby confirms and restates, as of the date hereof,

2.

the representatives and warranties made by it in Article V of the Credit Agreement and in the other Loan Documents to which it is a party. For the purposes of this Section 3, (i) each reference in Article V of the Credit Agreement to "this Agreement," and the words "hereof," "herein," "hereunder," or words of like import in such Section, shall mean and be a reference to the Credit Agreement as amended by this Amendment, and (ii) any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (provided that such representations and

warranties shall be true, correct and complete as of such earlier date).

4. Miscellaneous. -----

(a) Credit Agreement Otherwise Not Affected. Except as expressly amended

pursuant hereto, the Credit Agreement shall remain unchanged and in full force and effect and is hereby ratified and confirmed in all respects. The Banks', the Agent's, the Syndication Agent's and the Documentation Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

(b) No Reliance. The Company hereby acknowledges and confirms to the

Agent, the Syndication Agent, the Documentation Agent and the Banks that the Company is executing this Amendment on the basis of its own investigations and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of the Agent, the Syndication Agent, the Documentation Agent, any Bank or any other Person.

(c) Amendments and Waivers. The provisions of this Amendment may only be

amended or waived, and any consent with respect to any departure by the Company therefrom may only be granted, in accordance with the terms of Section 10.01 of the Credit Agreement.

(d) Costs and Expenses. The Company shall, whether or not the

amendments contemplated hereby shall become effective, pay or reimburse the Agent on demand for all costs and expenses incurred by the Agent in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to, this Amendment and the consummation of the transactions contemplated hereby and thereby, including the Attorney Costs incurred by the Agent with respect thereto.

(e) Successors and Assigns. The provisions of this Amendment shall be

binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.

(f) Counterparts. This Amendment may be executed by one or more of the

parties to this Amendment 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 Amendment signed by all the parties shall be lodged
with the Company and the Agent. The parties hereto agree that the Agent may
accept and rely on facsimile transmissions of executed signature pages of this
Amendment.

(g) Severability. The illegality or unenforceability of any provision of

this Amendment 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 Amendment or any instrument or agreement required hereunder.

(h) No Third Parties Benefited. This Amendment is made and entered into

for the sole protection and legal benefit of the Company, the Syndication Agent,
the Documentation Agent, the Banks and the Agent, and their 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
Amendment. Each of the Agent, the Syndication Agent, the Documentation Agent and
the Banks shall not have any obligation to any Person not a party to this
Amendment.

(i) Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED

IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT
AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(j) Entire Agreement. This Amendment embodies the entire agreement and

understanding among the Company, the Banks, the Syndication Agent, the
Documentation Agent and the Agent, and supersedes all prior or contemporaneous
agreements and understandings of such Persons, verbal or written, relating to
the subject matter hereof and thereof.

(k) Interpretation. This Amendment is the result of negotiations between

and has been reviewed by counsel to the Agent, the Company and other parties,
and is the product of all parties hereto. Accordingly, this Amendment shall not
be construed against the Banks, the Syndication Agent, the Documentation Agent
or the Agent merely because of the Agent's or such other Person's involvement in
the preparation of such documents and agreements.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be
duly executed and delivered in San Francisco, California, by their proper and
duly authorized officers as of the day and year first above written.

THE COMPANY

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

Title: Senior Vice President, Chief Financial

and Administrative Officer and Treasurer

THE AGENT

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Administrative Agent

By: /s/ Kevin McMahon

Title: Vice President

THE SYNDICATION AGENT

ABN AMRO BANK N.V., as Syndication Agent

By: ABN AMRO NORTH AMERICA, INC.,
its agent

By: /s/Robert N. Hartinger

Title: Senior Vice President & Managing Director

Electronics Industry Group

By: /s/Robin S. Yim

Title: VP and Director

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THE DOCUMENTATION AGENT

CANADIAN IMPERIAL BANK OF COMMERCE,
as Documentation Agent

By: /s/Tom R. Wayne

Title: Vice President

THE BANKS

BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION, as a Bank

By: /s/Kevin McMahon

Title: Vice President

ABN AMRO BANK N.V., as a Bank

By: ABN AMRO NORTH AMERICA, INC.,
its agent

By: /s/Robert N. Hartinger

Title: Senior Vice President & Managing Director

Electronics Industry Group

By: /s/Robin F. Yin

Title: Vice President & Director

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Bank

By: /s/Tom R. Wayne

Title: Vice President

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FIFTH AMENDMENT TO THIRD AMENDED AND RESTATED GUARANTY

THIS FIFTH AMENDMENT TO THIRD AMENDED AND RESTATED GUARANTY (this "Amendment"), dated as of August 1, 1996, is entered into by and among Advanced

Micro Devices, Inc., a Delaware corporation ("Guarantor"), CIBC Inc., a Delaware corporation ("Lessor"), and, solely for the purpose of making certain representations and warranties in Section 3 below, AMD International Sales & Service, Ltd., a Delaware corporation ("Lessee").

RECITALS

A. Guarantor executed and delivered to Lessor a Third Amended and Restated Guaranty, dated as of August 21, 1995 and accepted by Lessor as of August 21, 1995, pursuant to which the Guarantor guaranteed to Lessor certain obligations of Lessee. Such Third Amended and Restated Guaranty was amended by a First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, by a Second Amendment to Third Amended and Restated Guaranty, dated as of January 12, 1996, by a Third Amendment to Third Amended and Restated Guaranty, dated as of May 10, 1996, and by a Fourth Amendment to Third Amended and Restated Guaranty, dated as of June 20, 1996 (as so amended, the "Guaranty").

B. The Guarantor has requested that the Lessor agree to certain amendments of the Guaranty.

C. Lessor is willing to amend the Guaranty, subject to the terms and conditions of this Amendment.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Guaranty.

2. Amendment. Subject to satisfaction of the conditions set forth herein, the Guaranty shall be amended as follows:

(a) The definition of "Restated Bank of America Credit Agreement" shall be deleted and replaced with the following definition:

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"Bank of America Credit Agreement" means that certain Credit Agreement dated as of July 19, 1996 among Guarantor, Bank of America National Trust and Savings Association, ABN Amro Bank N.V., Canadian Imperial Bank of Commerce and the other financial institutions party thereto."

All references in the Guaranty to "Restated Bank of America Credit Agreement" shall be replaced with the "Bank of America Credit Agreement."

(b) The definition of "Material Adverse Effect" shall be amended to delete the words "or any Term Loan Document" beginning on line seven and ten thereof.

(c) The following definitions shall be added as follows:

"Senior Secured Note Documents" means the Senior Secured Notes and the indenture relating thereto.

"Senior Secured Notes" means the senior secured notes to be issued by the Guarantor in an aggregate principal amount of \$400,000,000 pursuant to the terms of the indenture relating thereto.

(d) The definitions "Term Loan Administrative Agent," "Term Loan Agreement," "Term Loan Documents" and "Term Loan Financial Institutions" are hereby deleted.

(e) A new Section 2.7 is hereby added as follows:

"Section 2.7 Additional Waivers. (a) Guarantor waives any defenses or

benefits that may be derived from California Code of Civil Procedure (S) (S) 580a, 580b, 580d or 726, or comparable provisions of the laws of the State of California or any other jurisdiction, and all other suretyship defenses it would otherwise have under California law or the laws of any other jurisdiction. Guarantor waives any right to receive notice of any judicial or nonjudicial sale or foreclosure of any real property, and the failure of Guarantor to receive such notice shall not impair or affect Guarantor's liability hereunder.

(b) Guarantor waives all rights and defenses arising out of an election of remedies by Lessor, even though that election of remedies, such as nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Lessee or any other principal by operation of (S) 580d of the Code of Civil Procedure or otherwise.

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(c) Guarantor acknowledges that it has, in this Guaranty, waived any and all rights of subrogation and reimbursement and any other rights and defenses available to Guarantor by reason of (S) (S) 2787 to 2855, inclusive, and (S) (S) 2899 and 3433 of the California Civil Code, including, without limitation, (a) any defenses Guarantor may have to its guaranty obligations by reason of an election of remedies by Lessor and (b) any rights or defenses Guarantor may have by reason of protection afforded to Lessee or any other principal with respect to the obligation so guaranteed pursuant to the antideficiency or other laws of the State of California limiting or discharging Lessee's indebtedness, including, without limitation, (S) (S) 580a, 580b, 580d or 726 of the California Code of Civil Procedure.

(d) Guarantor warrants and agrees that each of the 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 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."

The waivers added by this Fifth Amendment are in addition to the existing waivers in the Guaranty and do not in any way replace or limit such existing waivers.

(f) A new section 4.1.11 is hereby added as follows:

SECTION 4.1.11 Bank of America Credit Agreement. Guarantor agrees that

Guarantor will perform, comply with and be bound by all of its agreements, covenants and obligations contained in Sections 7.01 - 7.18 (other than Section 7.07) of the Bank of America Credit Agreement as such Sections existed on the date of execution of the Bank of America Credit Agreement, regardless of whether the Bank of America Credit Agreement thereafter is amended, restated, terminated or ceases to be effective (such Sections and all other terms of the Bank of America Credit Agreement to which reference is made herein, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by reference as though specifically set forth in this Guaranty, except as specifically set forth below); provided, however, that:

(i) all references to "Company" shall be deemed to refer to Guarantor;

(ii) all references to "this Agreement" and "herein," "hereof" and words of similar purport shall, except where the context otherwise requires, be deemed to refer to this Guaranty;

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(iii) all references to "Event of Default" shall be deemed to refer to a "Default" or an "Event of Default" under either of the Leases or the other Operative Agreements, or breach or default under this Guaranty;

(iv) the following sentence shall be added to the end of Section 7.01 of the Bank of America Credit Agreement as incorporated herein by reference:

"provided, however, that no Liens otherwise permitted by (a) -----
through (n) above shall be permitted if such Liens are otherwise prohibited under either of the Leases or the Consent Agreement or the Second Consent Agreement."

(v) Paragraph (b) of Section 7.03 of the Bank of America Credit Agreement as incorporated by reference herein shall be deleted and replaced with the following:

"(b) any Restricted Subsidiary (other than Lessee) of Guarantor may sell all or substantially all of its assets (upon voluntary liquidation or otherwise), to Guarantor or another Wholly-Owned Subsidiary (other than Lessee or the German Subsidiary) of Guarantor."

All such Sections and other terms, definitions and provisions of the Bank of America Credit Agreement incorporated herein shall, except as Lessor shall otherwise consent in writing for purposes of this Guaranty, continue in full force and effect for the benefit of Lessor, whether or not the Banks fund the Loans thereunder, the debt and obligations under the Bank of America Credit Agreement remain outstanding or the Bank of America Credit Agreement remains in effect among the parties thereto.

Except as specifically provided above and except that the term "Material Adverse Effect" as defined in the Guaranty and as amended above shall continue to be used in the Guaranty, to the extent that any definitions incorporated by reference from the Bank of America Credit Agreement conflict with the existing definitions in the Guaranty, such incorporated definitions shall replace such existing definitions in their entirety.

(g) Sections 4.2.1 - 4.2.14 inclusive in the Guaranty are hereby deleted.

(h) The words "and the Term Loan Agreement" are hereby deleted from the fifth line of Section 5.1.6 and shall be replaced with "and the Senior Secured Notes pursuant to the Senior Secured Note Documents."

(i) A new section 5.1.7 is hereby added as follows:

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"5.1.7 Any of the conditions set forth in Sections 4.01 or 4.02 of the Bank of America Credit Agreement have not been satisfied or waived."

3. Representations and Warranties. To induce Lessor to amend the Guaranty

as provided above: (a) Guarantor hereby represents that (i) after giving effect to the amendments set forth in Section 2 above, no Default, Event of Default or Deposit Event under the Guaranty, or Guarantor Default under the Amended Land Lease or the Amended Building Lease, has occurred and is continuing, (ii) all representations and warranties of Guarantor contained in the Guaranty are true and correct and (iii) the Bank of America Credit Agreement and each other Loan Document (as defined therein) to which the Guarantor is a party constitutes the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with their respective terms, and (b) Lessee hereby represents that (i) after giving effect to the amendments set forth in Section 2 above, no Default or Event of Default under the Amended Land Lease or the Amended Building Lease has occurred and is continuing, and (ii) all representations and warranties of Lessee contained in the Amended Land Lease and the Amended Building Lease are true and correct.

4. Conditions to Effectiveness of Amendment. This Amendment shall become

effective on the date on which all of the following conditions precedent have been satisfied:

(a) Lessor shall have received from Guarantor, Lessee and Long-Term Credit Bank of Japan, Los Angeles Agency (the "Lender"), a duly executed original (or, -----
if elected by Lessor, an executed facsimile copy) of this Amendment.

(b) The Bank of America Credit Agreement shall have become effective.

(c) Lessor shall have received a duly executed original (or, if elected by Lessor, an executed facsimile copy) of the Bank of America Credit Agreement.

(d) Lessor shall have received an executed amendment to each of the Leases in the forms attached hereto as Exhibits A and B, respectively.

(e) Lessor shall have received the Amendment Fee specified in the Leases.

(f) Lessor shall have received a legal opinion from Bronson, Bronson & McKinnon LLP in the form attached hereto as Exhibit C.

(g) Each of the representations and warranties set forth in Section 3 above are true and correct as of such date.

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5. Reservation of Rights. The Guarantor acknowledges and agrees that the

execution and delivery by Lessor of this Amendment shall not be deemed to create a course of dealing or otherwise obligate Lessor to forbear or execute similar amendments under the same or similar circumstances in the future.

6. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Guaranty are and shall remain in full force and effect and all references therein to such Guaranty shall henceforth refer to the Guaranty as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Guaranty. The Guaranty, as amended by this Amendment, is hereby absolutely and unconditionally affirmed in its entirety by the Guarantor.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of California.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by Lessor of a facsimile transmitted document purportedly bearing the signature of Guarantor or Lessee shall bind Guarantor and Lessee with the same force and effect as the delivery of a hard copy original. Any failure by Lessor to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by Lessor.

(e) This Amendment, together with the Guaranty, including the exhibits hereto and thereto, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 6.2 of the Guaranty.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such

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provision shall be invalidated without affecting the remaining provisions of this Amendment.

(g) The Guarantor covenants to pay or to reimburse Lessor, upon demand, for all costs and expenses (including reasonable fees and costs of counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

(h) The Guarantor agrees that at any time and from time to time, upon the written request of Lessor, the Guarantor shall, and shall cause Lessee to, promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Lessor shall reasonably request in order to effectuate the transactions contemplated hereby.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

CIBC INC.

By: /s/ Tom Wagner

Title: Director

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

Title: Senior Vice President,
Chief Financial and
Administrative Officer

and Treasurer

AMD INTERNATIONAL SALES &
SERVICE, LTD.

By: /s/ Marvin D. Burkett

Title: President, Chief Financial
Officer and Treasurer

Reference is made to the Loan Agreement, dated as of December 17, 1993, as amended (the "Loan Agreement") between Lessor and the Lender. In accordance

with Section 8(a) of the Loan Agreement, Lender hereby consents to the foregoing Amendment.

THE LONG-TERM CREDIT BANK OF
JAPAN, LOS ANGELES AGENCY

By: /s/ Genichi Imai

Title: Joint General Manager

Date: August 1, 1996

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EXHIBIT A

Recording Requested By
and When Recorded, Return to:

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

FIFTH AMENDMENT TO BUILDING LEASE

THIS FIFTH AMENDMENT TO BUILDING LEASE (this "Fifth Amendment") is entered

into as of August 1, 1996, between CIBC INC., a Delaware corporation ("Lessor"),

and AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation ("Lessee").

RECITALS

A. For purposes of the financing by Lessor of the acquisition of a certain Building, Lessor and Lessee entered into a certain Building Lease, dated as of September 22, 1992, and recorded on September 22, 1992, as Instrument No. 11550954, in the Official Records 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 Santa Clara County, California (such Building Lease, as so amended, is referred to herein as the "First Amended Building Lease"), pursuant to which

Lessor leases the Building (as defined therein) to Lessee and Lessee leases the Building from Lessor.

B. The First Amended Building Lease was modified by a certain Second Amendment to Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271738, in the Official Records of Santa Clara County, California (the "Second Amendment to Building Lease"), pursuant to

which Lessor financed certain renovations to the Building. The First Amended Building Lease, as amended by the Second Amendment to Building Lease, is referred to herein as the "Second Amended Building Lease."

C. The Second Amended Building Lease was modified by a certain Third Amendment to Building Lease, dated as of August 21, 1995, and recorded on

September 20, 1995, as Instrument No. 13020001, in the Official Records of Santa Clara County, California (the "Third Amendment to Building Lease"). The Second

Amended

Building Lease, as amended by the Third Amendment to Building Lease, is referred to herein as the "Third Amended Building Lease."

D. The Third Amended Building Lease was modified by a certain Fourth Amendment to Building Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123502, in the Official Records of Santa Clara County, California (the "Fourth Amendment to Building Lease"). The Third

Amended Building Lease, as amended by the Fourth Amendment to Building Lease, is referred to herein as the "Fourth Amended Building Lease."

E. Advanced Micro Devices, Inc., a Delaware corporation (the "Guarantor"), executed and delivered to Lessor a Third Amended and Restated Guaranty, dated as of August 21, 1995 and accepted by Lessor as of August 21, 1995 (the "Third

Restated Guaranty"), pursuant to which the Guarantor guaranteed to Lessor the obligations of Lessee under the Fourth Amended Building Lease and under the Fourth Amended Land Lease (defined below).

F. The Third Restated Guaranty was modified by a certain First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, a certain Second Amendment to Third Amended and Restated Guaranty, dated as of January 12, 1996, a certain Third Amendment to Third Amended and Restated Guaranty, dated as of May 10, 1996, and a certain Fourth Amendment to Third Amended and Restated Guaranty, dated as of July 20, 1996. The Third Restated Guaranty, as amended, is referred to herein as the "Fourth Amended Guaranty."

G. Lessee has requested certain modifications to the Fourth Amended Guaranty which will be incorporated into a certain Fifth Amendment to Third Amended and Restated Guaranty to be dated concurrently herewith (the "Fifth

Guaranty Amendment"). The Fifth Guaranty Amendment requires, as a condition precedent to the effectiveness thereof, that the Lessee execute and deliver this Fifth Amendment. The Fourth Amended Guaranty, as amended by the Fifth Guaranty Amendment, is referred to herein as the "Fifth Amended Guaranty."

H. 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 Santa Clara County, California, as amended by (i) a certain First Amendment to Land Lease, dated as of December 22, 1992, and recorded on January 5, 1993, as Instrument No. 11720033, in the Official Records of Santa Clara County, California, (ii) a certain Second Amendment to Land Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271737, in the Official Records of Santa Clara County, California, (iii) a certain Third

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Amendment to Land Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020000, in the Official Records of Santa Clara County, California, and (iv) a certain Fourth Amendment to Land Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123501, in the Official Records of Santa Clara County, California, (as so amended, the "Fourth Amended Land Lease"), 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 but not expressly defined herein shall have the meaning provided in the Fourth Amended Building Lease):

A. MODIFICATIONS TO BUILDING LEASE

Lessor and Lessee hereby amend the Fourth Amended Building Lease as follows:

1. All references in the Fourth Amended Building Lease to "this Lease" or "the Lease" will hereafter refer to the Fourth Amended Building Lease as amended by this Fifth Amendment.

2. The definition of Land Lease is hereby deleted and replaced with the

following:

Land Lease: 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 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. 11720034, in the Official Records of Santa Clara County, California, and as further amended by a certain Second Amendment to Land Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271737, in the Official Records of Santa Clara County, California, and as further amended by a certain Third Amendment to Land Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020000, in the Official Records of Santa Clara County, California, and as further amended by a certain Fourth Amendment to Land Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123501, in the Official Records of Santa Clara County, California and as further amended by a certain Fifth Amendment to Land Lease, dated as of August 1, 1996.

3. Effective as of the date of this Fifth Amendment, the definition of

LIBO Rent is hereby deleted and replaced with the following:

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LIBO Rent: as of an Installment Date means 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 1.625% 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.

4. To the extent that the amendment to the definition of "LIBO Rent" becomes effective on any day other than the first day of any Quarterly Period (the "LIBO Rent Amendment Effective Date"), then for such Quarterly Period Basic

Rent shall accrue at the LIBO Rent in effect immediately prior to the LIBO Rent Amendment Effective Date up until the day prior to such LIBO Rent Amendment Effective Date, and Basic Rent shall accrue for the remainder of such Quarterly Period at the LIBO Rent in effect on such LIBO Rent Amendment Effective Date (using the percentage 1.625% set forth in the definition of LIBO Rent in Section 3 above instead of the percentage 1.00% set forth in the Fourth Amended Building Lease, but continuing to use the same LIBO Rate as in effect prior to LIBO Rent Amendment Effective Date).

B. AFFIRMATION OF STATUS OF BUILDING LEASE

Except as amended by this Fifth Amendment, the Fourth Amended Building Lease is unchanged; and, as amended by this Fifth

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Amendment, the Fourth Amended Building Lease is hereby ratified and affirmed, and remains in full force and effect.

C. AMENDMENT FEE

In consideration of this Fifth Amendment and and the Fifth Amendment to Land Lease, Lessee agrees to pay Lessor a one-time nonrefundable fee of \$75,000 (the "Amendment Fee"). The Amendment Fee shall be paid by Lessee by wire

transfer to an account to be specified by Lessor.

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IN WITNESS WHEREOF, all parties hereto have caused this Fifth Amendment to be duly executed as of the date first set forth above.

LESSOR: CIBC INC., a Delaware corporation

By _____

Name:
Title:

LESSEE: AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation

By _____

Name:
Title:

Guarantor hereby consents to the foregoing amendment, and acknowledges and agrees that all references in the Fifth Amended Guaranty to the "Amended Building Lease" or to the "Amended Land Lease" will hereafter refer to such Amended Building Lease and Amended Land Lease, as the case may be, as respectively amended by this Fifth Amendment to Building Lease and by the Fifth Amendment to Land Lease between Lessor and Lessee. Except as modified by this paragraph, the Fifth Amended Guaranty is unmodified; and, except as modified by this paragraph, the Fifth Amended Guaranty remains in full force and effect and is hereby reaffirmed by the Guarantor.

Guarantor:

ADVANCED MICRO DEVICES, INC.

By: _____

Name:
Title:
Date:

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Reference is made to the Loan Agreement, dated as of December 17, 1993 (the "Loan Agreement"), between CIBC INC., a Delaware corporation, and THE LONG-TERM

CREDIT BANK OF JAPAN, LTD., LOS ANGELES AGENCY ("Lender"). In accordance with

Section 8(b) of the Loan Agreement, Lender hereby consents to the foregoing Fifth Amendment to Building Lease.

THE LONG-TERM CREDIT BANK OF JAPAN, LOS ANGELES AGENCY

By: _____

Name: _____

Title: _____

Date: _____

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APPENDIX 1

Legal Description of Land

The land referred to herein is situated in the State of California, County of Santa Clara, City of Sunnyvale and is described as follows:

Parcel A as shown upon that certain Parcel Map filed for Record February 26, 1975 in the Office of the Recorder, County of Santa Clara, in Book 351 of Maps at Pages 54 and 55.

APN: 205-22-020, 021
ARB: 206-60-015, 018, 035, 042, 014, 013, 012, 053, 052, 057

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EXHIBIT B

Recording Requested By
and When Recorded, Return to:

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

FIFTH AMENDMENT TO LAND LEASE

THIS FIFTH AMENDMENT TO LAND LEASE (this "Fifth Amendment") is entered into
as of August 1, 1996, between CIBC INC., a Delaware corporation ("Lessor"), and
AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation ("Lessee").

RECITALS

A. For purposes of the financing by Lessor of the acquisition of the Land described in Appendix 1 attached hereto, Lessor and Lessee entered into a certain Land Lease, dated as of September 22, 1992, and recorded on September 22, 1992, as Instrument No. 11550953, in the Official Records 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 the Official Records of Santa Clara County, California (such Land Lease, as so amended, is referred to herein as the "First Amended Land Lease"), pursuant to which Lessor leases the Land (as defined therein) to Lessee and Lessee leases the Land from Lessor.

B. The First Amended Land Lease was modified by a certain Second Amendment to Land Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271737, in the Official Records of Santa Clara County, California (the "Second Amendment to Land Lease"). The First Amended Land Lease, as amended by the Second Amendment to Land Lease, is referred to herein as the "Second Amended Land Lease."

C. The Second Amended Land Lease was modified by a certain Third Amendment to Land Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020000, in the Official Records of Santa Clara County, California (the "Third Amendment to Land Lease"). The Second Amended Land Lease, as amended by the Third Amendment to Land Lease, is referred to herein as the "Third Amended Land Lease."

D. The Third Amended Land Lease was modified by a certain Fourth Amendment to Land Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123501, in the Official Records of Santa Clara County, California (the "Fourth Amendment to Land Lease"). The Third Amended Land Lease, as amended by the Fourth Amendment to Land Lease, is referred to herein as the "Fourth Amended Land Lease."

E. Advanced Micro Devices, Inc., a Delaware corporation (the "Guarantor"), executed and delivered to Lessor a Third Amended and Restated Guaranty, dated as of August 21, 1995 and accepted by Lessor as of August 21, 1995 (the "Third

Restated Guaranty"), pursuant to which the Guarantor guaranteed to Lessor the

obligations of Lessee under the Fourth Amended Land Lease and under the Fourth
Amended Building Lease (defined below).

F. The Third Restated Guaranty was modified by a certain First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, a certain Second Amendment to Third Amended and Restated Guaranty, dated as of January 12, 1996, a certain Third Amendment to Third Amended and Restated Guaranty, dated as of May 10, 1996, and a certain Fourth Amendment to Third Amended and Restated Guaranty, dated as of July 20, 1996. The Third Restated Guaranty, as amended, is referred to herein as the "Fourth Amended Guaranty."

G. Lessee has requested certain modifications to the Fourth Amended Guaranty which will be incorporated into a certain Fifth Amendment to Third Amended and Restated Guaranty to be dated concurrently herewith (the "Fifth Guaranty Amendment"). The Fifth Guaranty Amendment requires, as a condition

precedent to the effectiveness thereof, that the Lessee execute and deliver this Fifth Amendment. The Fourth Amended Guaranty, as amended by the Fifth Guaranty Amendment, is referred to herein as the "Fifth Amended Guaranty."

H. 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 Santa Clara County, California, as amended by (i) a certain First Amendment to Building Lease, dated as of December 22, 1992, and recorded on January 5, 1993, as Instrument No. 11720034, in the Official Records of Santa Clara County, California, (ii) a certain Second Amendment to Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271738, in the Official Records of Santa Clara County, California, (iii) a certain Third Amendment to Building Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020001, in the Official Records of Santa Clara County, California and (iv) a certain Fourth Amendment to Building Lease, dated as of

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November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123502, in the Official Records of Santa Clara County, California (as so amended, the "Fourth Amended Building Lease").

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 but not expressly defined herein shall have the meaning provided in the Fourth Amended Land Lease):

A. MODIFICATIONS TO LAND LEASE

Lessor and Lessee hereby amend the Fourth Amended Land Lease as follows:

1. All references in the Fourth Amended Land Lease to "this Lease" or "the Lease" will hereafter refer to the Fourth Amended Land Lease as amended by this Fifth Amendment.

2. The definition of Building Lease is hereby deleted and replaced with

the following:

Building Lease: that certain Building Lease entered into between

Lessor and Lessee on September 22, 1992, and recorded September 22, 1992, as Instrument No. 11550954, in the Official Records of Santa Clara County, California, as amended by that certain First Amendment to Building Lease, dated as of December 22, 1992, and recorded January 5, 1993, as Instrument No. 11720034, in the Official Records of Santa Clara County, California, and as further amended by a certain Second Amendment to Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271738, in the Official Records of Santa Clara County, California, and as further amended by a certain Third Amendment to Building Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020001, in the Official Records of Santa Clara County, California, and as further amended by a certain Fourth Amendment to Building Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123502, in the Official Records of Santa Clara County, California, and as further amended by a certain Fifth Amendment to Building Lease, dated as of August 1, 1996.

3. Effective as of the date of this Fifth Amendment, the definition of

LIBO Rent is hereby deleted and replaced with the following:

- -----

LIBO Rent: as of an Installment Date means the Balance Due as of such

Installment Date multiplied by an interest rate per annum equal at all times to the sum of (a) 1.625% plus (b) the rate obtained by dividing the LIBO Rate (or the Corporate

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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.

4. To the extent that the amendment to the definition of "LIBO Rent" becomes effective on any day other than the first day of any Quarterly Period (the "LIBO Rent Amendment Effective Date"), then for such Quarterly

Period Basic Rent shall accrue at the LIBO Rent in effect immediately prior to the LIBO Rent Amendment Effective Date up until the day prior to such LIBO Rent Amendment Effective Date, and Basic Rent shall accrue for the remainder of such Quarterly Period at the LIBO Rent in effect on such LIBO Rent Amendment Effective Date (using the percentage 1.625% set forth in the definition of LIBO Rent in Section 3 above instead of the percentage 1.00% set forth in the Fourth Amended Land Lease, but continuing to use the same LIBO Rate as in effect prior to LIBO Rent Amendment Effective Date).

B. AFFIRMATION OF STATUS OF LAND LEASE

Except as amended by this Fifth Amendment, the Fourth Amended Land Lease is unchanged; and, as amended by this Fifth Amendment, the Fourth Amended Land Lease is hereby ratified and affirmed, and remains in full force and effect.

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C. AMENDMENT FEE

In consideration of this Fifth Amendment and the Fifth Amendment to Building Lease, Lessee agrees to pay Lessor a one-time nonrefundable fee of \$75,000 (the "Amendment Fee"). The Amendment Fee shall be paid by Lessee by

wire transfer to an account to be specified by Lessor.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

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IN WITNESS WHEREOF, all parties hereto have caused this Fifth Amendment to be duly executed as of the date first set forth above.

LESSOR: CIBC INC., a Delaware corporation

By _____

Name:
Title:

LESSEE: AMD INTERNATIONAL SALES & SERVICE, LTD., a
Delaware corporation

By _____
Name:
Title:

Guarantor hereby consents to the foregoing amendment, and acknowledges and agrees that all references in the Fifth Amended Guaranty to the "Amended Land Lease" or to the "Amended Building Lease" will hereafter refer to such Amended Land Lease and Amended Building Lease, as the case may be, as respectively amended by this Fifth Amendment to Land Lease and by the Fifth Amendment to Building Lease, between Lessor and Lessee. Except as modified by this paragraph, the Fifth Amended Guaranty is unmodified; and, except as modified by this paragraph, the Fifth Amended Guaranty remains in full force and effect and is hereby reaffirmed by the Guarantor.

Guarantor:

ADVANCED MICRO DEVICES, INC.

By: _____
Name:
Title:
Date:

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Reference is made to the Loan Agreement, dated as of December 17, 1993 (the "Loan Agreement"), between CIBC INC., a Delaware corporation, and THE LONG-TERM CREDIT BANK OF JAPAN, LTD., LOS ANGELES AGENCY ("Lender"). In accordance with Section 8(b) of the Loan Agreement, Lender hereby consents to the foregoing Fifth Amendment to Land Lease.

THE LONG-TERM CREDIT BANK OF
JAPAN, LOS ANGELES AGENCY

By: _____
Name: _____
Title: _____
Date:

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APPENDIX 1

Legal Description of Land

The land referred to herein is situated in the State of California, County of Santa Clara, City of Sunnyvale and is described as follows:

Parcel A as shown upon that certain Parcel Map filed for Record February 26, 1975 in the Office of the Recorder, County of Santa Clara, in Book 351 of Maps at Pages 54 and 55.

APN: 205-22-020, 021
ARB: 206-60-015, 018, 035, 042, 014, 013, 012, 053, 052, 057

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Exhibit C

CIBC Inc.
One Post Street, Suite 3550
San Francisco, CA 94104

Gentlemen:

We have acted as counsel for Advanced Micro Devices, Inc., a Delaware corporation (the "Guarantor"), and AMD International Sales & Service, Ltd., a Delaware corporation (the "Lessee"), in connection with the execution and delivery of the Fifth Amendment to Third Amended and Restated Guaranty dated as of August 1, 1996, among CIBC Inc. ("CIBC"), the Guarantor and the Lessee (the "Fifth Guaranty Amendment"), the Fifth Amendment to Building Lease dated as of August 1, 1996, between CIBC and the Lessee (the "Fifth Amended Building Lease"), and the Fifth Amendment to Land Lease dated as of August 1, 1996, between CIBC and the Lessee (the "Fifth Amended Land Lease"). The Fifth Guaranty Amendment, the Fifth Amended Building Lease and the Fifth Amended Land Lease are collectively referred to herein as the "Documents." As used herein, the term "Guaranty" has the same definition as in the Fifth Guaranty Amendment.

We have examined executed copies of each of the Documents; certificates of public officials from the States of Delaware, California, and various other states of the United States; the Certificate of Incorporation and Bylaws of each of the Guarantor and the Lessee, as amended to date; resolutions of the Board of Directors and committees of the Guarantor and the Lessee; and certificates of officers of the Guarantor and the Lessee as to certain factual matters. 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 Documents on behalf of parties thereto other than the Guarantor and the Lessee, 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.

CIBC Inc.
_____, 1996
Page 2

As used in this opinion, the expression "to the best of our knowledge after due inquiry" means that, after an examination of documents in our files and documents made available to us by the Guarantor and the Lessee and after inquiries of one or more officers of the Guarantor and the Lessee 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 and subject to the foregoing, and further subject to the matters set forth below, we hereby advise you that in our opinion:

(1) The Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; is duly qualified to do business as a foreign corporation under the laws of the States of California and Texas; has a branch office in and is qualified to do business in The Netherlands; and is qualified in each other jurisdiction where the nature of its business requires such qualification (except where the failure so to qualify would not, in the aggregate, reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business, properties or prospects of the Lessee).

(2) The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business as a foreign corporation under the laws of the States of California and Texas and in each other jurisdiction where the nature of its business requires such qualification (except where the failure so to qualify would not, in the aggregate, reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business, properties or prospects of the Guarantor).

(3) Each of the Lessee and the Guarantor has the corporate power and authority to execute and deliver, and to perform and observe the provisions of, the Documents, and to own and hold under lease its properties and to conduct its business substantially as currently conducted by it.

(4) The Documents have each been duly authorized, executed and delivered by the Lessee and the Guarantor, as the case may be.

CIBC Inc.

(5) Each of the Guaranty, the Fourth Amended Building Lease and the Fourth Amended Land Lease, as amended by Documents, is the legal valid and binding obligation of the Lessee or the Guarantor, as the case may be, enforceable against the Lessee or the Guarantor in accordance with its terms.

(6) No registration with, consent or approval of, notice to, or other action by, any governmental entity is required on the part of the Lessee or the Guarantor with respect to the Documents, or if required, such registration has been made, such consent or approval has been obtained, such notice has been given or such other appropriate action has been taken.

(7) The execution and delivery of the Documents and compliance with the Guaranty, the Fourth Amended Building Lease and the Fourth Amended Land Lease, as amended by the Documents, by the Lessee and the Guarantor will not (i) violate or result in a breach of any of the terms or constitute default under any indenture, mortgage, deed of trust or other agreement identified to us by the Guarantor as material, including, without limitation, the Bank of America Credit Agreement and the Senior Secured Notes and the Senior Secured Note Documents, to which the Lessee or the Guarantor is a party or by which any of their respective properties is bound, or any order of any court, regulatory body or administrative agency, (ii) contravene any of the Lessee's or the Guarantor's, as the case may be, Organic Documents, (iii) contravene any Governmental Requirement or Government Approval applicable to the Lessee or the Guarantor, or (iv) result in the creation or imposition of any Lien on any of the Lessee's or the Guarantor's, as the case may be, properties (except in favor of Lessor).

As used in paragraph (7) above, the terms "Senior Secured Notes," "Senior Secured Note Documents," "Organic Documents," "Governmental Requirement" and "Governmental Approval" have the same definitions as in the Guaranty.

As used in paragraph (7) above, the term "Lien" has the same definition as in the Building Lease, dated as of September 22, 1992, as amended (including the Fifth Amended Building Lease) and as in the Land Lease, dated as of September 22, 1992, as amended (including the Fifth Amended Land Lease).

(8) Except as described in the Guarantor's filings with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, no claim,

litigation, arbitration, governmental investigation or proceeding or inquiry is pending or threatened against either the Guarantor or the Lessee: (i) which would, if adversely determined, have a material adverse effect on the financial condition, operations, assets, business, properties or prospects of the Guarantor and its subsidiaries, taken as a whole, or the ability of the Guarantor or the Lessee to perform its respective obligations under the Guaranty, the Fourth Amended Building Lease and the Fourth Amended Land Lease, as amended by the Documents; or (ii) which relates to any of the transactions contemplated by the Guaranty, the Fourth Amended Building Lease and the Fourth Amended Land Lease, as amended by the Documents.

Our opinion regarding enforceability set forth in paragraph 5 above is subject to the qualification that the enforceability of the Documents 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 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 paragraphs 1 and 2 above, the laws of various other states regarding the qualification of foreign corporations to do business within those states.

This letter has been furnished to you at the request of the Guarantor and Lessee pursuant to Section 4(e) of the Fifth Guaranty Amendment for your use in connection with the Documents, and may not be relied upon by you or any other person for any other purpose without our consent; provided that, CIBC may deliver a copy of this letter to its legal counsel, Mayer, Brown & Platt, in connection with the Documents, and to The Long-Term Credit Bank of Japan, Los Angeles Agency ("LTCB"), and its legal counsel, in reference to the Loan Agreement dated as of December 17, 1993, as amended, between CIBC and LTCB, and LTCB and such counsel shall be entitled to rely hereon.

Very truly yours,

Recording Requested By
and When Recorded, Return to:

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

FIFTH AMENDMENT TO BUILDING LEASE

THIS FIFTH AMENDMENT TO BUILDING LEASE (this "Fifth Amendment") is entered
into as of August 1, 1996, between CIBC INC., a Delaware corporation ("Lessor"),
and AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation ("Lessee").

RECITALS

A. For purposes of the financing by Lessor of the acquisition of a certain Building, Lessor and Lessee entered into a certain Building Lease, dated as of September 22, 1992, and recorded on September 22, 1992, as Instrument No. 11550954, in the Official Records 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 Santa Clara County, California (such Building Lease, as so amended, is referred to herein as the "First Amended Building Lease"), pursuant to which Lessor leases the Building (as defined therein) to Lessee and Lessee leases the Building from Lessor.

B. The First Amended Building Lease was modified by a certain Second Amendment to Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271738, in the Official Records of Santa Clara County, California (the "Second Amendment to Building Lease"), pursuant to which Lessor financed certain renovations to the Building. The First Amended Building Lease, as amended by the Second Amendment to Building Lease, is referred to herein as the "Second Amended Building Lease."

C. The Second Amended Building Lease was modified by a certain Third Amendment to Building Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020001, in the Official Records of Santa Clara County, California (the "Third Amendment to Building Lease"). The Second Amended Building Lease, as amended by the Third Amendment to Building Lease, is referred to herein as the "Third Amended Building Lease."

D. The Third Amended Building Lease was modified by a certain Fourth Amendment to Building Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123502, in the Official Records of Santa Clara County, California (the "Fourth Amendment to Building Lease"). The Third Amended Building Lease, as amended by the Fourth Amendment to Building Lease, is referred to herein as the "Fourth Amended Building Lease."

E. Advanced Micro Devices, Inc., a Delaware corporation (the "Guarantor"), executed and delivered to Lessor a Third Amended and Restated Guaranty, dated as of August 21, 1995 and accepted by Lessor as of August 21, 1995 (the "Third Restated Guaranty"), pursuant to which the Guarantor guaranteed to Lessor the obligations of Lessee under the Fourth Amended Building Lease and under the Fourth Amended Land Lease (defined below).

F. The Third Restated Guaranty was modified by a certain First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, a certain

Second Amendment to Third Amended and Restated Guaranty, dated as of January 12, 1996, a certain Third Amendment to Third Amended and Restated Guaranty, dated as of May 10, 1996, and a certain Fourth Amendment to Third Amended and Restated Guaranty, dated as of July 20, 1996. The Third Restated Guaranty, as amended, is referred to herein as the "Fourth Amended Guaranty."

G. Lessee has requested certain modifications to the Fourth Amended Guaranty which will be incorporated into a certain Fifth Amendment to Third Amended and Restated Guaranty to be dated concurrently herewith (the "Fifth Guaranty Amendment"). The Fifth Guaranty Amendment requires, as a condition

precedent to the effectiveness thereof, that the Lessee execute and deliver this Fifth Amendment. The Fourth Amended Guaranty, as amended by the Fifth Guaranty Amendment, is referred to herein as the "Fifth Amended Guaranty."

H. 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 Santa Clara County, California, as amended by (i) a certain First Amendment to Land Lease, dated as of December 22, 1992, and recorded on January 5, 1993, as Instrument No. 11720033, in the Official Records of Santa Clara County, California, (ii) a certain Second Amendment to Land Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271737, in the Official Records of Santa Clara County, California, (iii) a certain Third

-2-

Amendment to Land Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020000, in the Official Records of Santa Clara County, California, and (iv) a certain Fourth Amendment to Land Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123501, in the Official Records of Santa Clara County, California, (as so amended, the "Fourth Amended Land Lease"), 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 but not expressly defined herein shall have the meaning provided in the Fourth Amended Building Lease):

A. MODIFICATIONS TO BUILDING LEASE

Lessor and Lessee hereby amend the Fourth Amended Building Lease as follows:

1. All references in the Fourth Amended Building Lease to "this Lease" or "the Lease" will hereafter refer to the Fourth Amended Building Lease as amended by this Fifth Amendment.

2. The definition of Land Lease is hereby deleted and replaced with the

following:

Land Lease: 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 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. 11720034, in the Official Records of Santa Clara County, California, and as further amended by a certain Second Amendment to Land Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271737, in the Official Records of Santa Clara County, California, and as further amended by a certain Third Amendment to Land Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020000, in the Official Records of Santa Clara County, California, and as further amended by a certain Fourth Amendment to Land Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123501, in the Official Records of Santa Clara County, California and as further amended by a certain Fifth Amendment to Land Lease, dated as of August 1, 1996.

3. Effective as of the date of this Fifth Amendment, the definition of LIBO Rent is hereby deleted and replaced with the following:

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LIBO Rent: as of an Installment Date means 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 1.625% 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.

4. To the extent that the amendment to the definition of "LIBO Rent" becomes effective on any day other than the first day of any Quarterly Period (the "LIBO Rent Amendment Effective Date"), then for such Quarterly Period Basic

Rent shall accrue at the LIBO Rent in effect immediately prior to the LIBO Rent Amendment Effective Date up until the day prior to such LIBO Rent Amendment Effective Date, and Basic Rent shall accrue for the remainder of such Quarterly Period at the LIBO Rent in effect on such LIBO Rent Amendment Effective Date (using the percentage 1.625% set forth in the definition of LIBO Rent in Section 3 above instead of the percentage 1.00% set forth in the Fourth Amended Building Lease, but continuing to use the same LIBO Rate as in effect prior to LIBO Rent Amendment Effective Date).

B. AFFIRMATION OF STATUS OF BUILDING LEASE

Except as amended by this Fifth Amendment, the Fourth Amended Building Lease is unchanged; and, as amended by this Fifth

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Amendment, the Fourth Amended Building Lease is hereby ratified and affirmed, and remains in full force and effect.

C. AMENDMENT FEE

In consideration of this Fifth Amendment and and the Fifth Amendment to Land Lease, Lessee agrees to pay Lessor a one-time nonrefundable fee of \$75,000 (the "Amendment Fee"). The Amendment Fee shall be paid by Lessee by wire

transfer to an account to be specified by Lessor.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

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IN WITNESS WHEREOF, all parties hereto have caused this Fifth 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: Director

LESSEE: AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation

By /s/ Marvin D. Burkett

Name: Marvin D. Burkett
Title: President, Chief Financial Officer
and Treasurer

Guarantor hereby consents to the foregoing amendment, and acknowledges and agrees that all references in the Fifth Amended Guaranty to the "Amended Building Lease" or to the "Amended Land Lease" will hereafter refer to such Amended Building Lease and Amended Land Lease, as the case may be, as respectively amended by this Fifth Amendment to Building Lease and by the Fifth Amendment to Land Lease between Lessor and Lessee. Except as modified by this paragraph, the Fifth Amended Guaranty is unmodified; and, except as modified by this paragraph, the Fifth Amended Guaranty remains in full force and effect and is hereby reaffirmed by the Guarantor.

Guarantor:

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

Name: Marvin D. Burkett
Title: Senior Vice President,
Chief Financial and
Administrative Officer
and Treasurer
Date: August 8, 1996

-6-

Reference is made to the Loan Agreement, dated as of December 17, 1993 (the "Loan Agreement"), between CIBC INC., a Delaware corporation, and THE LONG-TERM

CREDIT BANK OF JAPAN, LTD., LOS ANGELES AGENCY ("Lender"). In accordance with

Section 8(b) of the Loan Agreement, Lender hereby consents to the foregoing Fifth Amendment to Building Lease.

THE LONG-TERM CREDIT BANK OF
JAPAN, LOS ANGELES AGENCY

By: /s/ Genichi Imai

Name: Genichi Imai

Title: Joint General Manager

Date: August 1, 1996

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ACKNOWLEDGEMENT FOR CIBC INC.

STATE OF California

COUNTY OF San Francisco

On August 6, 1996, before me, Sally K. Danekas, 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 persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Sally K. Danekas

[SEAL]

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ACKNOWLEDGEMENT FOR AMD INTERNATIONAL SALES & SERVICE, LTD.

STATE OF California

COUNTY OF Santa Clara

On August 8, 1996, before me, Winona C. Orange, Notary, personally appeared Marvin Burkett, personally known to me 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/ Winona C. Orange

[SEAL]

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ACKNOWLEDGEMENT FOR ADVANCED MICRO DEVICES, INC.

STATE OF California

COUNTY OF Santa Clara

On August 8, 1996, before me, Winona C. Orange, Notary, personally appeared Marvin Burkett, personally known to me 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 persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Winona C. Orange

[SEAL]

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ACKNOWLEDGEMENT FOR
THE LONG-TERM CREDIT BANK OF JAPAN, LOS ANGELES AGENCY

STATE OF California

COUNTY OF Los Angeles

On August 1, 1996, before me, Albina Lovasz, Notary Public, personally appeared Genichi Imai, 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/ Albina Lovasz

[SEAL]

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APPENDIX 1

Legal Description of Land

The land referred to herein is situated in the State of California, County of Santa Clara, City of Sunnyvale and is described as follows:

Parcel A as shown upon that certain Parcel Map filed for Record February 26, 1975 in the Office of the Recorder, County of Santa Clara, in Book 351 of Maps at Pages 54 and 55.

APN: 205-22-020, 021

Recording Requested By
and When Recorded, Return to:

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

FIFTH AMENDMENT TO LAND LEASE

THIS FIFTH AMENDMENT TO LAND LEASE (this "Fifth Amendment") is entered into

as of August 1, 1996, between CIBC INC., a Delaware corporation ("Lessor"), and

AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation ("Lessee").

RECITALS

A. For purposes of the financing by Lessor of the acquisition of the Land described in Appendix 1 attached hereto, Lessor and Lessee entered into a

certain Land Lease, dated as of September 22, 1992, and recorded on September 22, 1992, as Instrument No. 11550953, in the Official Records 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 the Official Records of Santa Clara County, California (such Land Lease, as so amended, is referred to herein as the "First Amended Land

Lease"), pursuant to which Lessor leases the Land (as defined therein) to Lessee

and Lessee leases the Land from Lessor.

B. The First Amended Land Lease was modified by a certain Second Amendment to Land Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271737, in the Official Records of Santa Clara County, California (the "Second Amendment to Land Lease"). The First Amended Land

Lease, as amended by the Second Amendment to Land Lease, is referred to herein as the "Second Amended Land Lease."

C. The Second Amended Land Lease was modified by a certain Third Amendment to Land Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020000, in the Official Records of Santa Clara County, California (the "Third Amendment to Land Lease"). The Second Amended Land

Lease, as amended by the Third Amendment to Land Lease, is referred to herein as the "Third Amended Land Lease."

D. The Third Amended Land Lease was modified by a certain Fourth Amendment to Land Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123501, in the Official Records of Santa Clara County, California (the "Fourth Amendment to Land Lease"). The Third Amended Land

Lease, as amended by the Fourth Amendment to Land Lease, is referred to herein as the "Fourth Amended Land Lease."

E. Advanced Micro Devices, Inc., a Delaware corporation (the "Guarantor"),

executed and delivered to Lessor a Third Amended and Restated Guaranty, dated as of August 21, 1995 and accepted by Lessor as of August 21, 1995 (the "Third

Restated Guaranty"), pursuant to which the Guarantor guaranteed to Lessor the

obligations of Lessee under the Fourth Amended Land Lease and under the Fourth Amended Building Lease (defined below).

F. The Third Restated Guaranty was modified by a certain First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, a certain Second Amendment to Third Amended and Restated Guaranty, dated as of January 12,

1996, a certain Third Amendment to Third Amended and Restated Guaranty, dated as of May 10, 1996, and a certain Fourth Amendment to Third Amended and Restated Guaranty, dated as of July 20, 1996. The Third Restated Guaranty, as amended, is referred to herein as the "Fourth Amended Guaranty."

G. Lessee has requested certain modifications to the Fourth Amended Guaranty which will be incorporated into a certain Fifth Amendment to Third Amended and Restated Guaranty to be dated concurrently herewith (the "Fifth Guaranty Amendment"). The Fifth Guaranty Amendment requires, as a condition

precedent to the effectiveness thereof, that the Lessee execute and deliver this Fifth Amendment. The Fourth Amended Guaranty, as amended by the Fifth Guaranty Amendment, is referred to herein as the "Fifth Amended Guaranty."

H. 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 Santa Clara County, California, as amended by (i) a certain First Amendment to Building Lease, dated as of December 22, 1992, and recorded on January 5, 1993, as Instrument No. 11720034, in the Official Records of Santa Clara County, California, (ii) a certain Second Amendment to Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271738, in the Official Records of Santa Clara County, California, (iii) a certain Third Amendment to Building Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020001, in the Official Records of Santa Clara County, California and (iv) a certain Fourth Amendment to Building Lease, dated as of

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November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123502, in the Official Records of Santa Clara County, California (as so amended, the "Fourth Amended Building Lease").

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 but not expressly defined herein shall have the meaning provided in the Fourth Amended Land Lease):

A. MODIFICATIONS TO LAND LEASE

Lessor and Lessee hereby amend the Fourth Amended Land Lease as follows:

1. All references in the Fourth Amended Land Lease to "this Lease" or "the Lease" will hereafter refer to the Fourth Amended Land Lease as amended by this Fifth Amendment.

2. The definition of Building Lease is hereby deleted and replaced with

the following:

Building Lease: that certain Building Lease entered into between

Lessor and Lessee on September 22, 1992, and recorded September 22, 1992, as Instrument No. 11550954, in the Official Records of Santa Clara County, California, as amended by that certain First Amendment to Building Lease, dated as of December 22, 1992, and recorded January 5, 1993, as Instrument No. 11720034, in the Official Records of Santa Clara County, California, and as further amended by a certain Second Amendment to Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993, as Instrument No. 12271738, in the Official Records of Santa Clara County, California, and as further amended by a certain Third Amendment to Building Lease, dated as of August 21, 1995, and recorded on September 20, 1995, as Instrument No. 13020001, in the Official Records of Santa Clara County, California, and as further amended by a certain Fourth Amendment to Building Lease, dated as of November 10, 1995, and recorded on December 7, 1995, as Instrument No. 13123502, in the Official Records of Santa Clara County, California, and as further amended by a certain Fifth Amendment to Building Lease, dated as of August 1, 1996.

3. Effective as of the date of this Fifth Amendment, the definition of LIBO Rent is hereby deleted and replaced with the following:

LIBO Rent: as of an Installment Date means the Balance Due as of such

Installment Date multiplied by an interest rate per annum equal at all times to the sum of (a) 1.625% 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.

4. To the extent that the amendment to the definition of "LIBO Rent" becomes effective on any day other than the first day of any Quarterly Period (the "LIBO Rent Amendment Effective Date"), then for such Quarterly

Period Basic Rent shall accrue at the LIBO Rent in effect immediately prior to the LIBO Rent Amendment Effective Date up until the day prior to such LIBO Rent Amendment Effective Date, and Basic Rent shall accrue for the remainder of such Quarterly Period at the LIBO Rent in effect on such LIBO Rent Amendment Effective Date (using the percentage 1.625% set forth in the definition of LIBO Rent in Section 3 above instead of the percentage 1.00% set forth in the Fourth Amended Land Lease, but continuing to use the same LIBO Rate as in effect prior to LIBO Rent Amendment Effective Date).

B. AFFIRMATION OF STATUS OF LAND LEASE

Except as amended by this Fifth Amendment, the Fourth Amended Land Lease is unchanged; and, as amended by this Fifth Amendment, the Fourth Amended Land Lease is hereby ratified and affirmed, and remains in full force and effect.

C. AMENDMENT FEE

In consideration of this Fifth Amendment and the Fifth Amendment to Building Lease, Lessee agrees to pay Lessor a one-time nonrefundable fee of \$75,000 (the "Amendment Fee"). The Amendment Fee shall be paid by Lessee by

wire transfer to an account to be specified by Lessor.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, all parties hereto have caused this Fifth 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: Director

LESSEE: AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation

By /s/ Marvin Burkett

Name: Marvin Burkett
Title: President, Chief Financial Officer
and Treasurer

Guarantor hereby consents to the foregoing amendment, and acknowledges and agrees that all references in the Fifth Amended Guaranty to the "Amended Land Lease" or to the "Amended Building Lease" will hereafter refer to such Amended Land Lease and Amended Building Lease, as the case may be, as respectively amended by this Fifth Amendment to Land Lease and by the Fifth Amendment to Building Lease, between Lessor and Lessee. Except as modified by this paragraph, the Fifth Amended Guaranty is unmodified; and, except as modified by this paragraph, the Fifth Amended Guaranty remains in full force and effect and is hereby reaffirmed by the Guarantor.

Guarantor:

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin Burkett

Name: Marvin Burkett
Title: Senior Vice President, Chief Financial and Administrative Officer and
Treasurer
Date: August 8, 1996

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Reference is made to the Loan Agreement, dated as of December 17, 1993 (the "Loan Agreement"), between CIBC INC., a Delaware corporation, and THE LONG-TERM

CREDIT BANK OF JAPAN, LTD., LOS ANGELES AGENCY ("Lender"). In accordance with

Section 8(b) of the Loan Agreement, Lender hereby consents to the foregoing Fifth Amendment to Land Lease.

THE LONG-TERM CREDIT BANK OF
JAPAN, LOS ANGELES AGENCY

By: /s/ Genichi Imai

Name: Genichi Imai

Title: Joint General Manager

Date: August 1, 1996

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ACKNOWLEDGEMENT FOR CIBC INC.

STATE OF California

COUNTY OF San Francisco

On August 6, 1996, before me, Sally K. Danekas, personally appeared Tom K. 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 persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Sally K. Danekas

(Seal)

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ACKNOWLEDGEMENT FOR AMD INTERNATIONAL SALES & SERVICE, LTD.

STATE OF California

COUNTY OF Santa Clara

On August 8, 1996, before me, Winona C. Orange, personally appeared Marvin Burkett, personally known to me 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/ Winona C. Orange

(Seal)

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ACKNOWLEDGEMENT FOR ADVANCED MICRO DEVICES, INC.

STATE OF California

COUNTY OF Santa Clara

On August 8, 1996, before me, Winona C. Orange, personally appeared Marvin Burkett, personally known to me 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 persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Winona C. Orange

(Seal)

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ACKNOWLEDGEMENT FOR
THE LONG-TERM CREDIT BANK OF JAPAN, LOS ANGELES AGENCY

STATE OF California

COUNTY OF Los Angeles

On August 1, 1996, before me, Albina Lovasz, Notary Public, personally appeared Genichi Ima: 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/ Albina M. Lovasz

(Seal)

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APPENDIX 1

Legal Description of Land

The land referred to herein is situated in the State of California, County of Santa Clara, City of Sunnyvale and is described as follows:

Parcel A as shown upon that certain Parcel Map filed for Record February 26, 1975 in the Office of the Recorder, County of Santa Clara, in Book 351 of Maps at Pages 54 and 55.

APN: 205-22-020, 021

ARB: 206-60-015, 018, 035, 042, 014, 013, 012, 053, 052, 057

NEWS RELEASE

EXHIBIT 99.6
[LETTERHEAD OF ADVANCED MICRO DEVICES APPEARS HERE]

For further information:
Scott Allen
(408) 749-3311

AMD COMPLETES OFFER OF \$400 MILLION OF SENIOR
SECURED NOTES

SUNNYVALE, CA--AUGUST 13, 1996--AMD announced that it has completed an offering of \$400 million of 11 percent senior secured notes due in the year 2003. The offering was underwritten by Donaldson, Lufkin & Jenrette Securities Corporation and BA Securities, Inc. The senior secured notes were priced at par.

The net proceeds of the offering will be used to repay an existing \$150 million term loan and for general corporate purposes.

AMD is a global supplier of integrated circuits for the personal and networked computer and communications markets. A Fortune 500 company, AMD produces processors, flash memories, programmable logic devices, and products for communications and networking applications. Founded in 1969, AMD is based in Sunnyvale, California, and has sales and manufacturing facilities worldwide.

(NYSE:AMD)

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WORLD WIDE WEB: Press announcements and other information about AMD are available on the Internet via the World Wide Web. Type <http://www.amd.com> at the URL prompt.

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AMD news release#96CORP20

#9686