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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 29, 2003

OR

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

For the transition period from _____ to _____

Commission File Number 1-7882

ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-1692300**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
One AMD Place Sunnyvale, California	**94088**
(Address of principal executive offices)	**(Zip Code)**

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-12 of the Exchange Act).
Yes ☒ No ☐

Indicate the number of shares outstanding of the registrant's common stock, $0.01 par value as of August 10, 2003: 346,961,580.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Thousands except per share amounts)

	Quarter Ended		Six Months Ended	
	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Net sales	$ 645,261	$ 600,299	$ 1,359,816	$ 1,502,372
Expenses:				
Cost of sales	425,085	558,290	921,677	1,145,164
Research and development	208,513	178,425	411,575	350,307
Marketing, general and administrative	135,161	160,248	273,389	317,108
Restructuring and other special charges, net	—	—	2,146	—
	768,759	896,963	1,608,787	1,812,579
Operating loss	(123,498)	(296,664)	(248,971)	(310,207)
Interest and other income, net	4,971	8,661	11,711	18,199
Interest expense	(26,364)	(15,729)	(52,169)	(27,887)
Loss before income taxes and equity in net income (loss) of joint venture	(144,891)	(303,732)	(289,429)	(319,895)
Provision (benefit) for income taxes	—	(121,493)	2,936	(125,534)
Loss before equity in net income (loss) of joint venture	(144,891)	(182,239)	(292,365)	(194,361)
Equity in net income (loss) of joint venture	4,795	(2,699)	5,913	260
Net loss	$ (140,096)	$ (184,938)	$ (286,452)	$ (194,101)
Net loss per common share:				
Basic:				
Net loss	$ (0.40)	$ (0.54)	$ (0.83)	$ (0.57)
Diluted:				
Net loss	$ (0.40)	$ (0.54)	$ (0.83)	$ (0.57)
Shares used in per share calculation:				
Basic	346,320	341,782	345,666	341,294
Diluted	346,320	341,782	345,666	341,294

See accompanying notes.

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ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Thousands except share amounts)

	June 29, 2003 (unaudited)	December 29, 2002 *
Assets		
Current assets:		
Cash and cash equivalents	$ 703,176	$ 428,748
Short-term investments	35,625	608,957
Total cash, cash equivalents and short-term investments	738,801	1,037,705
Accounts receivable, net of allowance for doubtful accounts of $13,708 on June 29, 2003 and $18,906 on December 29, 2002	351,834	395,828
Inventories:		
Raw materials	19,475	22,741
Work-in-process	317,445	254,957
Finished goods	130,464	154,905
Total inventories	467,384	432,603
Prepaid expenses and other current assets	157,022	153,542
Total current assets	1,715,041	2,019,678
Property, plant and equipment:		
Land	35,343	34,443
Buildings and leasehold improvements	1,470,868	1,392,972
Equipment	5,451,485	5,256,502
Construction in progress	332,540	355,746
Total property, plant and equipment	7,290,236	7,039,663
Accumulated depreciation and amortization	(4,396,109)	(4,158,854)
Property, plant and equipment, net	2,894,127	2,880,809
Investment in joint venture	390,069	382,942
Other assets	294,670	335,752
Total Assets	$ 5,293,907	$ 5,619,181
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to banks	$ —	$ 913
Accounts payable	350,399	352,438
Accrued compensation and benefits	122,361	131,324
Accrued liabilities	269,561	435,657
Restructuring accruals	54,467	99,974
Income taxes payable	38,368	21,246
Deferred income on shipments to distributors	65,412	57,184
Current portion of long-term debt and capital lease obligations	77,693	71,339
Other current liabilities	85,732	89,437
Total current liabilities	1,063,993	1,259,512
Long-term debt and capital lease obligations, less current portion	1,587,009	1,570,322
Other liabilities	359,625	322,082
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value $0.01; 750,000,000 shares authorized; shares issued: 353,801,706 on June, 29, 2003 and 351,442,331 on December 29, 2002; shares outstanding: 346,915,387 on June 29, 2003 and 344,528,152 on December 29, 2002	3,469	3,445
Capital in excess of par value	2,025,493	2,014,464
Treasury stock, at cost (6,886,319 shares on June 29, 2003 and 6,914,179 shares on December 29, 2002)	(92,702)	(93,217)
Retained earnings	205,931	492,668
Accumulated other comprehensive income	141,089	49,905
Total stockholders' equity	2,283,280	2,467,265
Total liabilities and stockholders' equity	$ 5,293,907	$ 5,619,181

* Amounts as of December 29, 2002 were derived from the December 29, 2002 audited consolidated financial statements.

See accompanying notes.

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Thousands)

	Six Months Ended	
	June 29, 2003	June 30, 2002
Cash flows from operating activities:		
Net loss	$ (286,452)	$ (194,101)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	400,521	331,138
Amortization	22,801	26,077
Impairment of equity investment	258	—
Change in allowance for doubtful accounts	(5,198)	1,860
Benefit for deferred income taxes	—	(97,761)
Foreign grant and subsidy income	(32,102)	(28,831)
Net loss on disposal of property, plant and equipment	4,146	17,015
Net gain realized on sale of available-for-sale securities	(3,736)	(702)
Undistributed income of joint venture	(5,913)	(260)
Restructuring and other special charges, net	3,705	—
Recognition of deferred gain on sale of building	(840)	(840)
Compensation recognized under employee stock plans	995	1,654
Changes in operating assets and liabilities:		
Decrease in accounts receivable	55,138	123,049
(Increase) decrease in inventories	(34,781)	550
Increase in prepaid expenses and other current assets	(12,501)	(10,946)
Decrease in other assets	34,466	145,500
Increase (decrease) in income taxes payable	17,487	(18,410)
Refund of customer deposits under long-term purchase agreements	(26,500)	(30,000)
Net decrease in accounts payable, accrued liabilities and other liabilities	(215,538)	(161,819)
Decrease in accrued compensation and benefits	(8,963)	(399)
Net cash (used in) provided by operating activities	(93,007)	102,774
Cash flows from investing activities:		
Purchases of property, plant and equipment	(283,576)	(371,410)
Proceeds from sale of property, plant and equipment	2,458	2,240
Business acquisitions, net of cash acquired	(6,265)	(26,509)
Purchases of available-for-sale securities	(867,115)	(2,729,547)
Proceeds from sales and maturities of available-for-sale securities	1,440,862	2,611,547
Net cash provided by (used in) investing activities	286,364	(513,679)
Cash flows from financing activities:		
Proceeds from borrowings, net of issuance costs	13,678	567,727
Payments on debt and capital lease obligations	(48,792)	(184,734)
Proceeds from foreign grants and subsidies	81,596	74,781
Proceeds from issuance of stock	10,285	16,099
Net cash provided by financing activities	56,767	473,873
Effect of exchange rate changes on cash and cash equivalents	24,304	15,935
Net increase in cash and cash equivalents	274,428	78,903
Cash and cash equivalents at beginning of period	428,748	427,288
Cash and cash equivalents at end of period	$ 703,176	$ 506,191
Supplemental disclosures of cash flow information:		
Cash paid (refunded) for:		
Interest	$ 41,681	$ 17,212
Income taxes	$ 10,778	$ 23,342

See accompanying notes.

ADVANCED MICRO DEVICES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
June 29, 2003

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Advanced Micro Devices, Inc. (the Company or AMD) have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. The results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the full fiscal year ending December 28, 2003. In the opinion of the Company's management, the information contained herein reflects all adjustments necessary to make the results of operations for the interim periods a fair statement of such operations. All such adjustments are of a normal recurring nature. The interim financial statements should be read in conjunction with the financial statements in the Company's Annual Report on Form 10-K for the year ended December 29, 2002. Certain prior period amounts have been reclassified to conform to the current period presentation.

The Company uses a 52- to 53- week fiscal year ending on the last Sunday in December. The quarters ended June 29, 2003 and June 30, 2002 each included 13 weeks. The six months ended June 29, 2003 and June 30, 2002 each included 26 weeks.

2. New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). Variable interest entities often are created for a single specified purpose, for example, to facilitate securitization, leasing, hedging, research and development, or other transactions or arrangements. This interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," defines what these variable interest entities are and provides guidelines on identifying them and assessing an enterprise's interests in a variable interest entity to decide whether to consolidate that entity. Generally, FIN 46 applies to variable interest entities created after January 31, 2003 and to variable interest entities in which an enterprise obtains an interest after that date. For existing variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003, the provision of this interpretation will apply no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003. The Company does not expect the adoption of FIN 46 to have a material impact on the Company's results of operations or financial condition.

In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," (SFAS 150) which addresses how to classify and measure certain financial instruments with characteristics of both liabilities (or an asset in some circumstances) and equity – as either debt or equity in the balance sheet. SFAS 150 requirements apply to issuers' classification and measurement of freestanding financial instruments, including those that comprise more than one option or forward contract. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company does not expect the adoption of SFAS 150 to have a material impact on the Company's results of operations or financial condition.

3. Stock-Based Incentive Compensation Plans

The Company uses the intrinsic value method to account for stock options issued to its employees under its stock option plans and amortizes deferred compensation, if any, over the vesting period of the options. Compensation expense resulting from the issuance of fixed term stock option awards is measured as the difference between the exercise price of the option and the fair market value of the underlying share of company stock subject to the option on the award's grant date. For purposes of pro forma disclosures, the Company estimates the fair value of its stock-based awards to employees using a Black-Scholes option pricing model. The pro forma effect on net earnings and net earnings per share are as follows for the quarters and six-month periods ended June 29, 2003 and June 30, 2002.

	Quarter Ended		Six Months Ended	
(Thousands except per share amounts)	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Net loss—as reported	$ (140,096)	$ (184,938)	$ (286,452)	$ (194,101)
Plus: intrinsic value compensation expense recorded	507	785	995	1,654
Less: fair value compensation expenses	(15,482)	(40,597)	(37,680)	(87,509)
Net loss - pro forma	$ (155,071)	$ (224,750)	$ (323,137)	$ (279,956)
Basic net loss per share - as reported	$ (0.40)	$ (0.54)	$ (0.83)	$ (0.57)
Diluted net loss per share - as reported	$ (0.40)	$ (0.54)	$ (0.83)	$ (0.57)
Basic net loss per share - pro forma	$ (0.45)	$ (0.66)	$ (0.93)	$ (0.82)
Diluted net loss per share - pro forma	$ (0.45)	$ (0.66)	$ (0.93)	$ (0.82)

On June 27, 2003, the Company filed a Tender Offer Statement with the SEC, and made an offer, which was approved by the Company's stockholders, to exchange certain stock options to purchase shares of the Company's common stock, outstanding under eligible option plans and held by eligible employees, for replacement options to be granted no sooner than six months and one day from the cancellation of the surrendered options. The offer to exchange expired on July 25, 2003. Options to purchase approximately 19.0 million shares of the Company's common stock were tendered for exchange and cancelled on July 28, 2003. Subject to the terms of the offer to exchange, the Company will grant replacement options to purchase approximately 13.4 million shares of its common stock on or after January 29, 2004, in exchange for the options cancelled in the offer to exchange. The Company does not expect to record any compensation expense as the result of the transactions contemplated by this offer to exchange.

4. Financial Instruments

The following is a summary of the available-for-sale securities held by the Company as of June 29, 2003:

(Thousands)	Cost	Fair Market Value
Cash equivalents:		
Federal agency notes	$ 1,995	$ 2,004
Money market funds	662,857	663,122
Total cash equivalents	$664,852	$ 665,126
Short-term investments:		
Bank notes	$ 2,727	$ 2,954
Federal agency notes	14,044	14,242
Auction Rate Preferred Stocks	5,000	5,002
Corporate notes	13,822	13,427
Total short-term investments	$ 35,593	$ 35,625
Long-term investments:		
Equity investments	$ 7,765	$ 10,660
Total long-term investments (included in Other Assets)	$ 7,765	$ 10,660

Long-term equity investments consist of marketable equity securities that, while available for sale, are not intended to be used to fund current operations.

The amortized cost and estimated fair value of available-for-sale marketable debt securities (short-term investments) at June 29, 2003, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations without call or prepayment penalties.

(Thousands)	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 19,990	$ 19,785
Due after one year	15,603	15,840
Total	$ 35,593	$ 35,625

Available-for-sale securities with maturities greater than twelve months are classified as short-term when they include investments of cash that are intended to be used in current operations. The Company realized net gains from the sale of available-for-sale securities in the first six months of 2003 of $3.7 million, which was included in interest and other income, net.

At June 29, 2003 and December 29, 2002, the Company had approximately $12 million and $13 million of investments classified as held to maturity, consisting of commercial paper and treasury notes used for long-term workers compensation and leasehold deposits that were included in Other Assets. The fair value of the investments approximated cost at June 29, 2003 and December 29, 2002.

Included in cash and cash equivalents is a compensating balance of $200 million, which AMD Saxony is required to keep at all times through June 29, 2005 in an account with Dresdner Bank AG in connection with the Dresden Loan Agreements (as defined in Note 10). Also included in cash and cash equivalents is $33 million of restricted cash associated with the advance receipt of interest subsidies from the Federal Republic of Germany and the State of Saxony in connection with the Dresden Loan Agreements. Restrictions over the Company's access to the restricted cash will lapse as the Company incurs qualifying interest expense on the Dresden term loans over the next four quarters.

5. Net Loss Per Common Share

Potential dilutive common shares include shares issuable upon the exercise of outstanding employee stock options and the conversion of outstanding convertible notes and debentures. As the Company incurred net losses for all periods presented, diluted net loss per common share is the same as basic net loss per common share. Potential dilutive common shares of approximately 77 million and 24 million for the three months ended June 29, 2003 and June 30, 2002 and 76 million and 23 million for the six months ended June 29, 2003 and June 30, 2002 were not included in the net loss per common share calculation, as their inclusion would have been antidilutive.

6. Investment in Joint Venture

In 1993, the Company formed a joint venture with Fujitsu Limited, Fujitsu AMD Semiconductor Limited (formerly referred to as FASL and currently referred to as the Manufacturing Joint Venture), for the development and manufacture of non-volatile memory devices (See Note 12). The Manufacturing Joint Venture operated advanced integrated circuit manufacturing facilities in Aizu-Wakamatsu, Japan, to produce Flash memory devices, which were sold to the Company and Fujitsu. The Company's Fab 25 in Austin, Texas, produced Flash memory devices for sale to the Manufacturing Joint Venture. The Company's share of the Manufacturing Joint Venture was 49.992 percent and the investment was accounted for under the equity method prior to June 29, 2003. The Company's share of the Manufacturing Joint Venture after tax net income during the second quarter of 2003 was $4.8 million. At June 29, 2003, the cumulative adjustment related to the translation of the Manufacturing Joint Venture financial statements into U.S. dollars resulted in a decrease in the investment in the Manufacturing Joint Venture of $0.5 million.

The following tables present the significant related party transactions and balances of the Manufacturing Joint Venture, which were included in the Company's unaudited condensed consolidated financial statements:

	Quarter Ended		Six Months Ended	
(Thousands)	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Royalty income	$ 12,280	$ 8,265	$ 24,611	$ 15,541
Purchases	166,247	88,382	356,595	175,881
Sales to the Manufacturing Joint Venture	112,812	—	222,570	—

(Thousands)	June 29, 2003	December 29, 2002
Royalty receivable	$ 9,216	$ 11,551
Accounts receivable	82,986	96,814
Accounts payable	130,329	108,890

As of June 29, 2003, the Company had $74 million in loan guarantees outstanding with respect to third-party loans incurred by the Manufacturing Joint Venture. As a result of the execution of the FASL LLC agreements with Fujitsu, which resulted in the integration of the Company's and Fujitsu's flash memory operations in the third quarter, these third party loans were refinanced and the existing guarantees had expired (See Note 12).

The following is condensed unaudited financial data of the Manufacturing Joint Venture:

	Quarter Ended		Six Months Ended	
(Thousands)	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Net sales	$273,935	$171,896	$565,037	$341,181
Gross (loss) profit	(22,872)	(5,491)	(12,955)	43,704
Operating (loss) income	(23,941)	(6,412)	(14,958)	41,944
Net loss	(13,395)	(28,289)	(9,618)	(4,243)

(Thousands)	June 29, 2003	December 29, 2002
Current assets	$283,720	$ 287,050
Non-current assets	967,271	1,056,107
Current liabilities	465,401	549,015

The Company's share of the Manufacturing Joint Venture net income differs from the equity in net income of the Manufacturing Joint Venture reported on the condensed consolidated statements of operations. The difference is due to adjustments resulting from the intercompany profit eliminations and differences in U.S. and Japanese tax treatment of the Manufacturing Joint Venture income, which are reflected on the Company's consolidated statements of operations. The Company has never received cash dividends from its investment in the Manufacturing Joint Venture.

In 2000, the Manufacturing Joint Venture further expanded its production capacity through a foundry arrangement with Fujitsu Microelectronics, Inc. (FMI), a wholly owned subsidiary of Fujitsu Limited. In connection with FMI equipping its wafer fabrication facility in Gresham, Oregon, (the Gresham Facility) to produce Flash memory devices for sale to the Manufacturing Joint Venture, the Company agreed to guarantee the repayment of up to $125 million of Fujitsu's obligations as a co-signer with FMI under its global multicurrency revolving credit facility (the Credit Facility) with a third-party bank (the Guarantee). In 2001, Fujitsu closed the Gresham Facility due to the downturn of the Flash memory market. The Company disagreed with Fujitsu as to the amount, if any, owed under this Guarantee and has reached a settlement, subject to final internal approval by Fujitsu, which would result in a cash payment by the Company to Fujitsu. The settlement amount is immaterial to the Company's financial statements, and was recorded in the Company's statement of operations for the second quarter ended June 29, 2003.

7. Segment Reporting

AMD operated in two reportable segments during the quarter and six months ended June 29, 2003: the Core Products segment, which reflects the aggregation of the PC processor, memory products and Other IC products operating segments, and the Foundry Services segment. The aggregation of the Company's operating segments into the Company's reporting segments was made pursuant to the aggregation criteria set forth in Statement of Financial Accounting Standards No. 131 (SFAS 131). The Core Products segment includes microprocessors, Flash memory devices, Erasable Programmable Read-Only Memory (EPROM) devices, embedded processors, platform products, personal connectivity solutions products and networking products. The Foundry Services segment includes the sale of products to Legerity, Inc. and Vantis Corporation, the Company's former voice communications products and programmable logic products subsidiaries. The Company terminated its foundry service arrangements with Legerity in the third quarter of 2002 and will terminate its foundry service arrangements with Vantis in the third quarter of 2003. The Company evaluates performance and allocates resources based on these segments' operating income (loss).

The following table is a summary of sales and operating income (loss) by segment with reconciliation to net loss for the quarters and six months ended June 29, 2003 and June 30, 2002:

	Quarter Ended		Six Months Ended	
(Thousands)	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Segment net sales:				
Core Products segment	$ 645,261	$ 593,869	$ 1,359,816	$ 1,483,989
Foundry Services segment	—	6,430	—	18,383
Total segment net sales	$ 645,261	$ 600,299	$ 1,359,816	$ 1,502,372
Segment operating loss:				
Core Products segment	$ (123,498)	$ (289,206)	$ (248,971)	$ (301,746)
Foundry Services segment	—	(7,458)	—	(8,461)
Total segment operating loss	(123,498)	(296,664)	(248,971)	(310,207)
Interest income and other, net	4,971	8,661	11,711	18,199
Interest expense	(26,364)	(15,729)	(52,169)	(27,887)
(Provision) benefit for income taxes	—	121,493	(2,936)	125,534
Equity in net income of joint venture	4,795	(2,699)	5,913	260
Net loss	$ (140,096)	$ (184,938)	$ (286,452)	$ (194,101)

8. Comprehensive Income (Loss)

The following are the components of comprehensive loss:

	Quarter Ended		Six Months Ended	
(Thousands)	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Net loss	$ (140,096)	$ (184,938)	$ (286,452)	$ (194,101)
Net change in cumulative translation adjustments	62,420	138,745	102,993	101,356
Net change in unrealized gain/(loss) on cash flow hedges	(8,144)	40,290	(11,628)	33,418
Net change in unrealized gain/(loss) on available-for-sale securities	1,518	91	(181)	(1,077)
Other comprehensive income	55,794	179,126	91,184	133,697
Comprehensive loss	$ (84,302)	$ (5,812)	$ (195,268)	$ (60,404)

The components of accumulated other comprehensive income are as follows:

(Thousands)	June 29, 2003	December 29, 2002
Net unrealized gain on available-for-sale securities, net of taxes of $1,143 in 2003 and $1,250 in 2002	$ 1,971	$ 2,152
Net unrealized gain on cash flow hedges, net of taxes of $17,143 in 2003 and $17,511 in 2002	17,451	29,079
Cumulative translation adjustments	121,667	18,674
	$ 141,089	$ 49,905

9. Restructuring and Other Special Charges

2002 Restructuring Plan

In December 2002, the Company began implementing a restructuring plan (the 2002 Restructuring Plan) to align its cost structure to industry conditions resulting from weak customer demand and industry-wide excess inventory. The 2002 Restructuring Plan will result in the reduction of approximately 2,000 positions or 15 percent of the Company's employees, affecting all levels of its workforce in almost every organization. As part of this plan, and as a result of the Company's technology agreement with IBM to develop future generations of the Company's logic process technology, the Company has ceased its silicon processing associated with logic research and development in its Submicron Development Center (SDC) in Sunnyvale, California and has eliminated most of those related resources, including the sale or abandonment of certain equipment used in the SDC.

The 2002 Restructuring Plan has resulted in the consolidation of facilities, primarily at the Company's Sunnyvale, California site and at sales offices worldwide. The Company is in the process of vacating, and attempting to sublease, certain facilities currently occupied under long-term operating leases. The Company has also terminated the implementation of certain partially completed enterprise resource planning (ERP) software and other information technology implementation activities, resulting in the abandonment of certain software, hardware and capitalized development costs.

Pursuant to the 2002 Restructuring Plan, the Company recorded restructuring costs and other special charges of $330.6 million in the fourth quarter of 2002, consisting primarily of $68.8 million of anticipated severance and fringe benefit costs, an asset impairment charge of $32.5 million relating to a license that had no future use because of its association with discontinued logic development activities, asset impairment charges of $30.6 million resulting from the abandonment of equipment previously used in logic process development and manufacturing activities, anticipated exit costs of $138.9 million primarily related to vacating and consolidating the Company's facilities and $55.5 million resulting from the abandonment of partially completed ERP software and other information technology implementation activities.

The Company expects to substantially complete the activities associated with the 2002 Restructuring Plan by the end of December 2003. As of June 29, 2003, 1,429 employees had been terminated pursuant to the 2002 Restructuring Plan resulting in cumulative cash payments of $47 million for severance and employee benefit costs.

During the first quarter of 2003, management approved the sale of additional equipment, primarily equipment used in the SDC, that had been identified as no longer useful in the Company's operations. As a result, the Company recorded approximately $11 million of asset impairment charges in the first quarter of 2003, including $3.3 million of charges for decommission costs necessary to complete the equipment's sale.

The following table summarizes activities under the 2002 Restructuring Plan through June 29, 2003:

(Thousands)	Severance and Employee Benefits	Asset impairment	Exit and Equipment Decommission Costs	Other Restructuring Charges	Total
2002 provision	$ 68,770	$ 118,590	$ 138,900	$ 4,315	$ 330,575
Q4 2002 non-cash charges	—	(118,590)	—	—	(118,590)
Q4 2002 cash charges	(14,350)	—	(795)	—	(15,145)
Accruals at December 29, 2002	54,420	—	138,105	4,315	196,840
Q1 2003 provision	—	7,791	3,314	—	11,105
Q1 2003 non-cash charges	—	(7,791)	—	—	(7,791)
Q1 2003 cash charges	(17,820)	—	(751)	(4,223)	(22,794)
Accruals at March 30, 2003	36,600	—	140,668	92	177,360
Q2 2003 cash charges	(14,922)	—	(8,309)	(77)	(23,308)
Accruals at June 29, 2003	$ 21,678	$ —	$ 132,359	$ 15	$ 154,052

2001 Restructuring Plan

In 2001, the Company announced a restructuring plan (the 2001 Restructuring Plan) due to the continued slowdown in the semiconductor industry and a resulting decline in revenues. The Company has substantially completed its execution of the 2001 Restructuring Plan, with the exception of the facilities and equipment decommission activities, which are expected to be completed by the end of 2003. During the first quarter of 2003, the Company reduced the estimated accrual of the facility and equipment decommission costs by $7.4 million based on the most current information available. During the first quarter, the Company also realized a recovery of approximately $1.6 million from the sale of equipment impaired as a result of the 2001 Restructuring Plan, previously held-for-sale at amounts in excess of its initially estimated fair value. Both amounts were included in restructuring and other special charges, net.

The following table summarizes activities under the 2001 Restructuring Plan during the six months ended June 29, 2003:

(Thousands)	Facilities and Equipment Decommission Costs	Other Facilities Exit Costs	Total
Accrual at December 29, 2002	$ 15,055	$ 646	$15,701
Q1 2003 cash charges	(630)	—	(630)
Q1 2003 non-cash adjustment	(7,400)	—	(7,400)
Accruals at March 30, 2003	7,025	646	7,671
Q2 2003 cash charges	(226)	—	(226)
Accruals at June 29, 2003	$ 6,799	$ 646	$ 7,445

As of June 29, 2003 and December 29, 2002, $107 million and $113 million of the total restructuring accruals of $161 million and $213 million were included in Other Liabilities (long-term) on the balance sheets. (See Note 11.)

10. Guarantees

The Company accounts for guarantees in accordance with FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." The following table summarizes guarantees that the Company has issued as of June 29, 2003:

	Maximum	Amounts of guarantee expiration per period					
(In Thousands)	Amounts Guaranteed	2003	2004	2005	2006	2007	2008 and Beyond
Dresden intercompany guarantee	$ 313,712	$ —	$ —	$ —	$ 313,712*	$ —	$ —
BAC payment guarantee	28,571	28,571	—	—	—	—	—
AMTC payment guarantee	36,571	—	—	—	—	36,571	—
AMTC rental guarantee	134,406	—	—	—	—	—	134,406*
Manufacturing Joint Venture guarantee (Note 6)	74,000	74,000	—	—	—	—	—
Total guarantee	$ 587,260	$ 102,571	$ —	$ —	$ 313,712	$ 36,571	$ 134,406

* Amounts outstanding will diminish until the expiration of the guarantee.

Dresden Term Loan Agreements and Dresden Intercompany Guarantee

AMD Saxony Limited Liability Company & Co. KG, (AMD Saxony, formerly known as AMD Saxony Manufacturing GmbH), an indirect wholly-owned German subsidiary of AMD, continues to facilitize Fab 30, which began production in the third quarter of 2000. AMD, the Federal Republic of Germany, the State of Saxony, and a consortium of banks are providing financing for the project.

In March 1997, AMD Saxony entered into a loan agreement and other related agreements (the Dresden Loan Agreements) with a consortium of banks led by Dresdner Bank AG, a German financial institution, in order to finance the project.

Because most of the amounts under the Dresden Loan Agreements were denominated in deutsche marks (converted to euros), the dollar amounts discussed below are subject to change based on applicable conversion rates. The Company used the exchange rate that was permanently fixed on January 1, 1999, of 1.95583 deutsche marks to one euro for the conversion of deutsche marks to euros, and then used the exchange rate of 0.875 euro to one U.S. dollar as of June 29, 2003, to translate the amounts denominated in deutsche marks into U.S. dollars.

The Dresden Loan Agreements, as amended, provide for the funding of the construction and facilitization of Fab 30. The funding consists of:

- equity contributions, subordinated and revolving loans and loan guarantees from, and full cost reimbursement through, AMD;
- loans from a consortium of banks; and
- grants, subsidies and loan guarantees from the Federal Republic of Germany and the State of Saxony.

The Dresden Loan Agreements require that the Company partially fund Fab 30 project costs in the form of subordinated and revolving loans to, or equity investments in, AMD Saxony. In accordance with the terms of the Dresden Loan Agreements, as of June 29, 2003, the balances were $168 million of subordinated loans, $197 million of revolving loans and $286 million of equity investments in AMD Saxony, net of repayments. These amounts have been eliminated in the Company's consolidated financial statements.

In addition to support from AMD, the consortium of banks referred to above made available up to $877 million in loans to AMD Saxony to help fund Fab 30 project costs. The loans have been fully drawn and a portion has been repaid. AMD Saxony had $627 million of such loans outstanding as of June 29, 2003, which is included in the Company's consolidated balance sheets.

The Dresden Loan Agreements, as amended, also require that the Company:

- provide interim funding to AMD Saxony if either the remaining capital investment grants and allowances or the remaining interest subsidies are delayed, such funding to be repaid to AMD as AMD Saxony receives the investment grants and allowances or subsidies from the State of Saxony;
- fund shortfalls in government subsidies resulting from any default under the Subsidy Agreement caused by AMD Saxony or its affiliates; and
- guarantee up to 50 percent of AMD Saxony's obligations under the Dresden Loan Agreements, which guarantee must not be less than $127 million or more than $343 million, until the bank loans are repaid in full. As of June 29, 2003, the maximum exposure and the amount outstanding under the guarantee was $314 million.

As AMD Saxony's obligations under the Dresden Loan Agreements are included in the Company's consolidated financial statements, no incremental liability is recorded under the Dresden guarantee.

AMD Saxony would be in default under the Dresden Loan Agreements if the Company, AMD Saxony, AMD Saxony Holding GmbH (AMD Holding), AMD Saxony Admin GmbH or AMD Saxony LLC failed to comply with certain obligations thereunder or upon the occurrence of certain events, including:

- the Company's failure to fund equity contributions or loans or otherwise comply with the Company's obligations relating to the Dresden Loan Agreements;
- the sale of shares in AMD Saxony, AMD Holding, AMD Saxony Admin GmbH or AMD Saxony LLC;
- the failure to pay material obligations;
- the occurrence of a material adverse change or filings or proceedings in bankruptcy or insolvency with respect to the Company, AMD Saxony, AMD Holding, AMD Saxony Admin GmbH or AMD Saxony LLC;
- the occurrence of a default under the Company's July 2003 Loan Agreement (See Note 12); and
- noncompliance with specified financial covenants.

Generally, any default with respect to borrowings made or guaranteed by AMD that results in recourse to the Company of more than $2.5 million and that is not cured by the Company, would result in a cross-default under the Dresden Loan Agreement. As of June 29, 2003, the Company was in compliance with all conditions of the Dresden Loan Agreements.

In the event the Company is unable to meet its obligations to AMD Saxony as required under the Dresden Loan Agreements, the Company will be in default under the Dresden Loan Agreements, which would permit acceleration of certain indebtedness, which could have a material adverse effect on the Company. The occurrence of a default under the Dresden Loan Agreements would likely result in a cross-default under the Indentures governing the Company's 4.75% Debentures and 4.50% Notes.

Advanced Mask Technology Center and Maskhouse Building Administration Guarantees

The Advanced Mask Technology Center GmbH & Co. KG (AMTC), and Maskhouse Building Administration GmbH & Co., KG (BAC), are joint ventures formed by AMD, Infineon Technologies AG and DuPont Photomasks, Inc. for the purpose of constructing and operating a new advanced photomask facility in Dresden, Germany. To finance the project, BAC entered into an $86 million bridge loan in June 2002, and BAC and AMTC entered into a $137 million revolving credit facility and an $86 million term loan in December 2002. When drawn, the term loan will replace the bridge loan. Also in December 2002, in order to occupy the photomask facility, BAC and AMTC entered into a rental agreement. With regard to these commitments by BAC and AMTC, the Company guaranteed up to approximately $29 million plus interest and expenses under the bridge loan, up to approximately $37 million plus interest and expenses under the revolving loan, up to approximately $29 million plus interest and expenses under the term loan (which will replace the bridge loan guarantee when the term loan is drawn), and up to approximately $18 million, initially, under the rental agreement. The obligations under the rental agreement guarantee diminish over time through 2011 as the term loan is repaid. However, under certain circumstances of default by the other tenant of the photomask facility under the rental agreement and more than one joint venture partner under its guarantee obligations, the maximum potential amount of the Company's obligations under the rental agreement guarantee is approximately $134 million. As of June 29, 2003, $74 million was outstanding under the bridge loan, and no amounts were drawn under the revolving credit facility or the term loan.

The Company has not recorded any liability in its consolidated financial statements associated with these guarantees.

Warranties and Indemnities

At the time revenue is recognized, the Company provides for estimated costs that may be incurred under product warranties, with the corresponding expense recognized in cost of sales. Estimates of warranty expense are based on historical experience. Remaining warranty accruals are evaluated periodically and are adjusted for changes in experience.

The Company generally offers a three-year limited warranty to end users for certain of its boxed microprocessor products, and a one-year limited warranty only to direct purchasers for all other products.

Changes in the Company's potential liability for product warranty during the six months ended June 29, 2003 were as follows (in thousands):

Balance at December 29, 2002	$ 19,369
New warranties issued during the period	17,973
Settlements during the period	(15,597)
Changes in liability for pre-existing warranties during the period, including expirations	(154)
Balance at June 29, 2003	$ 21,591

In addition to product warranties, the Company, from time to time, in its normal course of business, indemnifies other parties with whom it enters into contractual relationships, including customers, lessors and parties to other transactions with the Company, with respect to certain matters. The Company has agreed to hold the other party harmless against specified losses, such as those arising from a breach of representations or covenants, third party claims that the Company's products when used for their intended purpose(s) infringe the intellectual property rights of such third party or other claims made against certain parties. It is not possible to determine the maximum potential amount of liability under these indemnification obligations due to the limited history of prior indemnification claims and the unique facts and circumstances that are likely to be involved in each particular claim. Historically, payments made by the Company under these obligations were not material.

11. Other Liabilities

The Company's other long-term liabilities at June 29, 2003 and December 29, 2002 consisted of:

(In thousands)	June 29, 2003	December 29, 2002
Dresden deferred grants and subsidies	$210,767	$ 146,346
Restructuring accrual	107,030	112,567
Other	41,828	63,169
	$359,625	$ 322,082

12. Subsequent Events

FASL LLC

Effective June 30, 2003, the Company and Fujitsu Limited executed several agreements which resulted in the integration of the Company's and Fujitsu's Flash memory operations in the third quarter. The new company, FASL LLC, is 60 percent owned by the Company and 40 percent owned by Fujitsu Limited. The Company contributed or sold its Flash memory operations, including related inventory, its manufacturing facility located in Austin, Texas (Fab 25), its Submicron Development Center in Sunnyvale, California, and its Flash memory assembly and test operations in Thailand, Malaysia and China, in exchange for membership interests in FASL LLC and a $261 million promissory note. AMD also loaned to FASL LLC $120 million pursuant to a promissory note. The note has a term of three years and bears interest at LIBOR plus 4%. Interest payments only are due in quarterly installments for the first two years. Payments of principal (along with interest) are due in equal installments over the last four quarters of the note. Fujitsu contributed its Flash memory division including related inventory, $140 million in cash and its Fujitsu Microelectronics (Malaysia) Sdn. Bhd. final assembly and test operations. The Company and Fujitsu also contributed the existing Manufacturing Joint Venture located in Aizu-Wakamatsu, which became a wholly owned subsidiary of FASL LLC. Fujitsu also loaned to FASL LLC $40 million pursuant to a promissory note. The terms of Fujitsu's note are substantially similar to the terms of the Company's note.

The Company holds a majority voting and economic interest in FASL LLC and controls its operations. Accordingly, the Company will consolidate the operations and financial position of FASL LLC in its consolidated third quarter 2003 financial statements as of the date of commencement of FASL LLC operations. For accounting purposes, the Company is deemed to have acquired an incremental 10 percent interest in the existing Manufacturing Joint Venture and 60 percent interest in the assets contributed by Fujitsu. In addition, the Company is deemed to have sold 40 percent of its interest in its contributed assets, excluding its interest in the existing manufacturing joint venture. An independent fair market value appraisal for this transaction is currently in process and is expected to be completed by the end of the third quarter. Based on the results of the appraisal, during the third quarter of 2003, the Company may be required to recognize a gain or loss on the sale of its interests in the assets contributed to FASL LLC. At this time the Company cannot estimate the results of the appraisal or the gain or loss, if any, that would be recognized as a result of this transaction.

Amendment of Note Payable to Bank

On July 7, 2003, the Company amended and restated its 1999 Loan and Security Agreement with a consortium of banks led by a domestic financial institution (the July 2003 Loan Agreement). The July 2003 Loan Agreement provides for a secured revolving line of credit of up to $200 million that expires in July of 2007. The Company can borrow, subject to amounts that may be set aside by the lenders, up to 85 percent of its eligible accounts receivable from OEMs and 50 percent of its eligible accounts receivable from distributors. The Company must comply with certain financial covenants if the level of net domestic cash (as defined in the July 2003 Loan Agreement) it holds declines below $200 million. At June 29, 2003, net domestic cash, as defined, totaled $416 million. The July 2003 Loan Agreement restricts the Company's ability to pay cash dividends on its common stock if the level of its net domestic cash declines below $200 million. The Company's obligations under the July 2003 Loan Agreement are secured by all of its accounts receivable, inventory, general intangibles and the related proceeds. FASL LLC's assets, accounts receivable, inventory and general intangibles are not pledged as security for the Company's obligations. As of June 29, 2003, no amount was outstanding under the July 2003 Loan Agreement.

Amendment and Assignment of September 2002 Loan Agreement

On July 11, 2003, the Company amended its September 2002 Loan Agreement and assigned it to FASL LLC. Under the Amended and Restated Term Loan Agreement (the July 2003 FASL Term Loan), amounts borrowed bear interest at a variable rate of LIBOR plus four percent, which was 5.1 percent at June 29, 2003. Repayment occurs in equal, consecutive, quarterly principal and interest installments ending in September 2006. As of June 29, 2003, $96 million was outstanding under the September 2002 Loan Agreement. Following the assignment, as of July 11, 2003, $89.4 million was outstanding under the July 2003 FASL Term Loan. The Company guaranteed 60 percent of this amount. FASL LLC must also comply with additional financial covenants if its net domestic cash balance (as defined in the July 2003 FASL Term Loan Agreement) declines below $130 million through the first quarter of 2004, $120 million between the second quarter of 2004 through 2005 and $100 million in 2006. At any time that net domestic cash is less than these thresholds, FASL LLC must also maintain minimum levels of adjusted tangible net worth and EBITDA and a minimum fixed charge coverage ratio.

Manufacturing Joint Venture Loan Refinancing

As a result of the execution of the FASL LLC agreements with Fujitsu, the existing Manufacturing Joint Venture's third party loans were refinanced from the proceeds of a term loan in the aggregate principal amount of $150 million entered into between a wholly owned subsidiary of FASL LLC and a Japanese financial institution. Fujitsu guaranteed 100 percent of the amounts outstanding under this facility. In turn, the Company agreed to pay Fujitsu 60 percent of any amount paid by Fujitsu under its guarantee of this facility. Because AMD will consolidate FASL LLC, the full amount of the third party loan will be reflected in the Company's consolidated financial statements.

Sale Leaseback Transaction

On July 18, 2003, a wholly owned subsidiary of FASL LLC entered into a sale and leaseback transaction for certain equipment with a third party financial institution in the amount of $100 million. The Company guaranteed up to approximately $50 million, or 50 percent, of the outstanding obligations, under the lease arrangement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Statements

This report includes forward-looking statements. These forward-looking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including, "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates," or "anticipates" or the negative of these words and phrases or other variations of these words and phrases or comparable terminology. The forward-looking statements in this report relate to, among other things, operating results; anticipated cash flows; capital expenditures; gross margins; adequacy of resources to fund operations and capital investments; our ability to achieve cost reductions in the amounts and in the timeframes anticipated; our ability to transition to new products and technologies in a timely and effective way; our ability to produce microprocessors in the volume required by customers; our ability to maintain average selling prices of microprocessors despite aggressive marketing and pricing strategies of our competitors; our ability to introduce in a timely manner and achieve market acceptance for our eighth-generation microprocessors and produce them in the volumes required by the market at acceptable yields; our ability, and the ability of third parties, to provide timely infrastructure solutions, such as motherboards and chipsets, to support our microprocessors; a recovery in the economy leading to increased demand for our products; a recovery in the communication and networking industries leading to an increase in the demand for Flash memory products; the effect of foreign currency hedging transactions; the process technology transitions in our submicron integrated circuit manufacturing facilities located in Dresden, Germany (Fab 30), and in FASL LLC's manufacturing facilities located in Austin, Texas (Fab 25) and Aizu-Wakamatsu, Japan (JV2 and JV3); the financing and further construction of FASL LLC's manufacturing facilities; and our ability to successfully integrate the operations of our newly formed majority owned subsidiary, FASL LLC, and sustain any benefit from it. For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see the "Financial Condition" and "Risk Factors" sections set forth below beginning on page 28 and such other risks and uncertainties as set forth below in this report or detailed in our other Securities and Exchange Commission reports and filings.

The following discussion should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and related notes included in this report and our Audited Consolidated Financial Statements and related notes as of December 29, 2002 and December 30, 2001 and for each of the three years in the period ended December 29, 2002 as filed in our Annual Report on Form 10-K.

RESULTS OF OPERATIONS

We operated in two reportable segments during the quarter and six months ended June 29, 2003: the Core Products segment, which reflects the aggregation of the PC processor, memory products and Other IC products operating segments, and the Foundry Services segment. Our Core Products segment includes our PC processor products, Memory products and Other IC products. PC processor products include our AMD Opteron™, AMD Athlon™ and AMD Duron™ microprocessors. Memory products include Flash memory devices and Erasable Programmable Read-Only Memory, or EPROM devices. Other IC products include platform products, which primarily consist of chipsets, embedded processors, networking products and personal connectivity solutions products. Our Foundry Services segment consisted of fees from Legerity, Inc. and Vantis Corporation, our former voice communications products and programmable logic products subsidiaries**.** We terminated our foundry services arrangement with Legerity in the third quarter of 2002 and will terminate the foundry service arrangement with Vantis in the third quarter of 2003.

We use a 52- to 53-week fiscal year ending on the last Sunday in December. The quarters ended June 29, 2003 and June 30, 2002 each included 13 weeks. The six months ended June 29, 2003 and June 30, 2002 each included 26 weeks.

The following is a summary of our net sales by segment for the periods presented below:

	Quarters Ended			Six Months Ended	
(Millions)	June 29, 2003	March 30, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Core Products segment:					
PC Processors	$ 402	$ 468	$ 380	$ 870	$1,064
Memory Products	211	218	175	429	335
Other IC Products	32	29	39	61	85
	645	715	594	1,360	1,484
Foundry Services segment	—	—	6	—	18
	$ 645	$ 715	$ 600	$1,360	$1,502

Net Sales Comparison of Quarters Ended June 29, 2003 and March 30, 2003

Net sales of $645 million for the second quarter of 2003 decreased 10 percent compared to net sales of $715 million for the first quarter of 2003.

PC Processors net sales of $402 million decreased 14 percent in the second quarter of 2003 compared to the first quarter of 2003. The decrease in net sales was due to decreases in both unit sales and average selling prices due to weaker than anticipated channel sales in Asia and Europe. In the third quarter of 2003, we expect PC processors sales to increase due to normal seasonality and improved product mix due to increased shipments of our AMD Opteron microprocessors.

Memory products net sales of $211 million decreased 3 percent in the second quarter of 2003 compared to the first quarter of 2003. The decrease in net sales was due to a decline in average selling prices, caused by a decrease in sales to the high-end cellular phone market in Asia due to issues surrounding the SARS outbreak, partially offset by an increase in unit sales in other geographic areas. In the third quarter of 2003, we expect our reported Flash memory device sales to increase significantly, primarily due to the consolidation of FASL LLC's sales with ours on our statement of operations beginning June 30, 2003 and also due to increased sales and market share gains in the high-end cellular handset market and recovery of the Asian markets.

Other IC products net sales of $32 million increased 10 percent in the second quarter of 2003 compared to the first quarter of 2003 primarily due to increased chipset sales.

We did not receive foundry services fees in the second quarter of 2003 due to the termination of our foundry services arrangement with Legerity in the third quarter of 2002 and the expected termination of our foundry service arrangement with Vantis in the third quarter of 2003.

Net Sales Comparison of Quarters Ended June 29, 2003 and June 30, 2002

Net sales of $645 million for the second quarter of 2003 increased 7 percent compared to net sales of $600 million for the second quarter of 2002.

PC Processors net sales of $402 million increased 6 percent in the second quarter of 2003 compared to the second quarter of 2002 due to an increase in unit shipments, partially offset by a decline in average selling prices.

Memory products net sales of $211 million increased 20 percent in the second quarter of 2003 compared to the second quarter of 2002 due to an increase in average selling prices caused by shipping a higher density mix of product. This was partially offset by a decline in unit sales.

Other IC products net sales of $32 million decreased 18 percent in the second quarter of 2003 compared to the second quarter of 2002 primarily due to decreased net sales from networking and embedded processor products.

We did not receive foundry services fees in the second quarter of 2003 compared to $6 million in the second quarter of 2002, due to the termination of our foundry services arrangement with Legerity in the third quarter of 2002 and the expected termination of our foundry service arrangement with Vantis in the third quarter of 2003.

Net Sales Comparison of Six Months Ended June 29, 2003 and June 30, 2002

Net sales of $1,360 million for the first six months of 2003 decreased by 9 percent compared to net sales of $1,502 million for the first six months of 2002.

PC Processors net sales of $870 million decreased 18 percent in the first six months of 2003 compared to the first six months of 2002 primarily due to a decrease in average selling prices of our microprocessors.

Memory products net sales of $429 million increased 28 percent in the first six months of 2003 compared to the first six months of 2002 due to increases in both unit shipments and average selling prices.

Other IC products net sales of $61 million in the first six months of 2003 decreased 28 percent compared to the first six months of 2002 due to decreases in net sales from networking and embedded processor products.

We did not receive foundry services fees in the first six months of 2003 compared to $18 million in the first six months of 2002 due to the termination of our foundry services arrangement with Legerity in the third quarter of 2002 and the expected termination of our foundry service arrangement with Vantis in the third quarter of 2003.

Comparison of Expenses, Gross Margin Percentage and Interest

The following is a summary of expenses, gross margin percentage and interest and other income, net for the periods presented below:

	Quarters Ended			Six Months Ended	
(Millions except for gross margin percentage)	June 29, 2003	March 30, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Cost of sales	$ 425	$ 497	$ 558	$ 922	$ 1,145
Gross margin percentage	34%	31%	7%	32%	24%
Research and development	$ 209	$ 203	$ 178	$ 412	$ 350
Marketing, general and administrative	135	138	160	273	317
Interest and other income, net	5	7	9	12	19
Interest expense	26	26	16	52	28

We operate in an industry characterized by intense competition, rapid product development cycles and high fixed costs due to capital-intensive manufacturing processes, particularly the costs to build and maintain state-of-the-art production facilities required for PC processors and memory devices. As a result, our gross margin percentage is significantly affected by new product production costs, product demand and our ability to sell PC processors and memory devices that we manufacture at sustainable average selling prices.

The gross margin percentage of 34 percent in the second quarter of 2003 increased from 31 percent in the first quarter of 2003 and increased from 7 percent in the second quarter of 2002. The gross margin percentage of 32 percent for the first six months of 2003 increased from 24 percent for the first six months of 2002. The increase in gross margin percentage in the second quarter of 2003 compared to the first quarter of 2003 was primarily attributable to cost savings realized as a result of our 2002 Restructuring Plan, partially offset by a decrease in average selling prices of both Flash memory devices and PC processor products. The increase in gross margin percentage in the second quarter of 2003 compared to the second quarter in 2002 was primarily due to cost savings realized pursuant to the 2002 Restructuring Plan and due to an increase in revenue. The increase in gross margin percentage in the first six months of 2003 compared to the first six months of 2002 was primarily due to cost savings realized pursuant to the 2002 Restructuring Plan, partially offset by decrease in average selling prices of both Flash memory devices and PC processor products.

Research and development expenses of $209 million in the second quarter of 2003 were relatively flat compared to the first quarter of 2003 and increased 17 percent compared to the second quarter of 2002. Research and development expenses of $412 million in the first six months of 2003 increased 17 percent compared to the first six months of 2002. The increase in research and development expenses in the second quarter of 2003 compared to the second quarter of 2002 and in the first six months of 2003 compared to the first six months of 2002 was primarily due to higher volume of research and development wafer starts related to our AMD Opteron microprocessors.

We amortize the foreign capital grants, interest subsidies and research and development subsidies that we received from the State of Saxony for Fab 30 as they are earned. The amortization of these grants and subsidies are recognized as credits to research and development expenses and cost of sales. These credits totaled $4.7 and $11.1 million in the second quarter of 2003, $5.4 and $10.9 million in the first quarter of 2003 and $4.2 and $10.8 million in the second quarter of 2002. In the first six months of 2003, these credits totaled $10.1 and $22 million. In the first six months of 2002, these credits totaled $7.6 and $21.2 million.

Marketing, general and administrative expenses of $135 million in the second quarter of 2003 were relatively flat compared to the first quarter of 2003. Marketing, general and administrative expenses in the second quarter of 2003 decreased 16 percent compared to the second quarter of 2002, and decreased 14 percent in the first six months of 2003 compared to the first six months of 2002. The decreases were primarily a result of cost savings realized as a result of the 2002 Restructuring Plan and the discontinuation of certain marketing and promotional activities for the AMD Athlon microprocessor.

In the second quarter of 2003, interest and other income, net, of $5 million decreased 26 percent compared to the first quarter of 2003, 43 percent compared to the second quarter of 2002, and 36 percent compared to the first six months of 2002, in each case, primarily due to lower cash and investment balances resulting in lower investment income.

Interest expense in the second quarter of 2003 increased 68 percent compared to the second quarter of 2002 due primarily to the effect of the 4.50% Convertible Senior Notes due 2007 sold in November 2002 and the $110 million term loan drawn at the end of September 2002. Interest expense of $52 million in the first six months of 2003 increased 87 percent compared to the first six months of 2002. The increase was due primarily to the effect of the 4.50% notes sold in November 2002 and the $110 million term loan drawn at the end of September 2002. In addition, we capitalized interest of $9 million in the first six months of 2002 on continued expansion and facilitization of Fabs 25 and 30 compared to $1.4 million in the first six months of 2003.

In December 2002, we began implementing a restructuring plan (the 2002 Restructuring Plan) to align our cost structure to industry conditions resulting from weak customer demand and industry-wide excess inventory. The 2002 Restructuring Plan will result in the reduction of approximately 2,000 positions or 15 percent of our employees, affecting all levels of our workforce in almost every organization. As part of this plan, and as a result of our technology agreement with IBM to develop future generations of our logic process technology, we have ceased silicon processing associated with logic research and development in our Submicron Development Center (SDC) and have eliminated most of those related resources, including the sale or abandonment of certain equipment used in the SDC.

The 2002 Restructuring Plan has resulted in the consolidation of facilities, primarily at our Sunnyvale, California site and at sales offices worldwide. We are in the process of vacating, and attempting to sublease, certain facilities currently occupied under long-term operating leases. We have also terminated the implementation of certain partially completed enterprise resource planning (ERP) software and other information technology implementation activities, resulting in the abandonment of certain software, hardware and capitalized development costs.

Pursuant to the 2002 Restructuring Plan, we recorded restructuring costs and other special charges of $330.6 million in the fourth quarter of 2002, consisting primarily of $68.8 million of anticipated severance and fringe benefit costs, an asset impairment charge of $32.5 million relating to a license that has no future use because of its association with discontinued logic development activities, asset impairment charges of $30.6 million resulting from the abandonment of equipment previously used in logic process development and manufacturing activities, anticipated exit costs of $138.9 million primarily related to vacating and consolidating our facilities and $55.5 million resulting from the abandonment of partially completed ERP software and other information technology implementation activities.

We expect to substantially complete the activities associated with the 2002 Restructuring Plan by the end of December 2003. As of June 29, 2003, 1,429 employees had been terminated pursuant to the 2002 Restructuring Plan resulting in cumulative cash payments of $47 million in severance and employee benefit costs.

During the first quarter of 2003, management approved the sale of additional equipment, primarily equipment used in the SDC, that has been identified as no longer useful in our operations. As a result, we recorded approximately $11 million of asset impairment charges in the first quarter of 2003, including $3.3 million of charges for decommission costs necessary to complete the equipment's sale.

The following table summarizes activities under the 2002 Restructuring Plan through June 29, 2003:

(Thousands)	Severance and Employee Benefits	Asset impairment	Exit and Equipment Decommission Costs	Other Restructuring Charges	Total
2002 provision	$ 68,770	$ 118,590	$ 138,900	$ 4,315	$ 330,575
Q4 2002 non-cash charges	—	(118,590)	—	—	(118,590)
Q4 2002 cash charges	(14,350)	—	(795)	—	(15,145)
Accruals at December 29, 2002	54,420	—	138,105	4,315	196,840
Q1 2003 provision	—	7,791	3,314	—	11,105
Q1 2003 non-cash charges	—	(7,791)	—	—	(7,791)
Q1 2003 cash charges	(17,820)	—	(751)	(4,223)	(22,794)
Accruals at March 30, 2003	$ 36,600	$ —	$ 140,668	$ 92	$ 177,360
Q2 2003 cash charges	(14,922)	—	(8,309)	(77)	(23,308)
Accruals at June 29, 2003	$ 21,678	$ —	$ 132,359	$ 15	$ 154,052

As a result of the 2002 Restructuring Plan, we currently expect to realize cost reductions of approximately $150 million in 2003. As of June 29, 2003, the actions taken to date, pursuant to the 2002 Restructuring Plan, resulted in actual expense reduction of approximately $70 million. We have also implemented cost savings measures which are incremental to the expense reductions resulting from the 2002 Restructuring Plan.

In 2001, we announced a restructuring plan (the 2001 Restructuring Plan) due to the continued slowdown in the semiconductor industry and a resulting decline in revenues. We have substantially completed our execution of the 2001 Restructuring Plan, with the exception of the facilities and equipment decommission activities which are expected to be completed by the end of 2003. During the first quarter of 2003, we reduced the estimated accrual of the facility and equipment decommission costs by $7.4 million based on the most current information available. During the first quarter, we also realized a recovery of approximately $1.6 million from the sale of equipment impaired as a result of the 2001 Restructuring Plan, previously held-for-sale at amounts in excess of its initially estimated fair value. Both amounts were included in restructuring and other special charges, net.

The following table summarizes activities under the 2001 Restructuring Plan during the first six months ended June 29, 2003:

(Thousands)	Facilities and Equipment Decommission Costs	Other Facilities Exit Costs	Total
Accrual at December 29, 2002	$ 15,055	$ 646	$15,701
Q1 2003 cash charges	(630)	—	(630)
Q1 2003 non-cash adjustment	(7,400)	—	(7,400)
Accruals at March 30, 2003	$ 7,025	$ 646	$ 7,671
Q2 2003 cash charges	(226)	—	(226)
Accruals at June 29, 2003	$ 6,799	$ 646	$ 7,445

As a result of the 2001 Restructuring Plan, we expected to realize cost reductions of $129 million on an annualized basis. The actions taken to date have resulted in actual savings of approximately $83 million in 2002, and additional savings of approximately $64 million in the first six months of 2003.

Income Taxes

We recorded no income tax benefit against our pre-tax losses in the second quarter of 2003 and an income tax provision of $3 million in the first quarter of 2003. The income tax provision recorded in the first quarter of 2003 was primarily for taxes due on income generated in certain state and foreign tax jurisdictions. No tax benefit was recorded in the first or second quarter of 2003 on pre-tax losses due to continuing operating losses. The effective tax benefit rate for the quarter and six months ended June 30, 2002 was 40 and 39 percent, due primarily to the benefits of operating losses.

Other Items

International sales as a percent of net sales were 73 percent in the second quarter of 2003 compared to 73 percent in the first quarter of 2003 and 72 percent in the second quarter of 2002. International sales as a percent of net sales were 73 percent in the first six months of 2003 and 68 percent in the first six months of 2002. During the second quarter of 2003 and 2002, approximately four percent of our net sales were denominated in currencies other than the U.S. dollar. The majority of these sales were denominated in euros. The impact on our operating results from changes in foreign currency rates individually and in the aggregate has not been material, principally as a result of our foreign currency hedging activities.

Comparison of Segment Income (Loss)

We operated in two reportable segments during the quarter and six months ended June 29, 2003: the Core Products segment, which reflects the aggregation of the PC processors, memory products and Other IC products operating segments, and the Foundry Services segment. The Core Products segment includes PC processors, Memory products and other IC products. PC processor products include our AMD Opteron, AMD Athlon and AMD Duron microprocessors. Memory products include Flash memory devices and EPROMs. Other IC products include platform products, which primarily consist of chipsets, embedded processors, networking products and personal connectivity solutions products. The Foundry Services segment included fees for products sold to Legerity and Vantis. We terminated our foundry services arrangement with Legerity in the third quarter of 2002 and will terminate the foundry service arrangement with Vantis in the third quarter of 2003. For a comparison of segment net sales, refer to the previous discussions on net sales by product group.

The following is a summary of operating loss by segment for the periods presented below:

	Quarters Ended			Six Months Ended	
(Millions)	June 29, 2003	March 30, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Core Products	$ (123)	$ (125)	$ (289)	$ (249)	$ (302)
Foundry Services	—	—	(7)	—	(8)
Total segment operating income (loss)	$ (123)	$ (125)	$ (296)	$ (249)	$ (310)

Core Products' operating results for the second quarter of 2003 were relatively flat compared to the first quarter of 2003 and increased by $166 million compared to the second quarter of 2002. Core Products' operating results in the first six months of 2003 increased by $53 million compared to the first six months of 2002. These increases were primarily due to cost savings realized pursuant to the 2002 Restructuring Plan and increased unit sales of Flash memory devices, partially offset by decrease in average selling prices of both Flash memory devices and PC processor products.

FINANCIAL CONDITION

Net cash used by operating activities was $93 million in the first six months of 2003, primarily as a result of our year-to-date net loss of $286 million, non-cash credits of $32 million from foreign grant and subsidy income, changes in the allowance for doubtful accounts of $5 million, and other uses of cash in operating activities of approximately $191 million due to net changes in operating assets and liabilities, offset by non-cash charges, including $423 million of depreciation and amortization. The net changes in operating assets and liabilities included a payment of $90 million for technology licenses and approximately $33 million of severance payment under the 2002 Restructuring Plan.

Net cash provided by operating activities was $103 million in the first six months of 2002 as a result of non-cash charges, including $357 million of depreciation and amortization, $17 million of net loss on disposal of property, plant and equipment and other cash provided by operating activities of approximately $48 million due to net changes in operating assets and liabilities, offset by our year-to-date net loss of $194 million and non-cash credits of $127 million from net changes in deferred income taxes and foreign grant and subsidy income.

Net cash provided by investing activities was $286 million during the first six months of 2003, primarily as a result of $574 million of net cash inflow from purchases and sales of available-for-sale securities, offset by $284 million used for the purchases of property, plant and equipment.

Net cash used by investing activities was $514 million in the first six months of 2002, primarily due to $371 million used for the purchases of property, plant and equipment, $27 million, net of cash acquired, to purchase Alchemy Semiconductor and $118 million of net cash outflow from purchases and sales of available-for-sale securities.

Net cash provided by financing activities was $57 million during the first six months of 2003, primarily due to $82 million of capital investment grants received from the German government as part of the Dresden Fab 30 loan agreements, $14 million in proceeds from borrowings under our notes payable and equipment sale-leaseback, and $10 million of proceeds primarily from sale of stock under our Employee Stock Purchase Plan, offset by $49 million in payments on debt and capital lease obligations.

Net cash provided by financing activities was $474 million in the first six months of 2002, primarily due to $486 million in proceeds, net of $14 million in debt issuance costs, from issuing our convertible senior debentures, $75 million in borrowings under our loan agreement, $16 million in proceeds from the issuance of stock in connection with stock option exercises and purchases under our Employee Stock Purchase Plan and $75 million of capital investment grants from the German government as part of the Dresden Fab 30 loan agreements. These proceeds were offset by $185 million in payments on debt and capital lease obligations.

Contractual Cash Obligations and Guarantees

The following tables summarize our principal contractual cash obligations and principal guarantees at June 29, 2003, and are supplemented by the discussion following the tables.

Principal Contractual Cash Obligations at June 29, 2003 were:

	Payments Due By Period						
(In Thousands)	Total	2003	2004	2005	2006	2007	2008 and beyond
September 2002 Loan Agreement	$ 96,250	$ 13,750	$ 27,500	$ 27,500	$ 27,500	$ —	$ —
4.75% Convertible Senior Debentures Due 2022	500,000	—	—	—	—	—	500,000
4.50% Convertible Senior Notes Due 2007	402,500	—	—	—	—	402,500	—
Dresden term loans	627,429	17,143	17,143	325,714	267,429	—	—
Capital lease obligations	38,523	8,037	17,078	7,078	4,884	1,446	—
Operating leases	444,344	28,065	51,637	45,966	39,114	39,041	240,521
Unconditional purchase commitments	135,174	25,138	49,958	49,648	2,726	2,568	5,136
Total contractual cash obligations	$ 2,244,220	$ 92,133	$ 163,316	$ 455,906	$ 341,653	$ 445,555	$ 745,657

Principal Guarantees at June 29, 2003 were:

		Amounts of guarantee expiration per period					
(In Thousands)	Maximum Amounts Guaranteed	2003	2004	2005	2006	2007	2008 and Beyond
Dresden intercompany guarantee	$ 313,712	$ —	$ —	$ —	$ 313,712*	$ —	$ —
BAC payment guarantee	28,571	28,571	—	—	—	—	—
AMTC payment guarantee	36,571	—	—	—	—	36,571	—
AMTC rental guarantee	134,406	—	—	—	—	—	134,406*
Manufacturing Joint Venture guarantee	74,000	74,000	—	—	—	—	—
Total guarantees	$ 587,260	$ 102,571	$ —	$ —	$ 313,712	$ 36,571	$ 134,406

* Amounts outstanding will diminish until the expiration of the guarantee.

Notes Payable to Banks

We entered into a Loan and Security Agreement with a consortium of banks led by a domestic financial institution on July 13, 1999, as amended and restated on July 7, 2003 (the July 2003 Loan Agreement). The July 2003 Loan Agreement provides for a secured revolving line of credit of up to $200 million that expires in July of 2007. We can borrow, subject to amounts that may be set aside by the lenders, up to 85 percent of our eligible accounts receivable from OEMs and 50 percent of our eligible accounts receivable from distributors. We must comply with certain financial covenants if the level of net domestic cash (as defined in the July 2003 Loan Agreement) we hold declines below $200 million. At June 29, 2003, net domestic cash, as defined, totaled $416 million. The July 2003 Loan Agreement restricts our ability to pay cash dividends on our common stock if the level of our net domestic cash declines below $200 million. Our obligations under the July 2003 Loan Agreement are secured by all of our accounts receivable, inventory, general intangibles and the related proceeds. FASL LLC's assets, accounts receivable, inventory and general intangibles are not pledged as security for our obligations. As of June 29, 2003, no amount was outstanding under the July 2003 Loan Agreement.

September 2002 FASL Term Loan Agreement

On September 27, 2002, we entered into a term loan and security agreement with a domestic financial institution (formerly referred to as the September 2002 Loan Agreement). Under the agreement, we arranged for borrowings of up to $155 million to be secured by certain property, plant and equipment located at Fab 25. We borrowed $110 million in September of 2002 under this agreement. On July 11, 2003, we amended the September 2002 Loan Agreement and assigned it to FASL LLC. Under the Amended and Restated Term Loan Agreement (the July 2003 FASL Term Loan), amounts borrowed bear interest at a variable rate of LIBOR plus four percent, which was 5.1 percent at June 29, 2003. Repayment occurs in equal, consecutive, quarterly principal and interest installments ending in September 2006. As of June 29, 2003, $96 million was outstanding under the September 2002 Loan Agreement. Following the assignment, as of July 11, 2003, $89.4 million was outstanding under the July 2003 FASL Term Loan. We guaranteed 60 percent of this amount. FASL LLC must also comply with additional financial covenants if its net domestic cash balance (as defined in the July 2003 FASL Term Loan Agreement) declines below $130 million through the first quarter of 2004, $120 million between the second quarter of 2004 through 2005 and $100 million in 2006. At any time that net domestic cash is less than these thresholds, FASL LLC must also maintain minimum levels of adjusted tangible net worth and EBITDA and a minimum fixed charge coverage ratio.

4.75% Convertible Senior Debentures Due 2022

On January 29, 2002, we issued $500 million of our 4.75% Convertible Senior Debentures Due 2022 (the 4.75% Debentures) in a private offering pursuant to Rule 144A and Regulation S of the Securities Act.

The interest rate payable on the 4.75% Debentures will reset on each of August 1, 2008, August 1, 2011 and August 1, 2016 to a rate per annum equal to the interest rate payable 120 days prior to the reset dates on 5-year U.S. Treasury Notes, plus 43 basis points. The interest rate will not be less than 4.75 percent and will not exceed 6.75 percent. Holders have the right to require us to repurchase all or a portion of our 4.75% Debentures on February 1, 2009, February 1, 2012, and February 1, 2017. The holders of the 4.75% Debentures will also have the ability to require us to repurchase the Debentures in the event that we undergo specified fundamental changes, including a change of control. In each such case, the redemption or repurchase price would be 100 percent of the principal amount of the 4.75% Debentures plus accrued and unpaid interest. The 4.75% Debentures are convertible by the holders into our common stock at a conversion price of $23.38 per share at any time. At this conversion price, each $1,000 principal amount of the 4.75% Debentures will be convertible into approximately 43 shares of our common stock. Issuance costs incurred in the amount of approximately $14 million are being amortized ratably, which approximates the interest method over the term of the 4.75% Debentures as interest expense.

Beginning on February 5, 2005, the 4.75% Debentures are redeemable by us for cash at specified prices expressed as a percentage of the outstanding principal amount plus accrued and unpaid interest at our option, provided that we may not redeem the 4.75% Debentures prior to February 5, 2006 unless the last reported sale price of our common stock is at least 130 percent of the then effective conversion price for at least 20 trading days within a period of 30 consecutive trading days ending within five trading days of the date of the redemption notice.

The redemption prices are as follows for the specified periods:

Period	Price
Beginning on February 5, 2005 through February 4, 2006	102.375%
Beginning on February 5, 2006 through February 4, 2007	101.583%
Beginning on February 5, 2007 through February 4, 2008	100.792%
Beginning on February 5, 2008	100.000%

We may elect to purchase or otherwise retire our bonds with cash, stock or assets from time to time in open market or privately negotiated transactions, either directly or through intermediaries where we believe that market conditions are favorable to do so. Such purchases may have a material effect on our liquidity, financial condition and results of operations.

4.50% Convertible Senior Notes Due 2007

On November 25, 2002, we sold $402.5 million of 4.50% Convertible Senior Notes Due 2007 (the 4.50% Notes) in a registered offering. Interest on the 4.50% Notes is payable semiannually in arrears on June 1 and December 1 of each year, beginning June 1, 2003. Beginning on December 4, 2005, the 4.50% Notes are redeemable by us at our option for cash at specified prices expressed as a percentage of the outstanding principal amount plus accrued and unpaid interest provided that we may not redeem the 4.50% Notes unless the last reported sale price of our common stock is at least 150 percent of the then effective conversion price for at least 20 trading days within a period of thirty trading days ending within 5 trading days of the date of the redemption notice.

The redemption prices are as follows for the specified periods:

Period	Price
Beginning on December 4, 2005 through November 30, 2006	101.8%
Beginning on December 1, 2006 through November 30, 2007	100.9%
On December 1, 2007	100.0%

The 4.50% Notes are convertible at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date of December 1, 2007, unless previously redeemed or repurchased, into shares of common stock at a conversion price of $7.37 per share, subject to adjustment in certain circumstances. At this conversion price, each $1,000 principal amount of the 4.50% Notes will be convertible into approximately 135 shares of our common stock. Issuance costs incurred in the amount of approximately $12 million are being amortized ratably, which approximates the interest method, over the term of the 4.50% Notes as interest expense.

Holders have the right to require us to repurchase all or a portion of our 4.50% Notes in the event that we undergo specified fundamental changes, including a change of control. In each such case, the redemption or repurchase price would be 100 percent of the principal amount of the 4.50% Notes plus accrued and unpaid interest.

Dresden Term Loans and Dresden Intercompany Guarantee

AMD Saxony, an indirect wholly owned German subsidiary of AMD, continues to facilitize Fab 30, which began production in the third quarter of 2000. AMD, the Federal Republic of Germany, the State of Saxony, and a consortium of banks are providing financing for the project. We currently estimate that the construction and facilitization costs of Fab 30 will be $2.7 billion when it is fully equipped by the end of 2005. As of June 29, 2003, we had invested $2.2 billion in AMD Saxony.

In March 1997, AMD Saxony entered into a loan agreement and other related agreements (the Dresden Loan Agreements) with a consortium of banks led by Dresdner Bank AG in order to finance the project.

Because most of the amounts under the Dresden Loan Agreements are denominated in deutsche marks (converted to euros), the dollar amounts set forth below are subject to change based on applicable conversion rates. We used the exchange rate that was permanently fixed on January 1, 1999, of 1.95583 deutsche marks to one euro for the conversion of deutsche marks to euros, and then used exchange rate of 0.875 euro to one U.S. dollar as of June 29, 2003, to translate the amounts denominated in deutsche marks into U.S. dollars.

The Dresden Loan Agreements, as amended, provide for the funding of the construction and facilitization of Fab 30. The funding consists of:

- equity contributions, subordinated and revolving loans and loan guarantees from, and full cost reimbursement through, AMD;
- loans from a consortium of banks; and
- grants, subsidies and loan guarantees from the Federal Republic of Germany and the State of Saxony.

The Dresden Loan Agreements require that we partially fund Fab 30 project costs in the form of subordinated and revolving loans to, or equity investments in, AMD Saxony. In accordance with the terms of the Dresden Loan Agreements, as of June 29, 2003, the balances were $168 million of subordinated loans, $197 million of revolving loans and $286 million of equity investments in AMD Saxony, net of repayments. These amounts have been eliminated in our consolidated financial statements.

In addition to support from AMD, the consortium of banks referred to above made available up to $877 million in loans to AMD Saxony to help fund Fab 30 project costs. The loans have been fully drawn and a portion has been repaid. AMD Saxony had $627 million of such loans outstanding as of June 29, 2003, which are included in our consolidated balance sheets.

Finally, pursuant to a Subsidy Agreement, as amended in August 2002, the Federal Republic of Germany and the State of Saxony are supporting the Fab 30 project, in accordance with the Dresden Loan Agreements, in the form of:

- guarantees equal to 65 percent of AMD Saxony’s outstanding bank debt, or $408 million;
- capital investment grants and allowances totaling $476 million; and
- interest subsidies totaling $175 million.

Of these amounts, AMD Saxony had received approximately $364 million in capital investment grants and allowance, $114 million in interest subsidies. In addition, AMD Saxony received advanced payments for interest subsidies amounting to $37 million, of which approximately $4 million is restricted from our access for more than one year, and is therefore included in Other Assets. In addition to the above mentioned subsidies, AMD Saxony also received $44 million in research and development subsidies through June 29, 2003. Amounts received under the Subsidy Agreement are recorded as a long-term liability on our financial statements and are being amortized to operations ratably over the contractual life of the Subsidy Agreement as a reduction to operating expenses through December of 2008. The historical rates were used to translate the amounts denominated in deutsche marks (converted to euros) into U.S. dollars.

The Subsidy Agreement, as amended, imposes conditions on AMD Saxony, including the requirement to attain a certain employee headcount by December 2003 and to maintain such headcount until December 2008. Noncompliance with the conditions of the grants, allowances and subsidies could result in the forfeiture of all or a portion of the future amounts to be received, as well as the repayment of all or a portion of amounts received to date. In December 2002, AMD Saxony reduced its anticipated December 2003 employment levels as a result of the 2002 Restructuring Plan (see Note 9 of the Condensed Consolidated Financial Statements). Consequently, the anticipated headcount is below the level required to be maintained by the Subsidy Agreement. Based on these revised headcount estimates, the maximum amount of capital investment grants and allowances available under the Subsidy Agreement would be reduced from $476 million to $416 million. We adjusted the quarterly amortization of these amounts accordingly. There have been no conditions of noncompliance through June 29, 2003 that would result in forfeiture of any of the grants and allowances.

The Dresden Loan Agreements, as amended, also require that we:

- provide interim funding to AMD Saxony if either the remaining capital investment grants and allowances or the remaining interest subsidies are delayed, such funding to be repaid to AMD as AMD Saxony receives the investment grants and allowances or subsidies from the State of Saxony;
- fund shortfalls in government subsidies resulting from any default under the subsidy agreements caused by AMD Saxony or its affiliates; and
- guarantee up to 50 percent of AMD Saxony's obligations under the Dresden Loan Agreements, which guarantee must not be less than $127 million or more than $343 million, until the bank loans are repaid in full. As of June 29, 2003, the maximum exposure and the amount outstanding under the guarantee was $314 million.

As AMD Saxony's obligations under the Dresden Loan Agreements are included in our consolidated financial statements, no incremental liability is recorded under the Dresden guarantee.

AMD Saxony would be in default under the Dresden Loan agreement if we, AMD Saxony, AMD Saxony Holding GmbH (AMD Holding), AMD Saxony Admin GmbH or AMD Saxony LLC failed to comply with certain obligations thereunder or upon the occurrence of certain events, including:

- our failure to fund equity contributions or loans or otherwise comply with our obligations relating to the Dresden Loan Agreements;
- the sale of shares in AMD Saxony, AMD Holding, AMD Saxony Admin GmbH or AMD Saxony LLC;
- the failure to pay material obligations;
- the occurrence of a material adverse change or filings or proceedings in bankruptcy or insolvency with respect to us, AMD Saxony, AMD Holding, AMD Saxony Admin GmbH or AMD Saxony LLC; and
- the occurrence of a default under the July 2003 Loan Agreement; and
- noncompliance with specified financial covenants.

Generally, any default with respect to borrowings made or guaranteed by AMD that results in recourse to us of more than $2.5 million, and that is not cured by us, would result in a cross-default under the Dresden Loan Agreements. As of June 29, 2003, we were in compliance with all conditions of the Dresden Loan Agreements.

In the event we are unable to meet our obligations to AMD Saxony as required under the Dresden Loan Agreements, we will be in default under the Dresden Loan Agreements, which would permit acceleration of certain indebtedness, which could have a material adverse effect on us. The occurrence of a default under the Dresden Loan Agreements would likely result in a cross-default under the Indentures governing our 4.75% Debentures and 4.50% Notes. We cannot assure that we will be able to obtain the funds necessary to fulfill these obligations. Any such failure would have a material adverse effect on us.

Capital Lease Obligations

As of June 29, 2003, we had capital lease obligations of approximately $39 million. Obligations under these lease agreements are collateralized by the assets leased and are payable through 2007. Leased assets consist principally of machinery and equipment.

Operating Leases, Unconditional Purchase Commitments and Other Operating Commitments

We lease certain of our facilities, including our executive offices in Sunnyvale, California, under lease agreements that expire at various dates through 2018. We lease certain of our manufacturing and office equipment for terms ranging from one to five years. Total future lease obligations as of June 29, 2003 were approximately $444 million, of which $135 million was recorded as a liability for certain facilities pursuant to our 2002 Restructuring Plan.

We enter into purchase commitments for manufacturing supplies and services. Total purchase commitments as of June 29, 2003 were approximately $135 million for periods through 2009.

Facilities and Guarantees Related to the Manufacturing Joint Venture

AMD and Fujitsu Limited formed a joint venture in 1993, formerly referred to as FASL and currently referred to as the Manufacturing Joint Venture, that operates advanced integrated circuit manufacturing facilities in Aizu-Wakamatsu, Japan, to produce Flash memory devices.

In 2000, the Manufacturing Joint Venture further expanded its production capacity through a foundry arrangement with Fujitsu Microelectronics, Inc. (FMI), a wholly owned subsidiary of Fujitsu Limited. In connection with FMI equipping its wafer fabrication facility in Gresham, Oregon, (the Gresham Facility) to produce Flash memory devices for sale to the Manufacturing Joint Venture, we agreed to guarantee the repayment of up to $125 million of Fujitsu's obligations as a co-signer with FMI under its global multicurrency revolving credit facility (the Credit Facility) with a third-party bank (the Fujitsu Guarantee). In 2001, Fujitsu closed the Gresham Facility due to the downturn of the Flash memory market. We disagreed with Fujitsu as to the amount, if any, owed under this Guarantee and have reached a settlement, subject to final internal approval by Fujitsu, which would result in a cash payment by us to Fujitsu. This settlement amount is immaterial to our financial statements, and was recorded in our second quarter statement of operations ended June 29, 2003.

Effective June 30, 2003, we and Fujitsu Limited executed several agreements which resulted in the integration of our and Fujitsu's Flash memory operations in the third quarter. The new company, FASL LLC, is 60 percent owned by us and 40 percent owned by Fujitsu Limited. We contributed or sold our Flash memory operations, including related inventory, our manufacturing facility located in Austin, Texas (Fab 25), our Submicron Development Center in Sunnyvale, California, and our Flash memory assembly and test operations in Thailand, Malaysia and China, in exchange for membership interests in FASL LLC and a $261 million promissory note. We also loaned to FASL LLC $120 million pursuant to a promissory note. The note has a term of three years and bears interest at LIBOR plus 4%. Interest payments only are due in quarterly installments for the first two years. Payments of principal (along with interest) are due in equal installments over the last four quarters of the note. Fujitsu contributed its Flash memory division, including related inventory, $140 million in cash and its Fujitsu Microelectronics (Malaysia) Sdn. Bhd. final assembly and test operations. We and Fujitsu also contributed our existing Manufacturing Joint Venture located in Aizu-Wakamatsu, which became a wholly owned subsidiary of FASL LLC. Fujitsu also loaned to FASL LLC $40 million pursuant to a promissory note. The terms of Fujitsu's note are substantially similar to the terms of our note. FASL LLC products will be sold by AMD and Fujitsu, as FASL LLC's distributors, under the Spansion™ brand.

We hold a majority voting and economic interest in FASL LLC and control its operations. Accordingly, we will consolidate the operations and financial position of FASL LLC in our consolidated third quarter 2003 financial statements as of commencement of FASL LLC operations. For accounting purposes, we are deemed to have acquired an incremental 10 percent interest in the existing Manufacturing Joint Venture and 60 percent interest in the assets contributed by Fujitsu. In addition, we are deemed to have sold 40 percent of our interest in our contributed assets, excluding our interest in the existing manufacturing joint venture. An independent fair market value appraisal for this transaction is currently in process and is expected to be completed by the end of the third quarter. Based on the results of the appraisal, during the third quarter of 2003, we may be required to recognize a gain or loss on the sale of our interest in the assets contributed to FASL LLC. At this time we cannot estimate the results of the appraisal or the gain or loss, if any, that would be recognized as a result of this transaction.

As of June 29, 2003, we had $74 million in loan guarantees outstanding with respect to third-party loans incurred by the Manufacturing Joint Venture. As a result of the execution of the FASL LLC agreements with Fujitsu, the existing Manufacturing Joint Venture's third party loans were refinanced from the proceeds of a term loan in the aggregate principal amount of $150 million entered into between a wholly owned subsidiary of FASL LLC and a Japanese financial institution. Fujitsu guaranteed 100 percent of the amounts outstanding under this facility. In turn, we agreed to pay Fujitsu 60 percent of any amount paid by Fujitsu under its guarantee of this facility. Because we will consolidate FASL LLC, the full amount of the third party loan will be reflected in our consolidated financial statements.

On July 18, 2003, a wholly owned subsidiary of FASL LLC entered into a sale and leaseback transaction for certain equipment with a third party financial institution in the amount of $100 million. We guaranteed up to approximately $50 million, or 50 percent of the outstanding obligations, under the lease arrangement.

In addition, during the four-year period commencing on June 30, 2003, we are obligated to provide FASL LLC with additional funding to finance operational cash flow needs. Generally, FASL LLC is first required to seek any required financing from external sources. However, if such third party financing is not available, we must provide funding to FASL LLC equal to our pro rata ownership interest in FASL LLC, which is currently 60 percent.

Advanced Mask Technology Center Guarantee and BAC Guarantee

The Advanced Mask Technology Center GmbH & Co. KG (AMTC) and Maskhouse Building Administration GmbH &Co., KG (BAC) are joint ventures formed by us, Infineon Technologies AG and DuPont Photomasks, Inc. for the purpose of constructing and operating a new advanced photomask facility in Dresden, Germany. To finance the project, BAC entered into an $86 million bridge loan in June 2002 and BAC and AMTC entered into a $137 million revolving credit facility and an $86 million term loan in December 2002. When drawn, the term loan will replace the bridge loan. Also in December 2002, in order to occupy the photomask facility, BAC and AMTC entered into a rental agreement. With regard to these commitments by BAC and AMTC, we guaranteed up to approximately $29 million plus interest and expenses under the bridge loan, up to approximately $37 million plus interest and expenses under the revolving loan, up to approximately $29 million plus interest and expenses under the term loan (which will replace the bridge loan guarantee when the term loan is drawn), and up to approximately $18 million, initially, under the rental agreement. The obligations under the rental agreement guarantee diminish over time through 2011 as the term loan is repaid. However, under certain circumstances of default by the other tenant of the photomask facility under the rental agreement and more than one joint venture partner under its guarantee obligations, the maximum potential amount of our obligations under the rental agreement guarantee is approximately $134 million. As of June 29, 2003, $74 million was outstanding under the bridge loan and no amounts were drawn under the revolving credit facility or the term loan.

We have not recorded any liability in our consolidated financial statements associated with the guarantees.

Other Financing Activities

Our capital expenditure plan for the second half of 2003 will now include capital expenditures by FASL LLC, and we expect capital expenditures for 2003 to be approximately $725 million. We believe that cash flows from operations and current cash balances, together with available external financing and the extension of existing facilities, will be sufficient to fund operations and capital investments in the short and long term.

Supplementary Stock-Based Incentive Compensation Disclosures

Section I. Option Program Description

Our stock option programs are intended to attract, retain and motivate highly qualified employees. We have several stock option plans under which key employees have been granted incentive (ISOs) and nonqualified (NSOs) stock options to purchase our common stock. Generally, options vest and become exercisable over four years from the date of grant and expire five to ten years after the date of grant. ISOs granted under the plans have exercise prices of not less than 100 percent of the fair market value of the common stock on the date of grant. Exercise prices of NSOs range from $0.01 to the fair market value of the common stock on the date of grant.

Section II. General Option Information

The following is a summary of stock option activity for the six months ended June 29, 2003 and year ended December 29, 2002:

	Six months Ended June 29, 2003		Year Ended December 29, 2002	
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
Options:				
Outstanding at beginning of period	60,408,754	$ 18.58	52,944,339	$ 20.44
Granted	2,523,331	7.16	11,828,688	5.62
Canceled	(2,500,313)	19.39	(3,413,705)	20.34
Exercised	(202,273)	3.29	(950,568)	6.23
Outstanding at end of period	60,229,499	$ 18.12	60,408,754	$ 18.58
Exercisable at end of period	39,821,147	$ 19.40	33,806,970	$ 19.55
Available for grant at beginning of period	13,018,643		21,145,854	
Available for grant at end of period	12,926,501		13,018,643	

In-the-money and out-of-the-money stock option information as of June 29, 2003 was as follows:

As of End of Quarter (Shares in thousands)	Exercisable		Unexercisable		Total	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
In-the-Money	2,592,393	$ 5.82	2,964,287	N/A(3)	5,556,680	$ 5.63
Out-of-the-Money (1)	37,228,754	$ 20.35	17,444,065	N/A(3)	54,672,819	$ 19.39
Total Options Outstanding	39,821,147		20,408,352		60,229,499(2)	

(1) Out-of-the-money stock options have an exercise price equal to or above $6.38, the market value of AMD's common stock, on the last trading day of the second quarter of 2003, June 27, 2003.

(2) Includes 716,845 shares granted from treasury stock as non-plan grants.

(3) Weighted average exercise price information is not available.

Section III. Distribution and Dilutive Effect of Options

Options granted to employees, including officers, and non-employee directors were as follows:

	2003 YTD	2002	2001
Net grants (1) during the period as % of outstanding shares (2)	0.01%	2.44%	3.71%
Grants to listed officers (3) during the period as % of total options granted	8.96%	14.33%	7.88%
Grants to listed officers (3) during the period as % of outstanding shares	0.07%	0.49%	0.33%
Cumulative options held by listed officers (3) as % of total options outstanding	18.35%	17.93%	16.51%

(1) Options grants are net of options canceled.

(2) Outstanding shares as of June 29, 2003, December 29, 2002 and December 30, 2001.

(3) The "listed officers" are those listed in our proxy statement filed with our notice of annual meeting dated March 8, 2002 and March 25, 2003.

Section IV. Executive Options

Options granted to listed officers for the six months ended June 29, 2003 were as follows:

	2003 Option Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term		
Name [1]	Number of Securities Underlying Options Per Grant	Percent of Total Options Granted to Employees as of June 29, 2003	Exercise Price Per Share	Expiration Date	0%	5%	10%
W. J. Sanders III	—	—	$ —	—	$ —	$ —	$ —
Hector de J. Ruiz	125,000	5.02%	$ 7.36	5/1/2013	$ —	$ 578,583	$ 1,466,243
Robert R. Herb	19,791	0.79%	$ 7.36	5/1/2013	$ —	$ 91,606	$ 232,147
Robert J. Rivet	31,250	1.25%	$ 7.36	5/1/2013	$ —	$ 144,646	$ 366,561
William T. Siegle	18,750	0.75%	$ 7.36	5/1/2013	$ —	$ 86,787	$ 219,936
Thomas M. McCoy	31,250	1.25%	$ 7.36	5/1/2013	$ —	$ 144,646	$ 366,561

(1) The “listed officers” are those listed in our proxy statement filed with out notice of annual meeting dated March 25, 2003.

Option exercises during 2003 and option values for listed officers[1] for the six months ended June 29, 2003 were as follows:

			Number of Securities Underlying Unexercised Options at 6/29/03		Values of Unexercised In-the-Money Options at 6/29/03	
Name	Shares Acquired on Exercise	Value Realized [2]	Exercisable	Unexercisable	Exercisable	Unexercisable
W. J. Sanders III	—	$ —	3,550,000	250,000	$ —	$ —
Hector de J. Ruiz	—	$ —	1,600,000	2,225,000	$ —	$ —
Robert R. Herb	—	$ —	775,013	494,780	$ 17,892	$ 28,109
Robert J. Rivet	—	$ —	361,116	280,134	$ 8,945	$ 77,755
William T. Siegle	6,000	$ 42,990	522,251	105,499	$ 6,709	$ 125,201
Thomas M. McCoy	—	$ —	630,694	255,556	$ 8,945	$ 14,055

(1) The “listed officers” are those listed in our proxy statement filed with our notice of annual meeting dated March 25, 2003.

(2) Value for these purposes is based solely on the difference between market value of underlying shares on the applicable date (i.e., date of exercise or fiscal year-end) and exercise price of options.

Section V. Equity Compensation Plan Information

The number of shares issuable upon exercise of outstanding options granted to employees and non-employee directors, as well as the number of shares remaining available for future issuance, under our equity compensation plans as of June 29, 2003 are summarized in the following table:

	Six Months Ended June 29, 2003		
Plan category	**Number of Securities to be Issued Upon Exercise of Outstanding Options**	**Weighted-Average Exercise Price of Outstanding Options**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)**
	(a)	**(b)**	**(c)**
Equity compensation plans approved by shareholders	34,055,766	$ 21.82	7,250,088
Equity compensation plans not approved by shareholders	26,173,733(1)	$ 13.31	5,676,413(2)
TOTAL	60,229,499		12,926,501

(1) Includes 716,845 shares granted from treasury stock as non-plan grants.

(2) Of these shares, approximately 1,677,767 shares can be issued as restricted stock under the 1998 Stock Incentive Plan.

On June 27, 2003, with the approval of our shareholders, we filed a Tender Offer Statement with the SEC, and made an offer to exchange certain stock options to purchase shares of our common stock, outstanding under eligible option plans and held by eligible employees, for replacement options to be granted no sooner than six months and one day from the cancellation of the surrendered options. The offer to exchange expired on July 25, 2003. Options to purchase approximately 19.0 million shares of our common stock were tendered for exchange and cancelled on July 28, 2003. Subject to the terms of the offer to exchange, we will grant replacement options to purchase approximately 13.4 million shares of its common stock on or after January 29, 2004, in exchange for the options cancelled in the offer to exchange. We do not expect to record any compensation expense as the result of the transactions contemplated by this offer to exchange.

Recently Issued Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). Variable interest entities often are created for a single specified purpose, for example, to facilitate securitization, leasing, hedging, research and development, or other transactions or arrangements. This interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," defines what these variable interest entities are and provides guidelines on identifying them and assessing an enterprise's interests in a variable interest entity to decide whether to consolidate that entity. Generally, FIN 46 applies to variable interest entities created after January 31, 2003 and to variable interest entities in which an enterprise obtains an interest after that date. For existing variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003, the provision of this interpretation will apply no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003. We do not expect the adoption of FIN 46 to have a material impact on our results of operations or financial condition.

In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," (SFAS 150) which addresses how to classify and measure certain financial instruments with characteristics of both liabilities (or an asset in some circumstances) and equity – as either debt or equity in the balance sheet. SFAS 150 requirements apply to issuers' classification and measurement of freestanding financial instruments, including those that comprise more than one option or forward contract. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. We do not expect the adoption of SFAS 150 to have a material impact on our results of operations or financial condition.

Risk Factors

We have experienced substantial declines in revenues since 2001, and we may experience declines in revenues and increases in operating losses in the future. Our historical financial results have been, and our future financial results are anticipated to be, subject to substantial fluctuations. Our net sales for the second quarter of 2003 were $645 million compared to $715 million for the first quarter of 2003. The decline was due in part to weaker than anticipated sales of our products in Asia and Europe. Our total revenues for 2002 were $2,697 million compared to $3,892 million for 2001. This decline was due primarily to reduced demand for our products resulting from the current economic slowdown and our decision primarily in the third and fourth quarters of 2002 to limit shipments and to accept receipt of product returns from certain customers, each as part of our efforts to reduce excess PC processor inventory in the overall supply chain. We incurred a net loss of $1.3 billion for 2002 compared to a net loss of $61 million for 2001. Reduced end user demand, underutilization of our manufacturing capacity and other factors could adversely affect our business in the near term and we may experience declines in revenue and operating losses. We cannot assure you that we will be able to return to profitability or that, if we do, we will be able to sustain it.

The semiconductor industry is highly cyclical and is currently experiencing a severe downturn that is adversely affecting, and may continue to adversely affect, our business. The highly cyclical semiconductor industry has experienced significant downturns, often in connection with maturing product cycles, manufacturing overcapacity and declines in general economic conditions. The most recent downturn, which began in the fourth quarter of 2000 and continues today, has been severe and prolonged, and future downturns may also be severe and prolonged. Our financial performance has been negatively affected by these downturns, including the incurrence of substantial losses during the current downturn, as a result of:

- the cyclical nature of the supply/demand imbalances in the semiconductor industry;
- a decline in demand for end user products that incorporate our semiconductors;
- excess inventory levels in the channels of distribution, including our customers;
- excess production capacity; and
- accelerated declines in average selling prices.

If current conditions do not improve in the near term or if these conditions in the semiconductor industry occur in the future, as they likely will to a lesser or greater degree, our business will continue to be adversely affected.

Fluctuations in the personal computer market may continue to materially adversely affect us. Our business is, and particularly our PC processor product lines are, tied to the personal computer industry. Industry-wide fluctuations in the PC marketplace, including the current industry downturn that commenced in 2001 and continues, have materially adversely affected us and may materially adversely affect us in the future. If we continue to experience a sustained reduction in the growth rate of PCs sold, sales of our microprocessors may not grow and may even decrease.

In addition, current trends of consolidation within the personal computer industry, as recently evidenced by the Hewlett-Packard/Compaq merger, as well as potential market share increases by customers who exclusively purchase microprocessors from Intel Corporation, such as Dell, Inc., could further materially adversely affect us.

We plan for significant capital expenditures in 2003 and beyond and if we cannot generate the capital required for these capital expenditures and other ongoing operating expenses through operating cash flow and external financing activities, we may be materially adversely affected. We plan to continue to make significant capital expenditures to support our microprocessor and Flash memory products both in the near and long term, including approximately $725 million during 2003. The capital expenditures projected for 2003 include those relating to the continued facilitization of Fab 30 and those relating to FASL LLC. These capital expenditures, together with ongoing operating expenses, will be a substantial drain on our cash flow and may also decrease our cash balances. The timing and amount of our capital requirements cannot be precisely determined at this time and will depend on a number of factors, including demand for products, product mix, changes in semiconductor industry conditions and competitive factors. We regularly assess markets for external financing opportunities including debt and equity. Additional debt or equity financing may not be available when needed or, if available, may not be available on satisfactory terms. Our inability to obtain needed debt and/or equity financing would have a material adverse effect on us.

In March 1997, AMD Saxony entered into the Dresden Loan Agreements and other related agreements. These agreements require that we partially fund Fab 30 project costs in the form of subordinated and revolving loans to, or equity investments in, AMD Saxony. We currently estimate that the maximum construction and facilitization costs to us of Fab 30 will be $2.7 billion when fully equipped by the end of 2005. We had invested $2.2 billion as of June 29, 2003. If we are unable to meet our obligations to AMD Saxony as required under these agreements, we will be in default under the Dresden Loan Agreements, which would permit acceleration of $627 million of indebtedness, as well as acceleration by cross-default of our obligations under our other borrowing arrangements.

FASL LLC, our majority owned subsidiary, continues to facilitize its manufacturing facilities in Aizu-Wakamatsu, Japan, known as FASL JV2 and FASL JV3 and in Austin, Texas, known as Fab 25. We expect that the maximum facilitization costs of FASL JV2 and FASL JV3 to FASL LLC, will be $1.8 billion when fully equipped.

In addition, during the four-year period commencing on June 30, 2003, we are obligated to provide FASL LLC with additional funding to finance operational cash flow needs. Generally, FASL LLC is first required to seek any required financing from external sources. However, if such third party financing is not available, we must provide funding to FASL LLC equal to our pro-rata ownership interest in FASL LLC, which is currently 60 percent.

We have a substantial amount of debt and debt service obligations, and may incur additional debt, that could adversely affect our financial position. We have a substantial amount of debt and we may incur additional debt in the future. At June 29, 2003, our total debt was $1.7 billion and stockholders' equity was $2.3 billion. In addition, we had up to $200 million of availability under our July 2003 Loan Agreement (subject to our borrowing base). We had also guaranteed approximately $273 million of debt, which is not reflected as debt on our balance sheet.

Our high degree of leverage may:

- limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general corporate purposes;
- require a substantial portion of our cash flow from operations to make debt service payments;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

Our ability to make payments on and to refinance our debt or our guarantees of other parties' debts will depend on our financial and operating performance, which may fluctuate significantly from quarter to quarter and is subject to prevailing economic conditions and to financial, business and other factors beyond our control.

We cannot assure you that we will continue to generate sufficient cash flow or that we will be able to borrow funds under our credit facilities in amounts sufficient to enable us to service our debt, or meet our working capital and capital expenditure requirements. If we are not able to generate sufficient cash flow from operations or to borrow sufficient funds to service our debt, due to borrowing base restrictions or otherwise, we may be required to sell assets or equity, reduce capital expenditures, refinance all or a portion of our existing debt or obtain additional financing. We cannot assure you that we will be able to refinance our debt, sell assets or equity, or borrow more funds on terms acceptable to us, if at all.

If we are not successful in integrating the operations of our new majority owned subsidiary, FASL LLC, we could be materially adversely affected. Effective June 30, 2003, we and Fujitsu Limited executed several agreements which resulted in the integration of our and Fujitsu's flash memory operations in the third quarter. We contributed our Flash memory group, our Fab 25 in Austin, Texas, our Submicron Development Center in Sunnyvale, California, and our assembly and test operations in Thailand, Malaysia and China. Fujitsu contributed its Flash memory business division and its Fujitsu Microelectronics (Malaysia) Sdn. Bhd. final assembly and test operations. We, together with Fujitsu, contributed our existing Manufacturing Joint Venture, which became a wholly owned subsidiary of FASL LLC.

Any benefits of this proposed transaction are subject to, among other things, the following risks:

- the possibility that FASL LLC will not be successful because of problems integrating the operations and employees of the two companies or achieving the efficiencies and other advantages intended by the transaction;
- the possibility of gains or losses due to the appraisal process in the third quarter; and
- the possibility that global business and economic conditions will worsen, resulting in lower than currently expected demand for Flash memory products.

We cannot assure you that we will be able to successfully integrate these operations or that we will be able to achieve and sustain any benefit from FASL LLC's creation.

External factors, such as the SARS virus and potential terrorist attacks and other acts of violence or war, may materially adversely affect us. Concerns about the severe acute respiratory syndrome (SARS) virus are having an adverse effect upon the Asian economies and have affected and may continue to affect demand for our products in Asia. In addition, if there were to be a case of SARS discovered in any of our operations in Asia, the measures to prevent the spread of the virus could disrupt our operations at that location. There have been no cases of SARS affecting our operations to date. Finally, the spread of SARS and the extent of local preventive measures could affect the production capabilities of manufacturers of our PCS products, which are located in Taiwan, or their ability to ship products to us on a timely basis.

Terrorist attacks may negatively affect our operations. These attacks or armed conflicts may directly impact our physical facilities or those of our suppliers or customers. Furthermore, these attacks may make travel and the transportation of our products more difficult and more expensive and ultimately affect our sales.

Also as a result of terrorism, the United States may be included in armed conflicts that could have a further impact on our sales, our supply chain, and our ability to deliver products to our customers. Political and economic instability in some regions of the world may also result and could negatively impact our business. The consequences of armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business or your investment.

More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. They also could result in or exacerbate economic recession in the United States or abroad. Any of these occurrences could have a significant impact on our operating results, revenues and costs and may result in the volatility of the market price for our securities and on the future prices of our securities.

Intense competition in the integrated circuit industry may materially adversely affect us. The integrated circuit industry is intensely competitive. Products compete on performance, quality, reliability, price, adherence to industry standards, software and hardware compatibility, marketing and distribution capability, brand recognition and availability. After a product is introduced, costs and average selling prices normally decrease over time as production efficiency improves, competitors enter the market and successive generations of products are developed and introduced for sale. Failure to reduce our costs on existing products or to develop and introduce, on a cost-effective and timely basis, new products or enhanced versions of existing products with higher margins, would have a material adverse effect on us.

Intel Corporation's dominance of the PC processor market may limit our ability to compete effectively in that market. Intel has dominated the market for microprocessors used in PCs for many years. As a result, Intel has been able to control x86 microprocessor and PC system standards and dictate the type of products the market requires of Intel's competitors. In addition, the financial strength of Intel allows it to market its product aggressively, to target our customers and our channel partners with special incentives and to discipline customers who do business with us. These aggressive activities can result in lower unit sales and average selling prices for us and adversely affect our margins and profitability. Intel also exerts substantial influence over PC manufacturers and their channels of distribution through the "Intel Inside" brand program and other marketing programs. As long as Intel remains in this dominant position, we may be materially adversely affected by its:

- pricing and allocation strategies and actions;
- product mix and introduction schedules;
- product bundling, marketing and merchandising strategies;
- control over industry standards, PC manufacturers and other PC industry participants, including motherboard, chipset and basic input/output system (BIOS) suppliers; and
- user brand loyalty.

We expect Intel to maintain its dominant position in the marketplace as well as to continue to invest heavily in research and development, new manufacturing facilities and other technology companies. Intel has substantially greater financial resources than we do and accordingly expends substantially greater amounts on research and development than we do.

In marketing our microprocessors to OEMs and dealers, we depend on third-party companies other than Intel for the design and manufacture of core-logic chipsets, graphics chips, motherboards, BIOS software and other components. In recent years, many of these third-party designers and manufacturers have lost significant market share to Intel or exited the business. In addition, these companies produce chipsets, motherboards, BIOS software and other components to support each new generation of Intel's microprocessors, and Intel has significant leverage over their business opportunities.

Our microprocessors are not designed to function with motherboards and chipsets designed to work with Intel microprocessors. Our ability to compete with Intel in the market for AMD Opteron™ and upcoming AMD Athlon 64 microprocessors will depend on our ability to ensure that PC platforms are designed to support our microprocessors. A failure of the designers and producers of motherboards, chipsets and other system components to support our microprocessor offerings would have a material adverse effect on us.

If we are unable to develop, produce and successfully market higher-performing microprocessor products, we may be materially adversely affected. The microprocessor market is characterized by short product life cycles and migration to ever-higher performance microprocessors. To compete successfully, we must transition to new process technologies at a fast pace and offer higher-performance microprocessors in significantly greater volumes. If we fail to achieve yield and volume goals or to offer higher-performance microprocessors in significant volume on a timely basis and at competitive prices, we could be materially adversely affected.

To be successful, we must increase sales of our microprocessor products to existing customers and develop new customers in both consumer and commercial markets, particularly the latter. Our production and sales plans for microprocessors are subject to other risks and uncertainties, including:

- our ability to continue offering new higher performance microprocessors competitive with Intel's product offerings;
- our ability to introduce and create successful marketing positions for the AMD Opteron and the upcoming AMD Athlon 64 microprocessors, which rely in part on market acceptance and demand for 64-bit microprocessors based on AMD 64 technology.
- our ability to maintain and improve the successful marketing position of the AMD Athlon XP microprocessor, which relies in part on market acceptance of a metric based on overall processor performance versus processor clock speed (measured in megahertz frequency);
- our ability to maintain adequate selling prices of microprocessors despite increasingly aggressive Intel pricing strategies, marketing programs, new product introductions and product bundlings of microprocessors, motherboards and chipsets;
- our ability, on a timely basis, to produce microprocessors in the volume and with the performance and feature set required by customers;
- the pace at which we expect to be able to convert production in Fab 30 to 90 nanometer copper interconnect process;
- our ability to fund the acquisition of 300 mm wafer fabrication capacity that will be required for long-term competitiveness;
- our ability to attract and retain engineering and design talent;
- our ability to expand system design capabilities; and
- the availability and acceptance of motherboards and chipsets designed for our microprocessors.

Our ability to increase microprocessor product revenues and benefit fully from the substantial investments we have made and continue to make related to microprocessors depends on the continuing success of our AMD Athlon microprocessors and the success of future generations of microprocessors, most immediately the AMD Opteron processor, and later this year the AMD Athlon 64 processor. If we fail to achieve continued and expanded market acceptance of our microprocessors, we may be materially adversely affected.

We must introduce in a timely manner, and achieve market acceptance for, our AMD Opteron and upcoming AMD Athlon 64 microprocessors, or we will be materially adversely affected. We introduced our AMD Opteron processors in April 2003 and we plan to introduce our AMD Athlon 64 processors in September 2003. These processors are designed to provide high performance for both 32-bit and 64-bit applications in servers and workstations and in desktop and mobile PCs. The success of these processors is subject to risks and uncertainties including our ability to produce them in a timely manner on new process technologies, including silicon-on-insulator technology, in the volume and with the performance and feature set required by customers; their market acceptance; the availability, performance and feature set of motherboards and chipsets designed for our eighth-generation processors; and the support of the operating system and application program providers for our 64-bit instruction set.

If we were to lose Microsoft Corporation's support for our products, our ability to market our processors would be materially adversely affected. Our ability to innovate beyond the x86 instruction set controlled by Intel depends on support from Microsoft in its operating systems. If Microsoft does not continue to provide support in its operating systems for our x86 instruction sets, including our 64-bit technology introduced with our AMD Opteron and upcoming AMD Athlon 64 processors, independent software providers may forego designing their software applications to take advantage of our innovations. If we fail to retain the support and certification of Microsoft, our ability to market our processors could be materially adversely affected.

The completion and impact of our restructuring program and cost reductions could adversely affect us. We formulated the 2002 Restructuring Plan to address the continuing industry-wide weakness in the semiconductor industry by adjusting our cost structure to industry conditions. Pursuant to the 2002 Restructuring Plan, we plan to reduce our fixed costs as a percentage of total costs over time from approximately 80 percent to approximately 70 percent. We have also reduced our expenses in the second quarter of 2003 by approximately $37 million, compared to the fourth quarter of 2002. As a result, we expect total expenses in 2003 to be reduced by approximately $150 million, compared to 2002, based on current product demand forecasts. We cannot, however, be sure that the goals of the 2002 Restructuring Plan will be realized. If we do not execute the 2002 Restructuring Plan well, the ultimate effects of it could prove to be adverse.

Weak market demand for our Spansion Flash memory products, the loss of a significant customer in the high-end mobile telephone market, or a lack of market acceptance of MirrorBit™ technology may have a material adverse effect on us. Overall demand for flash memory devices has been weak due to the sustained downturn in the communications and networking equipment industries and excess inventories held by our customers. Since the third quarter of 2002, our Flash memory product sales growth came almost entirely based on strength in the high-end mobile phone market. To date, our sales in that market have been concentrated in a few customers. In addition, we expect competition in the market for flash memory devices to continue to increase as competing manufacturers introduce new products and industry-wide production capacity increases. We may be unable to maintain or increase our market share in Flash memory devices as the market develops and Intel and other competitors introduce new competing products. A decline in unit sales of our Flash memory devices, lower average selling prices, or a loss of a significant customer in the high-end mobile phone market, would have a material adverse effect on us.

In July 2002, we commenced production shipments of the first product with MirrorBit technology. MirrorBit technology is a new memory cell architecture that enables Flash memory products to hold twice as much data as standard flash memory devices. A lack of customer or market acceptance or any substantial difficulty in transitioning Flash memory products to any future process technology could reduce FASL LLC's ability to be competitive in the market and could have a material adverse effect on us.

Spansion memory products are based on the NOR architecture and a significant market shift to the NAND architecture could materially adversely affect us. Spansion memory products are based on the NOR architecture, and any significant shift in the marketplace to products based on NAND or other architectures will reduce the total market available to us and therefore reduce our market share, which could have a materially adverse affect on us.

Worldwide economic and political conditions may affect demand for our products and slow payment by our customers. The economic slowdown in the United States and worldwide, exacerbated by the occurrence and threat of terrorist attacks and consequences of sustained military action in the Middle East, has adversely affected demand for our microprocessors, Flash memory devices and other integrated circuits. A continued decline of the worldwide semiconductor market or a significant decline in economic conditions in any significant geographic area would likely decrease the overall demand for our products, which could have a material adverse effect on us. If the economic slowdown continues or worsens as a result of terrorist activities, military action or otherwise, it could adversely impact our customers' ability to pay us in a timely manner.

Manufacturing capacity utilization rates may adversely affect us. At times we underutilize our manufacturing facilities as a result of reduced demand for certain of our products. We are substantially increasing our and FASL LLC's manufacturing capacity by making significant capital investments in Fab 30, Fab 25, FASL JV2, FASL JV3 and the test and assembly facility in Suzhou, China. If the increase in demand for our products is not consistent with our expectations, we may underutilize our manufacturing facilities, and we could be materially adversely affected. This has in the past had, and in the future may have, a material adverse effect on our earnings and cash flow.

There may also be situations in which our manufacturing facilities are inadequate to meet the demand for certain of our products. Our inability to obtain sufficient manufacturing capacity to meet demand, either in our own facilities or through foundry or similar arrangements with others, could have a material adverse effect on us.

Further, during periods when we are implementing new process technologies, our or FASL LLC's manufacturing facilities may not be fully productive. A substantial delay in the technology transitions in Fab 30 to smaller process technologies employing silicon-on-insulator technology could have a material adverse effect on us.

At this time, the most significant risk is underutilization of our manufacturing capacity.

Unless we maintain manufacturing efficiency, our future profitability could be materially adversely affected. Manufacturing semiconductor components involves highly complex processes that require advanced equipment. We and our competitors continuously modify these processes in an effort to improve yields and product performance. Impurities or other difficulties in the manufacturing process can lower yields. Our manufacturing efficiency will be an important factor in our future profitability, and we cannot be sure that we will be able to maintain our manufacturing efficiency or increase manufacturing efficiency to the same extent as our competitors.

From time to time, we have experienced difficulty in beginning production at new facilities, transferring production to other facilities, and in effecting transitions to new manufacturing processes that have caused us to suffer delays in product deliveries or reduced yields. We cannot be sure that we will not experience manufacturing problems in achieving acceptable yields or product delivery delays in the future as a result of, among other things, capacity constraints, construction delays, transferring production to other facilities, upgrading or expanding existing facilities or changing our process technologies, which could result in a loss of future revenues. Our results of operations could also be adversely affected by the increase in fixed costs and operating expenses related to increases in production capacity if revenues do not increase proportionately.

We cannot be certain that our substantial investments in research and development of process technologies will lead to improvements in technology and equipment used to fabricate our products or that we will have sufficient resources to invest in the level of research and development that is required to remain competitive. We make substantial investments in research and development of process technologies in an effort to improve the technologies and equipment used to fabricate our products. For example, the successful development and implementation of silicon-on-insulator technology is critical to our AMD Opteron and upcoming AMD Athlon 64 microprocessors. In addition, we have an agreement with IBM to develop future generations of logic process technology. However, we cannot be certain that we will be able to develop or obtain or successfully implement leading-edge process technologies needed to fabricate future generations of our products profitably. Further, we cannot assure you that we will have sufficient resources to maintain the level of investment in research and development that is required for us to remain competitive.

If our microprocessors are not compatible with some or all industry-standard software and hardware, we could be materially adversely affected. Our microprocessors may not be fully compatible with some or all industry-standard software and hardware. Further, we may be unsuccessful in correcting any such compatibility problems in a timely manner. If our customers are unable to achieve compatibility with software or hardware after our products are shipped in volume, we could be materially adversely affected. In addition, the mere announcement of an incompatibility problem relating to our products could have a material adverse effect on us.

Our debt instruments impose restrictions on us that may adversely affect our ability to operate our business. Our July 2003 Loan Agreement contains restrictive covenants and also requires us to maintain specified financial ratios and satisfy other financial condition tests when our net domestic cash is below specified amounts, and the Dresden Loan Agreements impose restrictive covenants on AMD Saxony, including a prohibition on its ability to pay dividends. The July 2003 FASL Term Loan contains restrictive covenants and also requires FASL LLC to maintain specified financial ratios and satisfy other financial condition tests when its net domestic cash is below specified amounts.

Our ability to satisfy the covenants, financial ratios and tests of our debt instruments and FASL LLC's ability to satisfy the covenants, financial ratios and tests of the July 2003 FASL Term Loan can be affected by events beyond our or FASL LLC's control. We cannot assure you that we or FASL LLC will meet those requirements. A breach of any of these covenants, financial ratios or tests could result in a default under our July 2003 Loan Agreement, the July 2003 FASL Term Loan and/or the Dresden Loan Agreements. In addition, these agreements contain cross default provisions whereby a default under one agreement would likely result in cross-default under agreements covering other borrowings. For example, the occurrence of a default under the July 2003 FASL Term Loan would cause a cross-default under the July 2003 Loan Agreement and a default under the July 2003 Loan Agreement or under the indentures governing our 4.75% Debentures and our 4.50% Notes would cause a cross-default under the Dresden Loan Agreements. The occurrence of a default under any of these borrowing arrangements would permit the applicable lenders or note holders to declare all amounts outstanding under those borrowing arrangements to be immediately due and payable and would permit the lenders to terminate all commitments to extend further credit. If we or FASL LLC were unable to repay those amounts, the lenders under the July 2003 Loan Agreement, the July 2003 FASL Term Loan Agreement and the Dresden Loan Agreements could proceed against the collateral granted to them to secure that indebtedness. We have granted a security interest in substantially all of our inventory and accounts receivable under our July 2003 Loan Agreement, FASL LLC has granted a security interest in certain property, plant and equipment as security under the July 2003 FASL Term Loan Agreement, and AMD Saxony has pledged substantially all of its property as security under the Dresden Loan Agreements. If the lenders under any of the credit facilities or the note holders or the trustee under the indentures governing our 4.75% Debentures and our 4.50% Notes accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings and our other indebtedness.

Costs related to defective products could have a material adverse effect on us. One or more of our products may be found to be defective after the product has been shipped to customers in volume. The cost of a recall, software fix, product replacements and/or product returns may be substantial and could have a material adverse effect on us. In addition, modifications needed to fix the defect may impede performance of the product.

If essential raw materials are not available to manufacture our products, we could be materially adversely affected. Certain raw materials we use in the manufacture of our products are available from a limited number of suppliers. Interruption of supply or increased demand in the industry could cause shortages and price increases in various essential materials. If we are unable to procure certain of these materials, we might have to reduce our manufacturing operations. Such a reduction could have a material adverse effect on us.

Our operations in foreign countries are subject to political and economic risks, which could have a material adverse effect on us. Nearly all product assembly and final testing of our microprocessor products are performed at our manufacturing facilities in Malaysia and Singapore; or by subcontractors in the United States and Asia. Nearly all product assembly and final testing of Spansion products are performed at FASL LLC's manufacturing facilities in Malaysia, Thailand, China and Japan. We manufacture our microprocessors in Germany. We also depend on foreign foundry suppliers and joint ventures for the manufacture of a portion of our finished silicon wafers and have international sales operations.

The political and economic risks associated with our operations in foreign countries include:

- expropriation;
- changes in a specific country's or region's political or economic conditions;
- trade protection measures and import or export licensing requirements;
- difficulty in protecting our intellectual property;
- changes in foreign currency exchange rates and currency controls;
- changes in freight and interest rates;
- disruption in air transportation between the United States and our overseas facilities; and
- loss or modification of exemptions for taxes and tariffs;

any of which could have a material adverse effect on us.

As part of our business strategy, we are continuing to seek expansion of product sales in emerging overseas markets. Expansion into emerging overseas markets presents similar political and economic risks as described above, and we may be unsuccessful in our strategy to penetrate these emerging overseas markets.

Our inability to continue to attract and retain key personnel may hinder our product development programs. Our future success depends upon the continued service of numerous key engineering, manufacturing, marketing, sales and executive personnel. If we are not able to continue to attract, retain and motivate qualified personnel necessary for our business, the progress of our product development programs could be hindered, and we could be otherwise adversely affected.

Our operating results are subject to substantial seasonal fluctuations. Our operating results tend to vary seasonally. For example, our revenues are generally higher in the fourth quarter than the third quarter of each year. This seasonal pattern is largely a result of decreased demand in Europe during the summer months and higher demand in the retail sector of the PC market during the winter holiday season. In recent quarters, a substantial portion of our quarterly sales has been made in the last month of the quarter.

Uncertainties involving the ordering and shipment of, and payment for, our products could materially adversely affect us. Our sales are typically made pursuant to individual purchase orders, and we generally do not have long-term supply arrangements with our customers. Generally, our customers may cancel orders 30 days prior to shipment without incurring a significant penalty. We base our inventory levels on customers' estimates of demand for their products, which is difficult to predict. This difficulty may be compounded when we sell to original equipment manufacturers indirectly through distributors, as our forecasts for demand are then based on estimates provided by multiple parties. In addition, our customers may change their inventory practices on short notice for any reason. The cancellation or deferral of product orders, the return of previously sold products or overproduction due to failure of anticipated orders to materialize could result in excess or obsolete inventory, which could result in write-downs of inventory.

During 2002, the markets in which our customers operate were characterized by a decline in end user demand, which reduced visibility of future demand for our products and resulted in high levels of inventories in the PC industry supply chain. In some cases, this led to delays in payments for our products. While we believe inventories in the supply chain are currently at reasonable levels, market conditions are uncertain and these and other factors could materially adversely affect our revenues.

Our price protection obligations and return rights under specific provisions in our agreements with distributors may adversely affect us. Distributors typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions, as well as products that are slow moving or have been discontinued. These agreements, which may be canceled by either party on a specified notice, generally allow for the return of our products. The price protection and return rights we offer to our distributors could materially adversely affect us if distributors exercise these rights as a result of an unexpected significant decline in the price of our products or otherwise.

If we cannot adequately protect our technology or other intellectual property, in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures, we may lose a competitive advantage and incur significant expenses. We may not be able to adequately protect our technology or other intellectual property, in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures. Any patent licensed by us or issued to us could be challenged, invalidated or circumvented or rights granted thereunder may not provide a competitive advantage to us. Further, patent applications that we file may not be issued. Despite our efforts to protect our rights, others may independently develop similar products, duplicate our products or design around our patents and other rights. In addition, it is difficult to cost-effectively monitor compliance with, and enforce, our intellectual property on a worldwide basis.

From time to time, we have been notified that we may be infringing intellectual property rights of others. If any such claims are asserted against us, we may seek to obtain a license under the third party's intellectual property rights. We cannot assure you that all necessary licenses can be obtained on satisfactory terms, if at all. We could decide, in the alternative, to resort to litigation to challenge such claims. Such challenges could be extremely expensive and time-consuming and could have a material adverse effect on us. We cannot assure you that litigation related to the intellectual property rights of us and others will always be avoided or successfully concluded.

Failure to comply with any of the applicable environmental regulations could result in a range of consequences including fines, suspension of production, alteration of manufacturing process, cessation of operations or sales, and criminal and civil liabilities. Existing or future regulations could require us to procure expensive pollution abatement or remediation equipment; to modify product designs; or to incur other expenses associated with compliance with environmental regulations. Also, any failure to control the use of, disposal or storage of, or adequately restrict the discharge of, hazardous substances could subject us to future liabilities and could have a material adverse effect on our business.

Our corporate headquarters and FASL LLC's manufacturing facilities in Japan are located in an earthquake zone and these operations could be interrupted in the event of an earthquake. Our corporate headquarters are located near major earthquake fault lines in California and FASL LLC's manufacturing facilities are located near major earthquake fault lines in Japan. In the event of a major earthquake, we and FASL LLC could experience business interruptions, destruction of facilities and/or loss of life, all of which could materially adversely affect us.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to Part II, Item 7A, Quantitative and Qualitative Disclosures about Market Risk, in our Annual Report on Form 10-K for the fiscal year ended December 29, 2002. We experienced no significant changes in market risk during the second quarter of 2003. As a result of our euro denominated net asset position at AMD Saxony, we had an increase in accumulated other comprehensive income due to the appreciation of the euro during the second quarter of 2003. However, we cannot give any assurance as to the effect that future changes in foreign currency rates will have on our consolidated financial position, results of operations or cash flows.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, we have investments in certain unconsolidated entities. As we do not control or manage these entities, our disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

As of June 29, 2003, the end of the quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There has been no change in our internal controls over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

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

AMD's annual meeting of stockholders was held on May 1, 2003. The following are the results of the voting on the proposals submitted to stockholders at the annual meeting.

Proposal No. 1: Election of Directors. The following individuals were elected as directors:

Name	For	Withheld
W. J. Sanders III	285,623,762	5,675,886
Hector de J. Ruiz	285,471,701	5,827,946
Friedrich Baur	285,474,652	5,824,996
Charles M. Blalack	278,497,693	12,801,955
R. Gene Brown	278,841,722	12,457,926
Robert B. Palmer	284,928,314	6,371,334
Leonard Silverman	279,708,500	11,591,148

Proposal No. 2: The proposal to ratify the appointment of Ernst & Young LLP as independent auditors for the current fiscal year was approved.

For: 281,735,866 Against: 7,680,994 Abstain: 1,882,788

Proposal No. 3: The proposal to approve the amendment to the 2000 Employee Stock Purchase Plan was approved.

For: 280,741,189 Against: 8,453,832 Abstain: 2,104,626

Proposal No. 4: The proposal to approve the amendments to the Option Plans and the Option Exchange Program was approved.

For: 254,180,169 Against: 33,958,345 Abstain: 2,348,348

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.12	AMD 2000 Stock Incentive Plan, as amended.
10.32	AMD 1998 Stock Incentive Plan, as amended.
10.34	1995 Stock Plan of NexGen, Inc. as amended.
10.44	Amended and Restated Loan and Security Agreement, dated as of July 7, 2003, among AMD, AMD International Sales and Service, Ltd. and Bank of America NT & SA, as agent.
10.51	Term Loan and Security Agreement, dated as of July 11, 2003, among FASL LLC and General Electric Capital Corporation, as agent.
*10.52	Amended and Restated Limited Liability Company Operating Agreement of FASL LLC dated as of June 30, 2003.
10.53	Contribution and Assumption Agreement by and among Advanced Micro Devices, Inc., AMD Investments, Inc., Fujitsu Limited, Fujitsu Microelectronics Holdings, Inc., and FASL LLC dated as of June 30, 2003.
10.54	Asset Purchase Agreement by and among Advanced Micro Devices, Inc., Fujitsu Limited and FASL LLC dated as of June 30, 2003.
*10.55	AMD-FASL Patent Cross-License Agreement by and between Advanced Micro Devices, Inc. and FASL LLC dated as of June 30, 2003.
*10.56	AMD Distribution Agreement by and between Advanced Micro Devices, Inc. and FASL LLC dated as of June 30, 2003.
*10.57	Non-Competition Agreement by and among Advanced Micro Devices, Inc., AMD Investments, Inc., Fujitsu Limited, Fujitsu Microelectronics Holding, Inc. and FASL LLC dated as of June 30, 2003.
10.58	AMD 1996 Stock Incentive Plan, as amended.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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

(b) Reports on Form 8-K

A Current Report on Form 8-K dated April 16, 2003 reporting under Item 12 – Disclosure of Results of Operations and Financial Condition, was furnished announcing our first quarter results.

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 thereunto duly authorized.

Date: August 11, 2003

ADVANCED MICRO DEVICES, INC.

By: /s/ ROBERT J. RIVET

Robert J. Rivet
Senior Vice President, Chief Financial Officer

Signing on behalf of the registrant and as
the principal accounting officer

Exhibit 10.12

ADVANCED MICRO DEVICES, INC.
2000 STOCK INCENTIVE PLAN

1. PURPOSE

The purpose of this Plan is to encourage key personnel and advisors whose long-term service is considered essential to the Company's continued progress, to remain in the service of the Company or its Affiliates. By means of the Plan, the Company also seeks to attract new key employees and advisors whose future services are necessary for the continued improvement of operations. The Company intends future increases in the value of securities granted under this Plan to form part of the compensation for services to be rendered by such persons in the future. It is intended that this purpose will be affected through the granting of Options.

2. DEFINITIONS

The terms defined in this Section 2 shall have the respective meanings set forth herein, unless the context otherwise requires.

(a) **"*Affiliate*"** The term "Affiliate" shall mean any corporation, partnership, joint venture or other entity in which the Company holds an equity, profits or voting interest of thirty percent (30%) or more.

(b) **"*Board*"** The term "Board" shall mean the Company's Board of Directors or its delegate as set forth in Section 3(d) below.

(c) **"*Change of Control*"** Unless otherwise defined in a Participant's employment agreement, the term "Change of Control" shall be deemed to mean any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or any of its Affiliates) representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company to effect a transaction described in clause (i) or (ii) of this sentence) whose appointment, election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board; or (iii) there is consummated a merger or consolidation of the Company or subsidiary thereof with or into any other corporation, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding securities which represent immediately after such merger or consolidation more than 50% of the combined voting power of the voting securities of either the Company or the other entity which survives such merger or consolidation or the parent of the entity which survives such merger or consolidation; or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 80% of the combined voting power of the voting securities of which are owned by persons in substantially the same proportions as their ownership of the Company immediately prior to such sale. Notwithstanding the foregoing (i) unless otherwise provided in a Participant's employment agreement, no "Change of Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately prior to such transaction or series of transactions and (ii) unless otherwise provided in a Participant's employment agreement, "Change of Control" shall exclude the acquisition of securities representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the

combined voting power of the Company's then outstanding voting securities by the Company or any of its wholly owned subsidiaries, or any trustee or other fiduciary holding securities of the Company under an employee benefit plan now or hereafter established by the Company.

(d) **"*Code*"** The term "Code" shall mean the Internal Revenue Code of 1986, as amended to date and as it may be amended from time to time.

(e) **"*Company*"** The term "Company" shall mean Advanced Micro Devices, Inc., a Delaware corporation.

(f) **"*Constructive Termination*"** The term "Constructive Termination" shall mean a resignation by a Participant who has been elected by the Board as a corporate officer of the Company due to diminution or adverse change in the circumstances of such Participant's employment with the Company, as determined in good faith by the Participant; including, without limitation, reporting relationships, job description, duties, responsibilities, compensation, perquisites, office or location of employment. Constructive Termination shall be communicated by written notice to the Company, and such termination shall be deemed to occur on the date such notice is delivered to the Company.

(g) **"*Fair Market Value per Share*"** The term "Fair Market Value per Share" shall mean as of any day (i) the closing price for Shares on the New York Stock Exchange as reported in The Wall Street Journal on the day as of which such determination is being made or, if there was no sale of Shares reported in The Wall Street Journal on such day, on the most recently preceding day on which there was such a sale, or (ii) if the Shares are not listed or admitted to trading on the New York Stock Exchange on the day as of which the determination is made, the amount determined by the Board or its delegate to be the fair market value of a Share on such day.

(h) **"*Insider*"** The term "Insider" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

(i) **"*Option*"** The term "Option" shall mean a nonstatutory stock option granted under this Plan.

(j) **"*Participant*"** The term "Participant" shall mean any person who holds an Option granted under this Plan.

(k) **"*Plan*"** The term "Plan" shall mean this Advanced Micro Devices, Inc. 2000 Stock Incentive Plan, as amended from time to time.

(l) **"*Shares*"** The term "Shares" shall mean shares of Common Stock of the Company and any shares of stock or other securities received as a result of the adjustments provided for in Section 9 of this Plan.

3. ADMINISTRATION

(a) The Board, whose authority shall be plenary, shall administer the Plan and may delegate part or all of its administrative powers with respect to part or all of the Plan pursuant to Section 3(d).

(b) The Board or its delegate shall have the power, subject to and within the limits of the express provisions of the Plan:

(1) To grant Options pursuant to the Plan.

(2) To determine from time to time which of the eligible persons shall be granted Options under the Plan, the number of Shares for which each Option shall be granted, the term of each granted Option and the time or times during the term of each Option within which all or portions of each Option may be exercised (which at the discretion of the Board or its delegate may be accelerated.)

(3) To prescribe the terms and provisions of each Option granted (which need not be identical) and the form of written instrument that shall constitute the Option agreement.

(4) To take appropriate action to amend any Option hereunder, including to amend the vesting schedule of any outstanding Option, provided that no such action adverse to a Participant's interest may be taken by the Board or its delegate without the written consent of the affected Participant.

(5) To determine whether and under what circumstances an Option may be settled in cash or Shares.

(c) The Board or its delegate shall also have the power, subject to and within the limits of the express provisions of this Plan:

(1) To construe and interpret the Plan and Options granted under the Plan, and to establish, amend and revoke rules and regulations for administration of the Plan. The Board or its delegate, in the exercise of this power, shall generally determine all questions of policy and expediency that may arise and may correct any defect, omission or inconsistency in the Plan or in any Option agreement in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(2) Generally, to exercise such powers and to perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

(d) The Board may, by resolution, delegate administration of the Plan (including, without limitation, the Board's powers under Sections 3(b) and (c) above), under either or both of the following:

(1) with respect to the participation of or granting of Options to an employee, consultant or advisor, to a committee of one or more members of the Board;

(2) with respect to matters other than the selection for participation in the Plan, substantive decisions concerning the timing, pricing, amount or other material term of an Option, to a committee of one or more members of the Board.

(e) The Board shall have complete discretion to determine the composition, structure, form, term and operations of any committee established to administer the Plan. If administration is delegated to a committee, unless the Board otherwise provides, the committee shall have, with respect to the administration of the Plan, all of the powers and discretion theretofore possessed by the Board and delegable to such committee, subject to any constraints which may be adopted by the Board from time to time and which are not inconsistent with the provisions of the Plan. The Board at any time may revest in the Board any of its administrative powers under the Plan.

(f) The determinations of the Board or its delegate shall be conclusive and binding on all persons having any interest in this Plan or in any awards granted hereunder.

4. SHARES SUBJECT TO PLAN

Subject to the provisions of Section 9 (relating to adjustments upon changes in capitalization), (i) the Shares which may be available for issuance of Options under the Plan shall not exceed in the aggregate 23,000,000 Shares of the Company's authorized Common Stock and (ii) the Shares which may be available for issuance of Options that are issued at below Fair Market Value per Share under the Plan shall not exceed in the aggregate 2,500,000 Shares of the Company's authorized Common Stock. In each case, the Shares of the Company's Common Stock may be unissued Shares or reacquired Shares or Shares bought on the market for the purposes of issuance under the Plan. If any Options granted under the Plan shall for any reason be forfeited or canceled, terminate or expire, the Shares subject to such Options shall be available again for the purposes of the Plan. Shares which are delivered or withheld from the Shares otherwise due on exercise of an Option shall become available for future awards under the Plan. Shares that have actually been issued under the Plan upon exercise of an Option that are no longer subject to

forfeiture shall not in any event be returned to the Plan and shall not become available for future awards under the Plan.

5. ELIGIBILITY

All Options issued under the Plan shall be nonqualified stock options. Options may be granted only to full or part-time employees, officers, consultants and advisors of the Company and/or of any Affiliate; provided that such consultants and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. Options awarded to Insiders may not exceed in the aggregate forty-five (45%) percent of all Shares that are available for grant under the Plan and employees of the Company who are not Insiders must receive at least fifty (50%) percent of all Shares that are available for grant under the Plan. Options that are issued to Insiders at below Fair Market Value per Share may not exceed in the aggregate forty-five percent (45%) of all Shares that are available to grant at below Fair Market Value per Share under the Plan and employees of the Company who are not Insiders must receive a least fifty percent (50%) of such Options. Any Participant may hold more than one Option at any time; provided that the maximum number of shares which are subject to Options granted to any individual shall not exceed in the aggregate three million (3,000,000) Shares over the full ten-year life of the Plan.

6. TERMS OF STOCK OPTIONS

Each Option agreement shall be in such form and shall contain such terms and conditions as the Board, or its delegate, from time to time shall deem appropriate, subject to the following limitations:

(a) The term of any Option shall not be greater than ten (10) years and one day from the date it was granted.

(b) Options may be granted at an exercise price that is not less than the par value per Share of the Shares at the time an Option is granted.

(c) Unless otherwise specified in the Option agreement, no Option shall be transferable otherwise than by will, pursuant to the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

(d) Except as otherwise provided in paragraph (e) of this Section 6 or in a Participant's employment agreement, the rights of a Participant to exercise an Option shall be limited as follows:

(1) DEATH OR DISABILITY: If a Participant's service is terminated by death or disability, then the Participant or the Participant's estate, or such other person as may hold the Option, as the case may be, shall have the right for a period of twelve (12) months following the date of death or disability, or for such other period as the Board may fix, to exercise the Option to the extent the Participant was entitled to exercise such Option on the date of his death or disability, or to such extent as may otherwise be specified by the Board (which may so specify after the date of his death or disability but before expiration of the Option), provided the actual date of exercise is in no event after the expiration of the term of the Option. A Participant's estate shall mean his legal representative or any person who acquires the right to exercise an Option by reason of the Participant's death or disability.

(2) MISCONDUCT: If a Participant is determined by the Board to have committed an act of theft, embezzlement, fraud, dishonesty, a breach of fiduciary duty to the Company (or Affiliate), or deliberate disregard of the rules of the Company (or Affiliate), or if a Participant makes any unauthorized disclosure of any of the trade secrets or confidential information of the Company (or Affiliate), engages in any conduct which constitutes unfair competition with the Company (or Affiliate), induces any customer of the Company (or Affiliate) to break any contract with the Company (or Affiliate), or induces any principal for whom the Company (or Affiliate) acts as agent to terminate such agency relationship, then, unless otherwise provided in a Participant's employment agreement, neither the Participant, the Participant's estate nor such other person who may then hold the Option shall be entitled to exercise any Option with respect to

any Shares whatsoever, after termination of service, whether or not after termination of service the Participant may receive payment from the Company (or Affiliate) for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Board shall give the Participant an opportunity to present to the Board evidence on his behalf. For the purpose of this paragraph, unless otherwise provided in a Participant's employment agreement, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Participant that his service is terminated.

(3) TERMINATION FOR OTHER REASONS: If a Participant's service is terminated for any reason other than those mentioned above under "DEATH OR DISABILITY" or "MISCONDUCT," the Participant, the Participant's estate, or such other person who may then hold the Option may, within three months following such termination, or within such longer period as the Board may fix, exercise the Option to the extent such Option was exercisable by the Participant on the date of termination of his employment or service, or to the extent otherwise specified by the Board (which may so specify after the date of the termination but before expiration of the Option) provided the date of exercise is in no event after the expiration of the term of the Option.

(4) EVENTS NOT DEEMED TERMINATIONS: Unless otherwise provided in a Participant's employment agreement, the service relationship shall not be considered interrupted in the case of (i) a Participant who intends to continue to provide services as a director, employee, consultant or advisor to the Company or an Affiliate; (ii) sick leave; (iii) military leave; (iv) any other leave of absence approved by the Board, provided such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing; or (v) in the case of transfer between locations of the Company or between the Company or its Affiliates. In the case of any employee on an approved leave of absence, the Board may make such provisions respecting suspension of vesting of the Option while on leave from the employ of the Company or an Affiliate as it may deem appropriate, except that in no event shall an Option be exercised after the expiration of the term set forth in the Option.

(e) Unless otherwise provided in a Participant's employment agreement, if any Participant's employment is terminated by the Company for any reason other than for Misconduct or, if applicable, by Constructive Termination, within one year after a Change of Control has occurred, then all Options held by such Participant shall become fully vested for exercise upon the date of termination, irrespective of the vesting provisions of the Participant's Option agreement. For purposes of this subsection (e), the term "Change of Control" shall have the meaning assigned by this Plan, unless a different meaning is defined in an individual Participant's Option agreement or employment agreement.

(f) Options may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Board or its delegate shall deem appropriate.

(g) The Board may modify, extend or renew outstanding Options; provided that any such action may not, without the written consent of a Participant, impair any such Participant's rights under any Option previously granted.

7. PAYMENT OF PURCHASE PRICE

(a) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Board or its delegate and may consist entirely of (i) cash, (ii) certified or cashier's check, (iii) promissory note, (iv) other Shares which (x) either have been owned by the Participant for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company, and (y) have a Fair Market Value per Share on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised, (v) delivery of a properly executed exercise notice together with irrevocable

instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds required to pay the exercise price, or (vi) any combination of the foregoing methods of payment. Any promissory note shall be a full recourse promissory note having such terms as may be approved by the Board and bearing interest at a rate sufficient to avoid imputation of income under Sections 483, 1274 or 7872 of the Code; provided that Participants who are not employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares; provided further, that the portion of the exercise price equal to the par value, if any, of the Shares must be paid in cash;

(b) The Company may make loans or guarantee loans made by an appropriate financial institution to individual Participants, including Insiders, on such terms as may be approved by the Board for the purpose of financing the exercise of Options granted under the Plan and the payment of any taxes that may be due by reason of such exercise.

8. TAX WITHHOLDING

(a) Where, in the opinion of counsel to the Company, the Company has or will have an obligation to withhold federal, state or local taxes relating to the exercise of any Option, the Board may in its discretion require that such tax obligation be satisfied in a manner satisfactory to the Company. The Company may require the payment of such taxes before Shares are transferred to the holder of the Option.

(b) A Participant may elect (a **"*Withholding Election*"**) to pay his minimum statutory withholding tax obligation by the withholding of Shares from the total number of Shares deliverable under such Option, or by delivering to the Company a sufficient number of previously acquired Shares, and may elect to have additional taxes paid by the delivery of previously acquired Shares, in each case in accordance with rules and procedures established by the Board. Previously owned Shares delivered in payment for such additional taxes must have been owned for at least six months prior to the delivery or must not have been acquired directly or indirectly from the Company and may be subject to such other conditions as the Board may require. The value of Shares withheld or delivered shall be the Fair Market Value per Share on the date the Option becomes taxable. All Withholding Elections are subject to the approval of the Board and must be made in compliance with rules and procedures established by the Board.

9. ADJUSTMENTS OF AND CHANGES IN CAPITALIZATION

If there is any change in the Common Stock of the Company by reason of any stock dividend, stock split, spin-off, split up, merger, consolidation, recapitalization, reclassification, combination or exchange of Shares, or any other similar corporate event, then the Board shall make appropriate adjustments to the number of Shares theretofore appropriated or thereafter subject or which may become subject to an Option under the Plan. Outstanding Options shall also be automatically converted as to price and other terms if necessary to reflect the foregoing events. No right to purchase fractional Shares shall result from any adjustment in Options pursuant to this Section 9. In case of any such adjustment, the Shares subject to the Option shall be rounded down to the nearest whole Share. Notice of any adjustment shall be given by the Company to each holder of any Option which shall have been so adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

10. PRIVILEGES OF STOCK OWNERSHIP

No Participant will have any rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares.

11. EXCHANGE AND BUYOUT OF AWARDS

Other than in connection with a change in the Company's capitalization (as described in this plan), Options may not be repriced, replaced or exchanged without stockholder preapproval if the effect of such a repricing, replacement or exchange would be to reduce the exercise price of an Incentive Stock Option or Nonstatutory Stock Option; provided, however, that the Company may effect a one-time exchange offer (the Exchange Offer) to be commenced in the discretion of the Compensation Committee of the Board of Directors no sooner than May 2, 2003, pursuant to which employees, other than the six senior executives named in the Summary Compensation Table in the Company's Proxy Statement for its 2003 Annual Meeting of Stockholders (the Proxy Statement), shall be given a one-time opportunity to surrender unexercised Options with exercise prices greater than $10.00 per share in exchange for a grant of new options (New Options) in accordance with exchange ratios calculated using the Black-Scholes stock option valuation model. The New Options will be granted no less than six months and one day following the cancellation of the surrendered Options and will be granted at the fair market value of the Company's common stock on the date of grant. The New Options will have the vesting schedules and terms and conditions as described in the Proxy Statement. No modification of an Option shall impair the option holder's right without the written consent of the option holder.

12. EFFECTIVE DATE OF THE PLAN

This Plan will become effective when adopted by the Board (the **"*Effective Date*"**).

13. AMENDMENT OF THE PLAN

(a) The Board at any time, and from time to time, may amend the Plan.

(b) Rights and obligations under any Option granted before any amendment of the Plan shall not be altered or impaired by amendment of the Plan, except with the consent of the person who holds the Option, which consent may be obtained in any manner that the Board or its delegate deems appropriate.

14. REGISTRATION, LISTING, QUALIFICATION, APPROVAL OF STOCK

An award under this Plan will not be effective unless such award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the Securities and Exchange Commission or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

15. NO RIGHT TO EMPLOYMENT

Nothing in this Plan or in any Option shall be deemed to confer on any employee any right to continue in the employ of the Company or any Affiliate or to limit the rights of the Company or its Affiliates, which are hereby expressly reserved, to discharge an employee at any time, with or without cause, or to adjust the compensation of any employee.

16. MISCELLANEOUS

The use of any masculine pronoun or similar term is intended to be without legal significance as to gender.

ADVANCED MICRO DEVICES, INC.
1998 STOCK INCENTIVE PLAN

1. PURPOSE

The purpose of this Plan is to encourage key personnel and advisors whose long-term service is considered essential to the Company's continued progress, to remain in the service of the Company or its Affiliates. By means of the Plan, the Company also seeks to attract new key employees and advisors whose future services are necessary for the continued improvement of operations. The Company intends future increases in the value of securities granted under this Plan to form part of the compensation for services to be rendered by such persons in the future. It is intended that this purpose will be effected through the granting of Options and Restricted Stock.

2. DEFINITIONS

The terms defined in this Section 2 shall have the respective meanings set forth herein, unless the context otherwise requires.

(a) ***"Affiliate"*** The term "Affiliate" shall mean any corporation, partnership, joint venture or other entity in which the Company holds an equity, profits or voting interest of thirty percent (30%) or more.

(b) ***"Board"*** The term "Board" shall mean the Company's Board of Directors or its delegate as set forth in Section 3(d) below.

(c) ***"Change of Control"*** Unless otherwise defined in a Participant's employment agreement, the term "Change of Control" shall be deemed to mean any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or any of its Affiliates) representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company to effect a transaction described in clause (i) or (ii) of this sentence) whose appointment, election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board; or (iii) there is consummated a merger or consolidation of the Company or subsidiary thereof with or into any other corporation, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding securities which represent immediately after such merger or consolidation more than 50% of the combined voting power of the voting securities of either the

Company or the other entity which survives such merger or consolidation or the parent of the entity which survives such merger or consolidation; or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 80% of the combined voting power of the voting securities of which are owned by persons in substantially the same proportions as their ownership of the Company immediately prior to such sale. Notwithstanding the foregoing (i) unless otherwise provided in a Participant's employment agreement, no "Change of Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately prior to such transaction or series of transactions and (ii) unless otherwise provided in a Participant's employment agreement, "Change of Control" shall exclude the acquisition of securities representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities by the Company or any of its wholly owned subsidiaries, or any trustee or other fiduciary holding securities of the Company under an employee benefit plan now or hereafter established by the Company.

(d) ***"Code"*** The term "Code" shall mean the Internal Revenue Code of 1986, as amended to date and as it may be amended from time to time.

(e) ***"Company"*** The term "Company" shall mean Advanced Micro Devices, Inc., a Delaware corporation.

(f) ***"Constructive Termination"*** The term "Constructive Termination" shall mean a resignation by a Participant who has been elected by the Board as a corporate officer of the Company due to diminution or adverse change in the circumstances of such Participant's employment with the Company, as determined in good faith by the Participant; including, without limitation, reporting relationships, job description, duties, responsibilities, compensation, perquisites, office or location of employment. Constructive Termination shall be communicated by written notice to the Company, and such termination shall be deemed to occur on the date such notice is delivered to the Company.

(g) ***"Fair Market Value per Share"*** The term "Fair Market Value per Share" shall mean as of any day (i) the closing price for Shares on the New York Stock Exchange as reported in The Wall Street Journal on the day as of which such determination is being made or, if there was no sale of Shares reported in The Wall Street Journal on such day, on the most recently preceding day on which there was such a sale, or (ii) if the Shares are not listed or admitted to trading on the New York Stock Exchange on the day as of which the determination is made, the amount determined by the Board or its delegate to be the fair market value of a Share on such day.

(h) ***"Insider"*** The term "Insider" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

(i) ***"Option"*** The term "Option" shall mean a nonstatutory stock option granted under this Plan.

(j) ***"Participant"*** The term "Participant" shall mean any person who holds an Option or Restricted Stock Award granted under this Plan.

(k) ***"Plan"*** The term "Plan" shall mean this Advanced Micro Devices, Inc. 1998 Stock Incentive Plan, as amended from time to time.

(l) ***"Restricted Stock"*** or ***"Restricted Stock Award"*** The term "Restricted Stock" or "Restricted Stock Award" shall mean an award of restricted Shares of Common Stock granted under the Plan.

(m) ***"Shares"*** The term "Shares" shall mean shares of Common Stock of the Company and any shares of stock or other securities received as a result of the adjustments provided for in Section 9 of this Plan.

3. ADMINISTRATION

(a) The Board, whose authority shall be plenary, shall administer the Plan and may delegate part or all of its administrative powers with respect to part or all of the Plan pursuant to Section 3(d).

(b) The Board or its delegate shall have the power, subject to and within the limits of the express provisions of the Plan:

(1) To grant Options or Restricted Stock pursuant to the Plan.

(2) To determine from time to time which of the eligible persons shall be granted Options or Restricted Stock under the Plan, the number of Shares for which each Option or Restricted Stock Award shall be granted, the term of each granted Option and the time or times during the term of each Option within which all or portions of each Option may be exercised (which at the discretion of the Board or its delegate may be accelerated.)

(3) To prescribe the terms and provisions of each Option or Restricted Stock Award granted (which need not be identical) and the form of written instrument that shall constitute the Option or Restricted Stock Award agreement.

(4) To take appropriate action to amend any Option or Restricted Stock Award hereunder, including to amend the vesting schedule of any outstanding Option or Restricted Stock Award, provided that no such action adverse to a Participant's interest may be taken by the Board or its delegate without the written consent of the affected Participant.

(5) To determine whether and under what circumstances an Option or Restricted Stock Award may be settled in cash or Shares.

(c) The Board or its delegate shall also have the power, subject to and within the limits of the express provisions of this Plan:

(1) To construe and interpret the Plan and Options or Restricted Stock Awards granted under the Plan, and to establish, amend and revoke rules and regulations for administration of the Plan. The Board or its delegate, in the exercise of this power, shall generally determine all questions of policy and expediency that may arise and may correct any defect, omission or inconsistency in the Plan or in any Option or Restricted Stock Award agreement in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(2) Generally, to exercise such powers and to perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

(d) The Board may, by resolution, delegate administration of the Plan (including, without limitation, the Board's powers under Sections 3(b) and (c) above), under either or both of the following:

(1) with respect to the participation of or granting of Options or Restricted Stock Awards to an employee, consultant or advisor, to a committee of one or more members of the Board;

(2) with respect to matters other than the selection for participation in the Plan, substantive decisions concerning the timing, pricing, amount or other material term of an Option or Restricted Stock Award, to a committee of one or more members of the Board.

(e) The Board shall have complete discretion to determine the composition, structure, form, term and operations of any committee established to administer the Plan. If administration is delegated to a committee, unless the Board otherwise provides, the committee shall have, with respect to the administration of the Plan, all of the powers and discretion theretofore possessed by the Board and delegable to such committee, subject to any constraints which may be adopted by the Board from time to time and which are not inconsistent with the provisions of the Plan. The Board at any time may revest in the Board any of its administrative powers under the Plan.

(f) The determinations of the Board or its delegate shall be conclusive and binding on all persons having any interest in this Plan or in any awards granted hereunder.

4. SHARES SUBJECT TO PLAN

Subject to the provisions of Section 10 (relating to adjustments upon changes in capitalization), (i) the Shares which may be available for issuance of Options under the Plan shall not exceed in the aggregate 7,400,000 Shares of the Company's authorized Common Stock and (ii) the Shares which may be available for issuance of Restricted Stock Awards under the Plan shall not exceed in the aggregate 2,000,000 Shares of the Company's authorized Common Stock. In each case, the Shares of the Company's Common Stock may be unissued Shares or reacquired Shares or Shares bought on the market for the purposes of issuance under the Plan. If any Options or Restricted Stock Awards granted under the Plan shall for any reason be forfeited or canceled, terminate or expire, the Shares subject to such Options or Restricted Stock Awards shall be available again for the purposes of the Plan. Shares which are delivered or withheld from the Shares otherwise due on exercise of an Option shall become available for future awards under the Plan. Shares that have actually been issued under the Plan upon exercise of an Option and Shares of Restricted Stock that are no longer subject to forfeiture shall not in any event be returned to the Plan and shall not become available for future awards under the Plan.

5. ELIGIBILITY

All Options issued under the Plan shall be nonqualified stock options. Options may be granted only to full or part-time employees, officers, consultants and advisors of the Company and/or of any Affiliate; provided that such consultants and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. Restricted Stock Awards may be granted only to full or part-time employees of the Company. Options awarded to Insiders may not exceed in the aggregate forty-five (45%) percent of all Shares that are available for grant under the Plan and employees of the Company who are not Insiders must receive at least fifty (50%) percent of all Shares that are available for grant under the Plan. No Insider shall be eligible to receive a Restricted Stock Award. Any Participant may hold more than one Option or Restricted Stock Award at any time; provided that the maximum number of shares which are subject to Options or Restricted Stock Awards granted to any individual shall not exceed in the aggregate four million (4,000,000) Shares over the full ten-year life of the Plan.

6. TERMS OF STOCK OPTIONS

Each Option agreement shall be in such form and shall contain such terms and conditions as the Board, or its delegate, from time to time shall deem appropriate, subject to the following limitations:

(a) The term of any Option shall not be greater than ten (10) years and one day from the date it was granted.

(b) Options may be granted at an exercise price that is not less than the Fair Market Value per Share of the Shares at the time an Option is granted.

(c) Unless otherwise specified in the Option agreement, no Option shall be transferable otherwise than by will, pursuant to the laws of descent and distribution or pursuant

to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

(d) Except as otherwise provided in paragraph (e) of this Section 6 or in a Participant's employment agreement, the rights of a Participant to exercise an Option shall be limited as follows:

(1) DEATH OR DISABILITY: If a Participant's service is terminated by death or disability, then the Participant or the Participant's estate, or such other person as may hold the Option, as the case may be, shall have the right for a period of twelve (12) months following the date of death or disability, or for such other period as the Board may fix, to exercise the Option to the extent the Participant was entitled to exercise such Option on the date of his death or disability, or to such extent as may otherwise by specified by the Board (which may so specify after the date of his death or disability but before expiration of the Option), provided the actual date of exercise is in no event after the expiration of the term of the Option. A Participant's estate shall mean his legal representative or any person who acquires the right to exercise an Option by reason of the Participant's death or disability.

(2) MISCONDUCT: If a Participant is determined by the Board to have committed on act of theft, embezzlement, fraud, dishonesty, a breach of fiduciary duty to the Company (or Affiliate), or deliberate disregard of the rules of the Company (or Affiliate), or if a Participant makes any unauthorized disclosure of any of the trade secrets or confidential information of the Company (or Affiliate), engages in any conduct which constitutes unfair competition with the Company (or Affiliate), induces any customer of the Company (or Affiliate) to break any contract with the Company (or Affiliate), or induces any principal for whom the Company (or Affiliate) acts as agent to terminate such agency relationship, then, unless otherwise provided in a Participant's employment agreement, neither the Participant, the Participant's estate nor such other person who may then hold the Option shall be entitled to exercise any Option with respect to any Shares whatsoever, after termination of service, whether or not after termination of service the Participant may receive payment from the Company (or Affiliate) for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Board shall give the Participant an opportunity to present to the Board evidence on his behalf. For the purpose of this paragraph, unless otherwise provided in a Participant's employment agreement, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Participant that his service is terminated.

(3) TERMINATION FOR OTHER REASONS: If a Participant's service is terminated for any reason other than those mentioned above under "DEATH OR DISABILITY" or "MISCONDUCT," the Participant, the Participant's estate, or such other person who may then hold the Option may, within three months following such termination, or within such longer period as the Board may fix, exercise the Option to the extent such Option was exercisable by the Participant on the date of termination of his employment or service, or to the extent otherwise specified by the Board (which may so

specify after the date of the termination but before expiration of the Option) provided the date of exercise is in no event after the expiration of the term of the Option.

(4) EVENTS NOT DEEMED TERMINATIONS: Unless otherwise provided in a Participant's employment agreement, the service relationship shall not be considered interrupted in the case of (i) a Participant who intends to continue to provide services as a director, employee, consultant or advisor to the Company or an Affiliate; (ii) sick leave; (iii) military leave; (iv) any other leave of absence approved by the Board, provided such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing; or (v) in the case of transfer between locations of the Company or between the Company or its Affiliates. In the case of any employee on an approved leave of absence, the Board may make such provisions respecting suspension of vesting of the Option while on leave from the employ of the Company or an Affiliate as it may deem appropriate, except that in no event shall an Option be exercised after the expiration of the term set forth in the Option.

(e) Unless otherwise provided in a Participant's employment agreement, if any Participant's employment is terminated by the Company for any reason other than for Misconduct or, if applicable, by Constructive Termination, within one year after a Change of Control has occurred, then all Options held by such Participant shall become fully vested for exercise upon the date of termination, irrespective of the vesting provisions of the Participant's Option agreement. For purposes of this subsection (e), the term "Change of Control" shall have the meaning assigned by this Plan, unless a different meaning is defined in an individual Participant's Option agreement or employment agreement.

(f) Options may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Board or its delegate shall deem appropriate.

(g) The Board may modify, extend or renew outstanding Options; provided that any such action may not, without the written consent of a Participant, impair any such Participant's rights under any Option previously granted.

7. RESTRICTED STOCK

A Restricted Stock Award is an offer by the Company to sell to an eligible person Shares that are subject to restrictions. The Board or its delegate will determine to whom an offer will be made, the number of Shares the person may purchase, the price to be paid, the restrictions to which the Shares will be subject, and all other terms and conditions of the Restricted Stock Award, subject to the following:

(a) All purchases under a Restricted Stock Award made pursuant to this Plan will be evidenced by a Restricted Stock Award that will be in such form and contain such terms and conditions (which need not be the same for each Participant) as the Board or its delegate will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. The offer of Restricted Stock will be accepted by the Participant's delivery of full

payment for the Shares to the Company upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Restricted Stock agreement.

(b) The purchase price of Shares sold pursuant to a Restricted Stock Award will be determined by the Board or its delegate on the date the Restricted Stock Award is granted. Payment of the purchase price may be made in accordance with Section 8 of this Plan.

(c) Restricted Stock Awards shall be subject to such restrictions as the Board or its delegate may impose (the "Restrictions"). The Restrictions may be based upon completion of a specified period of service with the Company (or Affiliate) or upon completion of the performance goals as set out in advance in the Participant's individual Restricted Stock Award agreement. Restricted Stock Awards may vary from Participant to Participant and between groups of Participants. Prior to the grant of a Restricted Stock Award, the Board or its delegate shall: (i) determine the nature, length and starting date of any vesting or performance period (the "Restriction Period") for the Restricted Stock Award and (ii) select from among the performance factors to be used to measure performance goals, if any. Prior to the payment of any Restricted Stock Award, the Board or its delegate shall determine the extent to which such Restricted Stock Award has been earned.

(d) If a Participant terminates service with the Company (or any Affiliate) during a performance period for any reason, then such Participant will be entitled to payment (whether in Shares, cash or otherwise) with respect to the Restricted Stock Award only to the extent earned as of the date of the Participant's termination of service with the Company (or any Affiliate) in accordance with the Restricted Stock Award agreement, unless the Board or its delegate determines otherwise.

(e) During the Restriction Period, the Participant will not be permitted to sell, pledge (other than to the Company), assign or otherwise transfer Restricted Stock awarded under this Plan. Notwithstanding the foregoing, the Board or its delegate may adopt rules which would permit a gift by a participant of Restricted Stock to a spouse, lineal descendant or legal dependent or to a trust whose beneficiary or beneficiaries shall be either such a person or persons or the participant; provided that any restrictions on further transfer and any requirement of continued service shall continue to apply to the Restricted Stock in the hands of the donee.

(f) All certificates for shares of Restricted Stock delivered under this Plan shall be subject to such stop transfer orders and other restrictions as the Board or its delegate may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange on which the Shares are then listed, and any applicable federal or state securities law. The Board or its delegate may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(g) The Board or its delegate may adopt rules which provide that the stock certificates evidencing shares of Restricted Stock may be held in custody by a third party fiduciary, or that the Company may itself hold such shares in custody until the restrictions thereon shall have lapsed and may require, as a condition of any award, that the participant shall have delivered a stock power endorsed in blank relating to the stock covered by such award.

(h) If a Participant is determined by the Board to have committed an act of theft, embezzlement, fraud, dishonesty, a breach of fiduciary duty to the Company (or Affiliate), or deliberate disregard of the rules of the Company (or Affiliate), or if a Participant makes any unauthorized disclosure of any of the trade secrets or confidential information of the Company (or Affiliate), engages in any conduct which constitutes unfair competition with the Company (or Affiliate), induces any customer of the Company (or Affiliate) to break any contract with the Company (or Affiliate), or induces any principal for whom the Company (or Affiliate) acts as agent to terminate such agency relationship, then, unless otherwise provided in a Participant's employment agreement, either the Participant, the Participant's estate or such other person who may then hold the Restricted Stock shall forfeit the Restricted Stock, whether or not after termination of service the Participant may receive payment from the Company (or Affiliate) for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Board shall give the Participant an opportunity to present to the Board evidence on his behalf. For the purpose of this paragraph, unless otherwise provided in a Participant's employment agreement, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Participant that his service is terminated.

(i) Unless otherwise provided in a Participant's employment agreement, if any Participant's employment is terminated by the Company for any reason other than for misconduct pursuant to Section 7(h) or, if applicable, by Constructive Termination as defined in Section 2(f), within one year after a Change of Control has occurred, then all Restricted Stock held by such Participant shall become fully vested for exercise upon the date of termination, irrespective of any other vesting provisions of the Restricted Stock Award. For purposes of this subsection (i), the term "Change of Control" shall have the meaning assigned by Section 2(c) of this Plan, unless a different meaning is defined in an individual Participant's Option agreement or employment agreement.

8. PAYMENT OF PURCHASE PRICE

(a) The consideration to be paid for the Shares to be issued upon exercise of an Option or the grant of Restricted Stock, including the method of payment, shall be determined by the Board or its delegate and may consist entirely of (i) cash, (ii) certified or cashier's check, (iii) promissory note, (iv) other Shares which (x) either have been owned by the Participant for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company, and (y) have a Fair Market Value per Share on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised or the aggregate purchase price of the Restricted Stock, (v) delivery of a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds required to pay the exercise price, or (vi) any combination of the foregoing methods of payment. Any promissory note shall be a full recourse promissory note having such terms as may be approved by the Board and bearing interest at a rate sufficient to avoid imputation of income under Sections 483, 1274 or 7872 of the Code; provided that Participants who are not employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares; provided further, that the portion of the exercise price equal to the par value, if any, of the Shares must be paid in cash;

(b) The Company may make loans or guarantee loans made by an appropriate financial institution to individual Participants, including Insiders, on such terms as may be approved by the Board for the purpose of financing the exercise of Options or the purchase of Restricted Stock granted under the Plan and the payment of any taxes that may be due by reason of such exercise.

9. TAX WITHHOLDING

(a) Where, in the opinion of counsel to the Company, the Company has or will have an obligation to withhold federal, state or local taxes relating to the exercise of any Option or the purchase or vesting of Restricted Stock, the Board may in its discretion require that such tax obligation be satisfied in a manner satisfactory to the Company. The Company may require the payment of such taxes before Shares are transferred to the holder of the Option or Restricted Stock Award.

(b) A Participant may elect (a ***"Withholding Election"***) to pay his minimum statutory withholding tax obligation by the withholding of Shares from the total number of Shares deliverable under such Option or Restricted Stock Award, or by delivering to the Company a sufficient number of previously acquired Shares, and may elect to have additional taxes paid by the delivery of previously acquired Shares, in each case in accordance with rules and procedures established by the Board. Previously owned Shares delivered in payment for such additional taxes must have been owned for at least six months prior to the delivery or must not have been acquired directly or indirectly from the Company and may be subject to such other conditions as the Board may require. The value of Shares withheld or delivered shall be the Fair Market Value per Share on the date the Option or Restricted Stock becomes taxable. All Withholding Elections are subject to the approval of the Board and must be made in compliance with rules and procedures established by the Board.

10. ADJUSTMENTS OF AND CHANGES IN CAPITALIZATION

If there is any change in the Common Stock of the Company by reason of any stock dividend, stock split, spin-off, split up, merger, consolidation, recapitalization, reclassification, combination or exchange of Shares, or any other similar corporate event, then the Board shall make appropriate adjustments to the number of Shares theretofore appropriated or thereafter subject or which may become subject to an Option or Restricted Stock Award under the Plan. Outstanding Options and Restricted Stock Awards shall also be automatically converted as to price and other terms if necessary to reflect the foregoing events. No right to purchase fractional Shares shall result from any adjustment in Options and Restricted Stock Awards pursuant to this Section 10. In case of any such adjustment, the Shares subject to the Option and Restricted Stock Award shall be rounded down to the nearest whole Share. Notice of any adjustment shall be given by the Company to each holder of any Option and Restricted Stock Award which shall have been so adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

11. PRIVILEGES OF STOCK OWNERSHIP

No Participant will have any rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares, including Restricted Stock, are issued to the

Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares.

12. EXCHANGE AND BUYOUT OF AWARDS

Other than in connection with a change in the Company's capitalization (as described in this plan), Options may not be repriced, replaced or exchanged without stockholder preapproval if the effect of such a repricing, replacement or exchange would be to reduce the exercise price of an Incentive Stock Option or Nonstatutory Stock Option; provided, however, that the Company may effect a one-time exchange offer (the Exchange Offer) to be commenced in the discretion of the Compensation Committee of the Board of Directors no sooner than May 2, 2003, pursuant to which employees, other than the six senior executives named in the Summary Compensation Table in the Company's Proxy Statement for its 2003 Annual Meeting of Stockholders (the Proxy Statement), shall be given a one-time opportunity to surrender unexercised Options with exercise prices greater than $10.00 per share in exchange for a grant of new options (New Options) in accordance with exchange ratios calculated using the Black-Scholes stock option valuation model. The New Options will be granted no less than six months and one day following the cancellation of the surrendered Options and will be granted at the fair market value of the Company's common stock on the date of grant. The New Options will have the vesting schedules and terms and conditions as described in the Proxy Statement. No modification of an Option shall impair the option holder's right without the written consent of the option holder.

13. EFFECTIVE DATE OF THE PLAN

This Plan will become effective when adopted by the Board (the ***"Effective Date"***).

14. AMENDMENT OF THE PLAN

(a) The Board at any time, and from time to time, may amend the Plan.

(b) Rights and obligations under any Option or Restricted Stock Award granted before any amendment of the Plan shall not be altered or impaired by amendment of the Plan, except with the consent of the person who holds the Option or Restricted Stock Award, which consent may be obtained in any manner that the Board or its delegate deems appropriate.

15. REGISTRATION, LISTING, QUALIFICATION, APPROVAL OF STOCK AND OPTIONS AND RESTRICTED STOCK

An award under this Plan will not be effective unless such award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company

determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the Securities and Exchange Commission or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

16. NO RIGHT TO EMPLOYMENT

Nothing in this Plan or in any Option or Restricted Stock Award shall be deemed to confer on any employee any right to continue in the employ of the Company or any Affiliate or to limit the rights of the Company or its Affiliates, which are hereby expressly reserved, to discharge an employee at any time, with or without cause, or to adjust the compensation of any employee.

17. MISCELLANEOUS

The use of any masculine pronoun or similar term is intended to be without legal significance as to gender.

Exhibit 10.34

1995 STOCK PLAN OF NEXGEN, INC.

(As Amended May 1, 2003)

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SECTION 1. ESTABLISHMENT AND PURPOSE.

The Plan was originally adopted by the Board of Directors of NexGen, Inc. (The "NexGen Board") on March 12, 1995, and thereafter amended by the NexGen Board on May 10, 1995 and December 8, 1995. Effective upon the merger of NexGen, Inc. with and into Advanced Micro Devices, Inc. ("AMD") on January 17, 1996, AMD assumed the Plan as the successor to NexGen. The AMD Board of Directors amended the Plan on February 7, 1996 and April 25, 1996. The purpose of the Plan is to offer selected employees, consultants and promotional representatives an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by purchasing shares of the Company's Common Stock. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase shares. Options granted under the Plan may include Nonstatutory Options as well as ISOs intended to qualify under section 422 of the Code.

The Plan is intended to comply in all respects with Rule 16b-3 (or its successor) under the Exchange Act and shall be construed accordingly.

SECTION 2. DEFINITIONS.

(a) "Board of Directors" shall mean the Board of Directors of the Company, as constituted from time to time.

(b) "Change of Control" shall mean the occurrence of any of the following events or as otherwise defined in an Optionee or Offeree's employment agreement:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or any of its affiliates) representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities;

(ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company to effect a transaction described in clause (i) or (iii) of this sentence) whose appointment, election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the

period or whose appointment, election, or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors;

(iii) there is consummated a merger or consolidation of the Company or a Subsidiary thereof with or into any other corporation, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding securities which represent immediately after such merger or consolidation more than 50% of the combined voting power of the voting securities of either the Company or the other entity which survives such merger or consolidation or the parent of the entity which survives such merger or consolidation; or

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 80% of the combined voting power of the voting securities of which are owned by persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing (i) no "Change of Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately prior to such transaction or series of transactions and (ii) "Change of Control" shall exclude the acquisition of securities representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities by the Company or any of its wholly owned subsidiaries, or any trustee or other fiduciary holding securities of the Company under an employee benefit plan now or hereafter established by the Company.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) "Committee" shall mean a committee of the Board of Directors, as described in Section 3(a).

(e) "Company" shall mean NexGen, Inc., a Delaware corporation, its parent corporation, or its successor.

(f) "Employee" shall mean:

(i) Any individual who is a common-law employee of the Company or of a Subsidiary;

(ii) An Outside Director; and

(iii) An independent contractor who performs services for the Company or a Subsidiary and who is it not a member of the Board of Directors.

Service as an Outsider Director or independent contractor shall be considered employment for all purposes of the Plan, except as provided in Section 4(a).

(g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(h) "Exercise Price" shall mean the amount for which one Share may be purchased upon exercise of an Option, as specified by the Committee in the applicable Stock Option Agreement.

(i) "Fair Market Value" shall mean the market price of Stock, determined by the Committee as follows:

(i) If Stock was traded over-the-counter on the date in question but was not traded on the Nasdaq system or the Nasdaq National Market System, then the Fair Market Value shall be equal to the mean between the last reported representative bid and asked prices quoted for such date by the principal automated inter-dealer quotation system on which Stock is quoted or, if Stock is not quoted on any such system, by the "Pink Sheets" published by the National Quotation Bureau, Inc.;

(ii) If Stock was traded over-the-counter on the date in question and was traded on the Nasdaq system or the Nasdaq National Market System, then the Fair Market Value shall be equal to the last-transaction price quoted for such date by the Nasdaq system or the Nasdaq National Market System;

(iii) If Stock was traded on a stock exchange on the date in question, then the Fair Market Value shall be equal to the closing price reported by the applicable composite-transactions report for such date; and

(iv) If none of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate.

In all cases, the determination of Fair Market Value by the Committee shall be conclusive and binding on all persons.

(j) "IPO" means the initial offering of stock to the public pursuant to a registration statement filed with the Securities and Exchange Commission on Form S-1.

(k) "ISO" shall mean an employee incentive stock option described in section 422(b) of the Code.

(l) "Nonstatutory Option" shall mean a stock option not described in sections 422(b) or 423(b) of the Code.

(m) "Offeree" shall mean an individual to whom the Committee has offered the right to acquire Shares under the Plan (other than upon exercise of an Option).

(n) "Option" shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

(o) "Optionee" shall mean an individual who holds an Option.

(p) "Outside Director" shall mean a member of the Board of Directors who is not a common-law employee of the Company or of a Subsidiary.

(q) "Plan" shall mean this 1995 Stock Plan of NexGen, Inc., as it may be amended from time to time.

(r) "Purchase Price" shall mean the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Committee.

(s) "Service" shall mean service as an Employee.

(t) "Share" shall mean one share of Stock, as adjusted in accordance with Section 9 (if applicable).

(u) "Stock" shall mean the Common Stock of the Company.

(v) "Stock Option Agreement" shall mean the agreement between the Company and an Optionee which contains the terms, conditions and restrictions pertaining to his or her Option.

(w) "Stock Purchase Agreement" shall mean the agreement between the Company and an offeree who acquires Shares under the Plan which contains the terms, conditions and restrictions pertaining to the acquisition of such Shares.

(x) "Subsidiary" shall mean any corporation, if the Company and/or one or more other Subsidiaries own not less than 50 percent of the total combined voting power of all classes of outstanding stock of such corporation. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(y) "Total and Permanent Disability" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than one year.

(z) "Vesting Start Date," in the case of an Outside Director, shall mean the latest of:

(i) The date of the IPO;

(ii) The earliest date when the Outside Director no longer holds unexercisable options to purchase more than 10,000 Shares that were granted to him or her by the Company prior to the IPO: or

(iii) The date when the Outside Director first joins the Board of Directors.

SECTION 3. ADMINISTRATION.

(a) Committee Membership. The Plan shall be administered by the Committee. The Committee shall consist of two or more members of the Board of Directors who meet the requirements established from time to time by:

(i) The Securities and Exchange Commission for plans intended to qualify for exemptions under Rule 16b-3 (or its successor) under the Exchange Act; and

(ii) The Internal Revenue Service for plans intended to qualify for an exemption under section 162(m) (4) (C) of the Code.

An Outside Director shall not fail to meet such requirements solely because he or she receives the Nonstatutory Options described in Section 4(b). The Board of Directors may appoint a separate committee, consisting of one or more members of the Board of Directors who need not meet such requirements. Such committee may administer the Plan with respect to Employees who are not officers or directors of the Company, may grant Shares and Options under the Plan to such Employees and may determine the timing, number of Shares and other terms of such grants.

(b) Committee Procedures. The Board of Directors shall designate one of the members of the Committee as chairman. The Committee may hold meetings at such times and places as it shall determine. The act as of a majority of the Committee members present at meetings at which a quorum exists, or acts reduced to or approved in writing by all Committee members, shall be valid acts of the Committee.

(c) Committee Responsibilities. Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take the following actions:

(i) To interpret the Plan and to apply its provisions;

(ii) To adopt, amend or rescind rules, procedures and forms relating to the Plan;

(iii) To authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(iv) To determine when Shares are to be awarded or offered for sale and when Options are to be granted under the Plan;

(v) To select the Offerees and Optionees;

(vi) To determine the number of Shares to be offered to each Offeree or to be made subject to each Option;

(vii) To prescribe the terms and conditions of each award or sale of Shares, including (without limitation) the Purchase Price, and to specify the provisions of the Stock Purchase Agreement relating to such award or sale;

(viii) To prescribe the terms and conditions of each Option, including (without limitation) the Exercise Price, to determine whether such Option is to be classified as an ISO or as a Nonstatutory Option, and to specify the provisions of the Stock Option Agreement relating to such Option;

(ix) To amend any outstanding Stock Purchase Agreement or Stock Option Agreement, subject to applicable legal restrictions and to the consent of the Offeree or Optionee who entered into such agreement;

(x) To prescribe the consideration for the grant of each Option or other right under the Plan and to determine the sufficiency of such consideration; and

(xi) To take any other actions deemed necessary or advisable for the administration of the Plan.

All decisions, interpretations and other actions of the Committee shall be final and binding on all Offerees, all Optionees, and all persons deriving their rights from an Offeree or Optionee. No member of the Committee shall be liable for any action that he or she has taken or has failed to take in good faith with respect to the Plan, any Option, or any right to acquire Shares under the Plan.

SECTION 4. ELIGIBILITY.

(a) General Rules. Only Employees (including, without limitation, independent contractors who are not members of the Board of Directors) shall be eligible for designation as Optionees or Offerees by the Committee. In addition, only Employees who are common-law employees of the Company or a Subsidiary shall be eligible for the grant of ISOs. Employees who are Outside Directors shall only be eligible for the grant of the Nonstatutory Options described in Subsection (b) below.

(b) Outside Directors. Any other provision of the Plan notwithstanding, Outside Directors shall not participate in the Plan after February 7, 1996, although Options granted to Outside Directors prior to such date shall continue to be governed by the Plan as in effect prior to February 7, 1996.

(c) Ten-Percent Stockholders. An Employee who owns more than 10 percent of the total combined voting power of all classes of outstanding stock of the Company or any of its Subsidiaries shall not be eligible for the grant of an ISO unless:

(i) The Exercise Price is at least 110 percent of the Fair Market Value of a Share on the date of grant; and

(ii) Such ISO by its terms is not exercisable after the expiration of five years from the date of grant.

(d) Attribution Rules. For purposes of Subsection (c) above, in determining stock ownership, an Employee shall be deemed to own the stock owned, directly or indirectly, by or for such Employee's brothers, sisters, spouse, ancestors and lineal descendants. Stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be deemed to be owned proportionately by or for its stockholders, partners or beneficiaries. Stock with respect to which such Employee holds an option shall not be counted.

(e) Outstanding Stock. For purposes of Subsection (c) above, "outstanding stock" shall include all stock actually issued and outstanding immediately after the grant. "Outstanding stock" shall not include shares authorized for issuance under outstanding options held by the Employee or by any other person.

SECTION 5. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. Shares offered under the Plan shall be authorized but unissued Shares or Treasury Shares. The aggregate number of Shares which is issued under the Plan (upon exercise of Options or other rights to acquire Shares) shall not exceed 4,501,482 Shares; provided that the number of Shares which is issued under the Plan upon exercise of ISOs shall in no event exceed 2,400,000 Shares during the entire term of the Plan. All limitations under this Subsection (a) shall be subject to adjustment

pursuant to Section 9. The number of Shares which are subject to Options or other rights outstanding at any time under the Plan shall not exceed the number of Shares which then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan.

(b) Additional Shares. In the event that any outstanding option granted under this Plan or the 1987 Employee Stock Plan of NexGen, Inc. (the "Prior Plan") for any reason expires or is canceled or otherwise terminated, the Shares allocable to the unexercised portion of such option shall become available for the purposes of this Plan. In the event that Shares issued under this Plan or the Prior Plan are reacquired by the Company pursuant to a forfeiture provision, a right of repurchase or a right of first refusal, such Shares shall become available for the purposes of this Plan.

SECTION 6. TERMS AND CONDITIONS OF AWARDS OR SALES.

(a) Stock Purchase Agreement. Each award or sale of Shares under the Plan (other than upon exercise of an Option) shall be evidenced by a Stock Purchase Agreement between the Offeree and the Company. Such award or sale shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a Stock Purchase Agreement. The provisions of the various Stock Purchase Agreements entered into under the Plan need not be identical.

(b) Duration of Offers and Nontransferability of Rights. Any right to acquire Shares under the Plan (other than an Option) shall automatically expire if not exercised by the Offeree within 30 days after the grant of such right was communicated to the Offeree by the Committee. Such right shall not be transferable and shall be exercisable only by the Offeree to whom such right was granted.

(c) Purchase Price. The Purchase Price of Shares to be offered under the Plan shall not be less than the par value of such Shares. Subject to the preceding sentence, the Purchase Price shall be determined by the Committee at its sole discretion. The Purchase Price shall be payable in a form described in Section 8.

(d) Withholding Taxes. As a condition to the award, sale or vesting of Shares, the Offeree shall make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that arise in connection with such Shares. The Committee may permit the Offeree to satisfy all or part of his or her tax obligations related to such Shares by having the Company withhold a portion of any Shares that otherwise would be issued to him or her or by surrendering any Shares that previously were acquired by him or her. The Shares withheld or surrendered shall be valued at their Fair Market Value on the date when taxes otherwise would be withheld in cash. The payment of taxes by assigning Shares to the Company, if permitted

by the Committee, shall be subject to such restrictions as the Committee may impose, including any restrictions required by rules of the Securities and Exchange Commission.

(e) Restrictions on Transfer of Shares. Any Shares awarded or sold under the Plan shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as of the Committee may determine. Such restrictions shall be set forth in the applicable Stock Purchase Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

SECTION 7. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement executed by the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 9. Options granted to any Optionee in a single calendar year shall in no event cover more than 800,000 Shares, subject to adjustment in accordance with Section 9. The Stock Option Agreement shall also specify whether the Option is an ISO or a Nonstatutory Option.

(c) Exercise Price. Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price of an ISO shall not be less than 100 percent of the Fair Market Value of a Share on the date of grant, except as otherwise provided in Section 4(c). The Exercise Price of a Nonstatutory Option shall not be less than the par value of a Share. Subject to the preceding two sentences, the Exercise Price under any Option shall be determined by the Committee at its sole discretion. The Exercise Price shall be payable in a form described in Section 8.

(d) Withholding Taxes. As a condition to the exercise of an Option, the Optionee shall make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that arise in connection with such exercise. The Optionee shall also make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option. The Committee may permit the Optionee to satisfy all or part of his or her tax obligations related to the Option by having the Company withhold a portion of any Shares that otherwise would be issued to him or her or by her. Such Shares shall be valued at their Fair Market Value on the date when taxes otherwise would be withheld in cash. The payment of taxes by assigning Shares to the Company, if permitted by the

Committee, shall be subject to such restrictions as the Committee may impose, including any restrictions required by rules of the Securities and Exchange Commission.

(e) Exercisability. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. The vesting of any Option shall be determined by the Committee at its sole discretion.

If the employment of any Optionee who is a common law employee of the Company is terminated by the Company for any reason other than Misconduct or if applicable, by Constructive Termination, within one year after a Change of Control has occurred, then all Options held by such Optionee shall become fully vested for exercise upon the date of termination, irrespective of the vesting provisions of the Optionee's Stock Option Agreement unless otherwise provided in an Optionee's employment agreement. For purposes of this paragraph, the following definitions apply unless the following term or terms of similar effect are otherwise defined in an Optionee's employment agreement: (i) "Change of Control" shall have the meaning assigned by Section 2(b) of the Plan unless a different meaning is defined in an Optionee's Stock Option Agreement or employment agreement, (ii) "Misconduct" shall mean the commission of an act of theft, embezzlement, fraud, dishonesty, breach of fiduciary duty to the Company or any of its Subsidiaries (as determined by the Board of Directors), the deliberate disregard of the rules of the Company or any of its Subsidiaries, any unauthorized disclosure of any of the trade secrets or confidential information of the Company or any of its Subsidiaries, engaging in any conduct which constitutes unfair competition with the Company or any of its Subsidiaries, the inducement of any customer of the company or any of its Subsidiaries, or the inducement of any principal for whom the Company or any of its Subsidiaries acts as agent to terminate such agency relationship; and (iii) "Constructive Termination" shall mean a resignation by an Optionee who has been elected by the Board of Directors as a corporate officer of the Company due to diminution of or adverse change in the circumstances of the Optionee's employment with the Company, as determined in good faith by the Optionee, including, without limitation, reporting relationships, job description, duties, responsibilities, compensation, perquisites, office or location of employment. Constructive Termination shall be communicated by written notice to the Company, and such termination shall be deemed to occur on the date such notice is delivered to the Company.

A Stock Option Agreement or employment agreement may also provide for accelerated exercisability in the event of the Optionee's death, Total and Permanent Disability, retirement or upon other events.

(f) Term. Each Stock Option Agreement shall specify the term of the Option. The term of an ISO shall not exceed 10 years from the date of grant, except as otherwise provided in Section 4(c). Subject to the preceding sentence, the Committee at its sole discretion shall determine when an Option is to expire. A Stock Option Agreement may provide that the Option will expire before the end of its normal term in the event that the Optionee's Service terminates.

(g) Nontransferability. Unless otherwise specified in the Stock Option Agreement, an Option shall not be transferable otherwise than by will, pursuant to the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

(h) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by his or her Option until the date of the issuance of a stock certificate for such Shares. No adjustments shall be made, except as provided in Section 9.

(i) Modification, Extension and Renewal of Options. Other than in connection with a change in the Company's capitalization (as described in this plan), Options may not be repriced, replaced or exchanged without stockholder preapproval if the effect of such a repricing, replacement or exchange would be to reduce the exercise price of an Incentive Stock Option or Nonstatutory Stock Option; provided, however, that the Company may effect a one-time exchange offer (the Exchange Offer) to be commenced in the discretion of the Compensation Committee of the Board of Directors no sooner than May 2, 2003, pursuant to which employees, other than the six senior executives named in the Summary Compensation Table in the Company's Proxy Statement for its 2003 Annual Meeting of Stockholders (the Proxy Statement), shall be given a one-time opportunity to surrender unexercised Options with exercise prices greater than $10.00 per share in exchange for a grant of new options (New Options) in accordance with exchange ratios calculated using the Black-Scholes stock option valuation model. The New Options will be granted no less than six months and one day following the cancellation of the surrendered Options and will be granted at the fair market value of the Company's common stock on the date of grant. The New Options will have the vesting schedules and terms and conditions as described in the Proxy Statement. No modification of an Option shall impair the option holder's right without the written consent of the option holder.

(j) Restrictions on Transfer of Shares. Any Shares issued upon exercise of an Option may be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Committee may determine. Such restrictions shall be set forth in the applicable Stock Option Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

SECTION 8. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares issued under the Plan shall be payable in lawful money of the United States of America at the time when such Shares are purchased, except as follows:

(i) Stock Purchases. In the case of Shares sold under the terms of a Stock Purchase Agreement subject to the Plan, payment shall be made only pursuant to the express provisions of such Stock Purchase Agreement. However, the Committee (at its sole discretion) may specify in the Stock Purchase Agreement that payment may be made in one or both of the forms described in Subsections (e) and (f) below.

(ii) ISOs. In the case of an ISO granted under the Plan, payment shall be made only pursuant to the express provisions of the applicable Stock Option Agreement. However, the Committee (at its sole discretion) may specify in the Stock Option Agreement that payment may be made pursuant to Subsections (b), (c), (d), or (f) below.

(iii) Nonstatutory Options. In the case of a Non-statutory Option granted under the Plan, the Committee (at its sole discretion) may accept payment pursuant to Subsections (b), (c), (d) or (f) below.

(b) Surrender of Stock. To the extent that this Subsection (b) is applicable, payment may be made all or in part with Shares which have already been owned by the Optionee or his or her representative for more than 12 months and which are surrendered to the Company in good form for transfer. Such Shares shall be valued at their Fair Market Value on the date when the new Shares are purchased under the Plan.

(c) Exercise/Sale. To the extent that this Subsection (c) is applicable, payment may be made by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(d) Exercise/Pledge. To the extent that this Subsection (d) is applicable, payment may be made by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(e) Services Rendered. To the extent that this Subsection (e) is applicable, Shares may be awarded under the Plan in consideration of services rendered to the Company or a Subsidiary prior to the award. If Shares are awarded without the payment of a Purchase Price in cash, the Committee shall make a determination (at the time of the award) of the value of the services rendered by the Offeree and the sufficiency of the consideration to meet the requirements of Section 6(c).

(f) Promissory Note. To the extend that this Subsection (f) is applicable, a portion of the Purchase Price or Exercise Price, as the case may be, of Shares issued under the Plan may be payable by a full-recourse promissory note, provided that (i) the

part value of such Shares must be paid in lawful money of the United States of America at the time when such Shares are purchased, (ii) the Shares are security for payment of the principal amount of the promissory note and interest thereon and (iii) the interest rate payable under the terms of the promissory note shall be no less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Subject to the foregoing, the Committee (at its sole discretion) shall specify the term, interest rate, amortization requirements (if any) and other provisions of such note.

SECTION 9. ADJUSTMENT OF SHARES.

(a) General. In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the value of Shares, a combination or consolidation of the outstanding Stock (by reclassification or otherwise) into a lesser number of Shares, a recapitalization, a spin-off or a similar occurrence, the Committee shall make appropriate adjustments in one or more of:

(i) The number of Shares available under Section 5 for future grants;

(ii) The limit set forth in Section 7(b);

(iii) The number of Nonstatutory Options to be granted to Outside Directors under Section 4(b);

(iv) The number of Shares covered by each outstanding Option; or

(v) The Exercise Price under each outstanding Option.

(b) Reorganizations. Unless otherwise provided in an Optionee's employment agreement, in the event that the Company is a party to a merger or other reorganization, outstanding Options shall be subject to the agreement of merger or reorganization. Such agreement may provide, without limitation, for the assumption of outstanding Options by the surviving corporation or its parent, for their continuation by the Company (if the Company is a surviving corporation), for payment of a cash settlement equal to the difference between the amount to be paid for one Share under such agreement and the Exercise Price, or for the acceleration of their exercisability followed by the cancellation of Options not exercised, in all cases without the Optionees' consent. Any cancellation shall not occur until after such acceleration is effective and Optionees have been notified of such acceleration.

(c) Reservation of Rights. Except as provided in this Section 9, an Optionee or Offeree shall have not rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend or any other increase or decrease in the number of share of stock of any class. Any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and

no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 10. SECURITIES LAWS.

Shares shall not be issued under the Plan unless the issuance and delivery of such Shares complies with (or is exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange on which the Company's securities may then be listed.

SECTION 11. NO RETENTION RIGHTS.

Neither the Plan nor any Option shall be deemed to give any individual a right to remain an employee or consultant of the Company or a Subsidiary. The Company and its Subsidiaries reserve the right to terminate the service of any employee or consultant at any time, with or without cause, subject to applicable laws and a written employment agreement (if any).

SECTION 12. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan, as set forth herein, shall become effective as of May 10, 1995. The Plan, if not extended, shall terminate automatically on March 11, 2005. It may be terminated on any earlier date pursuant to Subsection (b) below.

(b) Right to Amend or Terminate the Plan. The Board of Directors may amend, suspend or terminate the Plan at any time and for any reason, except that the provisions of Section 4(b) relating to the amount, price and timing of grants to Outside Directors shall not be amended more than once in any six-month period. An amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws or regulations.

(c) Effect of Amendment or Termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Option granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

Exhibit 10.44

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

Dated as of July 7, 2003

Among

THE FINANCIAL INSTITUTIONS NAMED HEREIN

as the Lenders,

BANK OF AMERICA, N.A.

as the Agent

and

ADVANCED MICRO DEVICES, INC., and

AMD INTERNATIONAL SALES & SERVICE, LTD.,

collectively, as the Borrower

Arranged by

BANC OF AMERICA SECURITIES, LLC

as Sole Lead Arranger and Sole Book Runner

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EXHIBITS AND SCHEDULES

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

Amended and Restated Loan and Security Agreement, dated as of July 7, 2003, among the financial institutions listed on the signature pages hereof (such financial institutions, together with their respective successors and assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), Bank of America, N.A. ("the Bank") with an office at 55 South Lake, Suite 900, Pasadena, CA 91101, as agent for the Lenders (in its capacity as agent, the "Agent"), and Advanced Micro Devices, Inc. (the "Parent"), a Delaware corporation, with offices at One AMD Place, Sunnyvale, CA 94088 and AMD International Sales & Service, Ltd. ("AMDISS"), a Delaware corporation, as co-borrowers (individually and collectively, the "Borrower").

WITNESSETH

WHEREAS, the Borrower, the several financial institutions from time to time party thereto and the Agent have entered into a Loan and Security Agreement, dated as of July 13, 1999 (as amended, the "Original Agreement").

WHEREAS, the Borrower has requested the Lenders amend and restate the Original Agreement to, among other things, make available to the Borrower a revolving line of credit for loans and letters of credit in an amount not to exceed in the aggregate $200,000,000 and which extensions of credit the Borrower will use for its working capital needs and general business purposes;

WHEREAS, the Lenders have agreed to make available to the Borrower a revolving credit facility upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, the Lenders, the Agent, and the Borrower hereby agree as follows.

ARTICLE 1
INTERPRETATION OF THIS AGREEMENT

1.1 Definitions. As used herein:

"2003 Stock Option Exchange Program" means that certain one-time stock option exchange program offered by Parent during the period between June 23, 2003 and August 15, 2003, whereby certain eligible employees would be able to surrender stock options with exercise prices at $12 or above in exchange for a lesser number of stock options to be granted at the fair market value of Parent's common stock six months and a day after the surrendered options are cancelled.

"Accounts" means, in respect of each Borrower, all of such Borrower's now owned or hereafter acquired or arising accounts, and any other rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance.

"Account Debtor" means each Person obligated in any way on or in connection with an Account.

"ACH Transactions" means any cash management or related services including the automatic clearing house transfer of funds by the Agent for the account of the Borrower pursuant to agreement or overdrafts.

"Adjusted Net Earnings from Operations" means, with respect to any fiscal period of the Parent, the Parent's net income after provision for income taxes for such fiscal period, as determined on a consolidated basis in accordance with GAAP and reported on the Financial Statements for such period, excluding any and all of the following included in such net income: (a) gain arising from the sale of any capital assets; (b) gain arising from any write-up in the book value of any asset; (c) earnings of any Person, substantially all the assets of which have been acquired by the Parent or any Subsidiary in any manner, to the extent realized by such other Person prior to the date of acquisition; (d) earnings of any Person in which the Parent or any Subsidiary has an ownership interest unless (and only to the extent) such earnings shall actually have been received by the Parent or any such Subsidiary in the form of cash distributions; (e) earnings of any Person to which assets of the Parent or any Subsidiary shall have been sold, transferred or disposed of, or into which the Parent or any Subsidiary shall have been merged, or which has been a party with the Parent or any Subsidiary to any consolidation or other form of reorganization, prior to the date of such transaction; (f) gain arising from the acquisition of debt or equity securities of the Parent or any Subsidiary or from cancellation or forgiveness of Debt; (g) gain arising from extraordinary items, as determined in accordance with GAAP, or from any other non-recurring transaction; (h) interest income; and (i) non-cash restructuring charges.

"Adjusted Tangible Assets" means all of the Parent's assets, determined on a consolidated basis in accordance with GAAP, except: (a) deferred assets, other than prepaid insurance and prepaid taxes; (b) patents, copyrights, trademarks, trade names, franchises, goodwill, and other similar intangibles; (c) unamortized debt discount and expense; (d) assets of the Parent or any Subsidiary constituting Intercompany Accounts; and (e) fixed assets to the extent of any write-up in the book value thereof resulting from a revaluation effective after the Closing Date.

"Adjusted Tangible Net Worth" means, at any date: (a) the book value (after deducting related depreciation, obsolescence, amortization, valuation, and other proper reserves as determined in accordance with GAAP) at which the Adjusted Tangible Assets would be shown on a balance sheet of the Parent at such date prepared on a consolidated basis in accordance with GAAP less (b) the amount at which the Parent's liabilities would be shown on such consolidated balance sheet, including as liabilities all reserves for contingencies and other potential liabilities which would be required to be shown on such balance sheet.

"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 or which owns, directly or indirectly, ten percent (10%) or more of the outstanding equity interest of such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies

of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" means the Bank, solely in its capacity as agent for the Lenders, and any successor agent.

"Agent Advances" has the meaning specified in Section 2.2(i).

"Agent's Fees" has the meaning specified in Section 3.4.

"Agent's Liens" means the Liens in the Collateral granted to the Agent, for the benefit of the Lenders, Bank, and Agent pursuant to this Agreement and the other Loan Documents.

"Agent-Related Persons" means the Agent, together with its Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of the Agent and such Affiliates.

"Aggregate Revolver Outstandings" means, at any time: the sum of (a) the unpaid balance of Revolving Loans, (b) the aggregate amount of Pending Revolving Loans, (c) one hundred percent (100%) of the aggregate undrawn face amount of all outstanding Letters of Credit, and (d) the aggregate amount of any unpaid reimbursement obligations in respect of Letters of Credit.

"Agreement" means this Loan and Security Agreement.

"Anniversary Date" means each anniversary of the Closing Date.

"Applicable Fee Amount" means, with respect to the Unused Line Fee payable hereunder, the amount per annum set forth below opposite the applicable Level below the heading "Unused Line Fee" and, with respect to the Letter of Credit Fee, the amount per annum set forth opposite the applicable Level below the heading "Letter of Credit Fee". The Applicable Fee Amount for any calendar month shall be based on the Net Domestic Cash for such calendar month. As of June 29, 2003, the applicable Level was 3.

Level	Net Domestic Cash	Unused Line Fee	Letter of Credit Fee
1	Greater than or equal to $600,000,000	0.625%	2.00%
2	Greater than or equal to $500,000,000 but less than $600,000,000	0.625%	2.25%
3	Greater than or equal to $400,000,000 but less than $500,000,000	0.625%	2.50%

4	Less than $400,000,000	0.625%	2.875%

The Applicable Fee Amounts shall be adjusted (up or down) prospectively on a monthly basis as determined by the Borrower's month-end Borrowing Base Certificate, commencing with the first day of the first calendar month that occurs more than 5 days after delivery of each Borrower's month-end Borrowing Base Certificate to Agent and the Lenders for the month ending July 31, 2003. Adjustments in Applicable Fee Amounts shall be determined by reference to the foregoing grid. All adjustments in the Applicable Fee Amounts after July 31, 2003 shall be implemented monthly on a prospective basis, for each calendar month commencing at least 5 days after the date of delivery to Agent and the Lenders of the month-end Borrowing Base Certificate evidencing the need for an adjustment. Concurrently with the delivery of the month-end Borrowing Base Certificate, Borrower shall deliver to Agent and the Lenders a certificate, signed by its chief financial officer, treasurer, or assistant treasurer, setting forth in reasonable detail the basis for the continuance of, or any change in, the Applicable Fee Amounts. Failure to timely deliver such Borrowing Base Certificate shall, in addition to any other remedy provided for in this Agreement, result in an increase in the Applicable Fee Amounts to the highest level set forth in the foregoing grid, until the first day of the first calendar month following the delivery of the month-end Borrowing Base Certificate demonstrating that such an increase is not required. If a Default or Event of Default has occurred and is continuing at the time any reduction in the Applicable Fee Amounts is to be implemented, no reduction may occur until the first day of the first calendar month following the date on which such Default or Event of Default is waived or cured.

"Applicable Margin" means, with respect to Base Rate Loans and LIBOR Rate Loans, the amount set forth below opposite the applicable Level below the heading "Base Rate Spread," or "LIBOR Rate Spread". The Applicable Margin for any calendar month shall be based on the Net Domestic Cash for such calendar month. As of June 29, 2003, the applicable Level was 3.

Level	Net Domestic Cash	Base Rate Spread	LIBOR Rate Spread
1	Greater than or equal to $600,000,000	0%	2.00%
2	Greater than or equal to $500,000,000 but less than $600,000,000	0.25%	2.25%
3	Greater than or equal to $400,000000 but less than $500,000,000	0.50%	2.50%
4	Less than $400,000,000	1.00%	2.875%

The Applicable Margins shall be adjusted (up or down) prospectively on a monthly basis as determined by the Borrower's month-end Borrowing Base Certificate, commencing with the first

day of the first calendar month that occurs more than 5 days after delivery of each Borrower's month-end Borrowing Base Certificate to Agent and the Lenders for the month ending July 31, 2003. Adjustments in Applicable Margins shall be determined by reference to the foregoing grid. All adjustments in the Applicable Margins after July 31, 2003 shall be implemented monthly on a prospective basis, for each calendar month commencing at least 5 days after the date of delivery to Agent and the Lenders of the month-end Borrowing Base Certificate evidencing the need for an adjustment. Concurrently with the delivery of the month-end Borrowing Base Certificate, Borrower shall deliver to Agent and the Lenders a certificate, signed by its chief financial officer, treasurer, or assistant treasurer, setting forth in reasonable detail the basis for the continuance of, or any change in, the Applicable Margins. Failure to timely deliver such Borrowing Base Certificate shall, in addition to any other remedy provided for in this Agreement, result in an increase in the Applicable Margins to the highest level set forth in the foregoing grid, until the first day of the first calendar month following the delivery of the month-end Borrowing Base Certificate demonstrating that such an increase is not required. If a Default or Event of Default has occurred and is continuing at the time any reduction in the Applicable Margins is to be implemented, no reduction may occur until the first day of the first calendar month following the date on which such Default or Event of Default is waived or cured.

"Approved Distributor" means any distributor identified on Schedule 1.1(a), as such Schedule may from time to time be amended by the Borrower with the written consent of the Agent.

"Assignee" has the meaning specified in Section 13.3(a).

"Assignment and Acceptance" has the meaning specified in Section 13.3(a).

"Attorney Costs" means and includes all fees, expenses and disbursements of any law firm or other counsel engaged by the Agent.

"Availability" means, at any time, (a) the Borrowing Base minus (b) the Aggregate Revolver Outstandings.

"Bank" means Bank of America, N.A., a national banking association, or any successor entity thereto.

"Bank Products" means any one or more of the following types of services or facilities extended to the Borrower or any of its Subsidiaries by the Bank or any Affiliate of the Bank in reliance on the Bank's agreement to indemnify such Affiliate: (i) credit cards; (ii) ACH Transactions; (iii) Rate Protection Arrangements; (iv) cash management, including controlled disbursement services; and (v) foreign exchange contracts.

"Bank Product Guaranty" means a guaranty made by the Borrower or any of its Subsidiaries of the payment and performance of any obligations owing by the Borrower or any of its Subsidiaries with respect to Bank Products.

"Bank Product Reserves" means all reserves which the Agent from time to time establishes in its reasonable discretion for the Bank Products then provided and outstanding.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. § 101 et seq.).

"Base Rate" means, for any day, the rate of interest in effect for such day as publicly announced from time to time by the Bank as its "reference rate" (the "reference rate" being a rate set by the Bank based upon various factors including the Bank's costs and desired return, general economic conditions and other factors, and is used as a prime point for pricing some loans, which may be priced at, above, or below such announced rate). Any change in the reference rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change. Each Interest Rate based upon the Base Rate shall be adjusted simultaneously with any change in the Base Rate.

"Base Rate Loan" means a Revolving Loan during any period in which it bears interest based on the Base Rate.

"Blocked Account Agreement" means an agreement among the Borrower, the Agent and a Clearing Bank, in form and substance satisfactory to the Agent, concerning the collection of payments which represent the proceeds of Accounts or of any other Collateral.

"Borrower's Flash Memory Business" means the research and development, manufacture, marketing, distribution, promotion and sale of semiconductor products (including a single chip or a multiple chip or system products) containing a non-volatile memory device dedicated to data storage wherein all circuitry (including logic circuitry) contained therein is solely to accept, store, retrieve or access information or instructions and cannot manipulate such information or execute instructions.

"Borrowing" means a borrowing hereunder consisting of Revolving Loans made on the same day by the Lenders to the Borrower (or by the Bank in the case of a Borrowing funded by Non-Ratable Loans) or by the Agent in the case of a Borrowing consisting of an Agent Advance.

"Borrowing Base" means, at any time, an amount equal to (a) the lesser of (i) the Maximum Revolver Amount or (ii) the sum of (A) eighty-five percent (85%) of the Net Amount of Eligible Accounts of the Parent and AMDISS payable by original equipment manufacturers plus (B) fifty percent (50%) of the Net Amount of Eligible Accounts of the Parent and AMDISS payable by distributors (such Accounts, the "Distributor Accounts") plus (C) the lesser of (1) $25,000,000 and (2) fifty percent (50%) of the Eligible Other Foreign Accounts of AMDISS; provided, however, that if at any time Net Domestic Cash is less than $250,000,000 (a "Reduction Event") then the Dollar and percentage amounts set forth above in this clause (C) shall be promptly reduced to zero (if after a Reduction Event, Net Domestic Cash is greater than $250,000,000 as reported on 2 consecutive Borrowing Base Certificates then the Dollar and percentage amounts shall be restored to the amounts first set forth above in this clause (C)); minus (b) the sum of (i) reserves for accrued interest on the Obligations, (ii) the Bank Product Reserve, if any, and (iii) the Dilution Reserves and other reserves which the Agent deems necessary in the exercise of its reasonable commercial discretion to maintain with respect to the Borrower's account, including reserves for any amounts which the Agent or any Lender may be obligated to pay in the future for the account of the Borrower.

"Borrowing Base Certificate" means a certificate by a Responsible Officer of the Parent, substantially in the form of Exhibit A (or another form acceptable to the Agent) setting forth the calculation of the Borrowing Base, including a calculation of each component thereof, as of the close of business no more than (i) twenty five (25) days prior to the date of such certificate, if such certificate is required to be delivered on a monthly basis under Section 6.7, and (ii) three (3) Business Days prior to the date of such certificate, if such certificate is required to be delivered on a weekly basis under Section 6.7, all in such detail as shall be reasonably satisfactory to the Agent. All calculations of the Borrowing Base in connection with the preparation of any Borrowing Base Certificate shall originally be made by the Borrower and certified to the Agent; provided, that the Agent shall at any time have the right to review and adjust, in the exercise of its reasonable credit judgment, any such calculation (a) to reflect its reasonable estimate of declines in value of any of the Collateral described therein, and (b) to the extent that such calculation is not in accordance with this Agreement.

"Business Day" means (a) any day that is not a Saturday, Sunday, or a day on which banks in San Francisco, California or New York, New York are required or permitted to be closed, and (b) with respect to all notices, determinations, fundings and payments in connection with the LIBOR Rate or LIBOR Rate Loans, any day that is a Business Day pursuant to clause (a) above and that is also a day on which trading in Dollars is carried on by and between banks in the London 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 Expenditures" means all payments due (whether or not paid) in respect of the cost of any fixed asset or improvement, or replacement, substitution, or addition thereto, which has a useful life of more than one year, including those costs arising in connection with the direct or indirect acquisition of such asset by way of increased product or service charges or in connection with a Capital Lease.

"Capital Lease" means any lease of property by the Parent or any Subsidiary which, in accordance with GAAP, should be reflected as a capital lease on the consolidated balance sheet of the Parent.

"Change of Control" means (a) 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 Parent, the result of which acquisition is that such person or such group possesses in excess of 35% of the combined voting power of all then-issued and outstanding voting stock of the Parent, 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 of the Parent; or

(b) any decrease in the Parent's percentage ownership of AMDISS after the Closing Date.

"Clearing Bank" means the Bank or any other banking institution with whom a Payment Account has been established pursuant to a Blocked Account Agreement.

"Closing Date" means the date of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, and regulations promulgated thereunder.

"Collateral" has the meaning specified in Section 6.1.

"Commitment" means, at any time with respect to a Lender, the principal amount set forth beside such Lender's name under the heading "Commitment" on the signature pages of this Agreement or on the signature page of the Assignment and Acceptance pursuant to which such Lender became a Lender hereunder in accordance with the provisions of Section 13.3, as such Commitment may be adjusted from time to time in accordance with the provisions of Section 13.3, and "Commitments" means, collectively, the aggregate amount of the commitments of all of the Lenders.

"Contaminant" means any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, asbestos in any form or condition, polychlorinated biphenyls ("PCBs"), or any constituent of any such substance or waste.

"Control Agreement" means a control agreement, in form and substance satisfactory to Agent, executed and delivered by Borrower, Agent, and the applicable securities intermediary (with respect to a Securities Account) or bank (with respect to a Deposit Account).

"Credit Support" has the meaning specified in Section 2.4(a).

"Debt" means all liabilities, obligations and indebtedness of the Parent or any Subsidiary to any Person, of any kind or nature, now or hereafter owing, arising, due or payable, howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed or otherwise, and including, without in any way limiting the generality of the foregoing: (i) the Parent's or any Subsidiary's liabilities and obligations to trade creditors; (ii) all Obligations; (iii) all obligations and liabilities of any Person secured by any Lien on the Parent's or any Subsidiary's property, even though the Parent or such Subsidiary shall not have assumed or become liable for the payment thereof; provided, however, that all such obligations and liabilities which are limited in recourse to such property shall be included in Debt only to the extent of the book value of such property as would be shown on a balance sheet of the Parent prepared on a consolidated basis in accordance with GAAP; (iv) all obligations or liabilities created or arising under any Capital Lease or conditional sale or other title retention agreement

with respect to property used or acquired by the Parent or any Subsidiary, even if the rights and remedies of the lessor, seller or lender thereunder are limited to repossession of such property; provided, however, that all such obligations and liabilities which are limited in recourse to such property shall be included in Debt only to the extent of the book value of such property as would be shown on a balance sheet of the Parent prepared on a consolidated basis in accordance with GAAP; and (v) all obligations and liabilities under Guaranties. Notwithstanding the foregoing, "Debt" shall exclude all accrued pension fund and other employee benefit plan obligations and liabilities, all deferred taxes and all obligations and liabilities in respect of Rate Protection Arrangements.

"Debt For Borrowed Money" means, as to any Person, Debt for borrowed money or as evidenced by notes, bonds, debentures or similar evidences of any such Debt of such Person, the deferred and unpaid purchase price of any property or business (other than trade accounts payable incurred in the ordinary course of business and constituting current liabilities) and all obligations under Capital 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.

"Defaulting Lender" has the meaning specified in Section 2.2(g)(ii).

"Default Rate" means a fluctuating per annum interest rate at all times equal to the sum of (a) the otherwise applicable Interest Rate plus (b) two percent (2%). Each Default Rate shall be adjusted simultaneously with any change in the applicable Interest Rate. In addition, with respect to Letters of Credit, the Default Rate shall mean an increase in the Letter of Credit Fee by two percentage points.

"Deposit Account" means any deposit account (as that term is defined in the UCC).

"Dilution" means, for Borrower (as determined by the Agent at any time in its sole discretion), based upon the experience of the immediately prior 6 months, the result of dividing the Dollar amount of (a) bad debt write-downs, discounts, advertising allowances, returns, rebates, promotional allowances, credits, or other dilutive items with respect to the Accounts of the Borrower (including dilution projected or anticipated by the Agent in the exercise of its reasonable commercial discretion with respect to any deferred revenue related to the Distributor Accounts), by (b) the aggregate amount of cash collections from the Borrower's Accounts plus the amount in clause (a) for such period.

"Dilution Reserves" means, collectively, the OEM Dilution Reserve and the Distributor Dilution Reserve.

"Distribution" means, in respect of any Person: (a) the payment or making of any dividend or other distribution of property in respect of capital stock (or any options or warrants for such stock) or membership interests of such Person, other than distributions in capital stock (or any options or warrants for such stock) or membership interests of the same class; or (b) the

redemption or other acquisition by such Person of any capital stock (or any options or warrants for such stock) of such corporation or membership interests of such Person.

"Distributor Dilution Reserve" means a reserve equal to the total Dollar amount of Eligible Accounts of Borrower consisting of Distributor Accounts (as defined in the definition of Borrowing Base) times one percentage point for each one percentage point by which Dilution for Distributor Accounts is in excess of 25.0%.

"DOL" means the United States Department of Labor or any successor department or agency.

"Dollar" and "$" means dollars in the lawful currency of the United States.

"Domestic Cash" means, as of any date of determination, the amount on such date of all Dollar-denominated cash, cash equivalents and short-term investments (each as determined in accordance with GAAP) of the Borrower and its U.S. Subsidiaries (the amount of such U.S. Subsidiaries' respective cash, cash equivalents and short-term investments that may be included in this calculation shall be limited to $10,000,000 in the aggregate at any one time), that is in Deposit Accounts or Securities Accounts, or any combination thereof, which Deposit Accounts or Securities Accounts (in the case of the Borrower) are the subject of Control Agreements or, in the case of Deposit Accounts or Securities Accounts (in the case of the Borrower) existing on the Closing Date, will be subject to Control Agreements within 60 days of the Closing Date, and are maintained by a branch office of the bank or securities intermediary located within the United States and which cash, cash equivalents and short-term investments are not subject to any Liens (excluding Liens pursuant to Section 6.1 hereof and Liens permitted under clause (h) and (m) of the definition of "Permitted Liens," but in any event including Liens permitted under clause (l) of the definition of "Permitted Liens").

"Dresden Agreements" means (i) that certain Syndicated Loan Agreement, dated as of March 11, 1997, among AMD Saxony Manufacturing GmbH, as Borrower, Dresdner Bank Luxembourg S.A., as Agent and Paying Agent, Dresdner Bank AG, as Security Agent, and the lenders party thereto, as amended on February 6, 1998, June 29, 1999, February 20, 2001, June 3, 2002, and December 20, 2002 (as so amended, the "Dresden Loan Agreement") and (ii) each of the other "Operative Documents" (as defined in the Sponsors' Support Agreement (as defined in the Dresden Loan Agreement) and the Dresden Loan Agreement), as amended on February 6, 1998, June 29, 1999, February 20, 2001, June 3, 2002 and December 20, 2002, to the extent executed and delivered pursuant to or in connection with the Sponsors' Support Agreement or the Dresden Loan Agreement.

"EBITDA" means, with respect to the Parent and its Subsidiaries on a consolidated basis for any period, Adjusted Net Earnings from Operations for such period plus, to the extent deducted in computing such Adjusted Net Earnings from Operations, the sum of (a) income tax expense, (b) interest expense, and (c) depreciation and amortization expense.

"Eligible Accounts" means the Accounts which the Agent in the exercise of its reasonable commercial discretion determines to be Eligible Accounts. Without limiting the

discretion of the Agent to establish other criteria of ineligibility, Eligible Accounts shall not, unless the Agent in its reasonable discretion elects, include any Account:

(a) with respect to which more than 90 days have elapsed since the date of the original invoice therefor or it is more than 60 days past due;

(b) with respect to which any of the representations, warranties, covenants, or agreements contained in Section 6.8 are not or have ceased to be complete and correct or have been breached;

(c) with respect to which, in whole or in part, a check, promissory note, draft, trade acceptance or other instrument for the payment of money has been received, presented for payment and returned uncollected for any reason;

(d) which represents a progress billing (as hereinafter defined); for the purposes hereof, "progress billing" means any invoice for goods sold or leased or services rendered under a contract or agreement pursuant to which the Account Debtor's obligation to pay such invoice is conditioned upon completion by the Borrower or any Affiliate of the Borrower, or any third party sub-contracting with the Borrower, of any further performance under the contract or agreement;

(e) with respect to which any one or more of the following events has occurred to the Account Debtor on such Account: death or judicial declaration of incompetency of an Account Debtor who is an individual; the filing by or against the Account Debtor of a request or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as a bankrupt, winding-up, or other relief under the bankruptcy, insolvency, or similar laws of the United States, any state or territory thereof, or any foreign jurisdiction, now or hereafter in effect; the making of any general assignment by the Account Debtor for the benefit of creditors; the appointment of a receiver, trustee, administrator, or conservator for the Account Debtor or for any of the assets of the Account Debtor, including the appointment of or taking possession by a "custodian," as defined in the Bankruptcy Code; the institution by or against the Account Debtor of any other type of insolvency proceeding (under the Bankruptcy Code or otherwise) or of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of affairs of, the Account Debtor; the sale, assignment, or transfer of all or any material part of the assets of the Account Debtor, unless the Agent otherwise agrees in its reasonable discretion not to exclude such Account on such basis; the nonpayment generally by the Account Debtor of its debts as they become due; or the cessation of the business of the Account Debtor as a going concern;

(f) if fifty percent (50%) or more of the aggregate amount (in Dollars or other currency) of outstanding Accounts owed at such time by the Account Debtor thereon is classified as ineligible under subsection (a) above;

(g) owed by an Account Debtor which: (i) does not maintain its chief executive office in the United States or Canada (unless such Account Debtor is an Eligible Foreign Account Debtor or is the obligor in respect of an Eligible Other Foreign Account); or (ii) is not organized under the laws of the United States or any state thereof (unless such Account

Debtor is an Eligible Foreign Account Debtor or is the obligor in respect of an Eligible Other Foreign Account); or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality, or other political subdivision thereof, or of any department, agency, public corporation, or other instrumentality thereof; except to the extent that such Account is secured or payable by a letter of credit satisfactory to the Agent in its reasonable discretion;

(h) owed by an Account Debtor which is an Affiliate or employee of the Borrower or any Affiliate of the Borrower;

(i) except as provided in (k) below, with respect to which either the perfection, enforceability, or validity of the Agent's Lien in such Account, or the Agent's right or ability to obtain direct payment to the Agent of the proceeds of such Account, is governed by any federal, state, or local statutory requirements other than those of the UCC;

(j) owed by an Account Debtor to which the Borrower or any Subsidiary is indebted in any way, or which is subject to any right of setoff or recoupment by the Account Debtor, unless the Account Debtor has entered into an agreement acceptable to the Agent to waive all such rights; or if the Account Debtor thereon has disputed liability or made any claim with respect to any other Account due from such Account Debtor; but in each such case only to the extent of such indebtedness, setoff, recoupment, dispute, or claim;

(k) owed by the government of the United States of America, or any department, agency, public corporation, or other instrumentality thereof, unless the Federal Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq.), and any other steps necessary to perfect the Agent's Lien therein, have been complied with to the Agent's satisfaction with respect to such Account;

(l) owed by any state, municipality, or other political subdivision of the United States of America, or any department, agency, public corporation, or other instrumentality thereof and as to which the Agent determines that its Lien therein is not or cannot be perfected;

(m) which represents a sale on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment, or other repurchase or return basis;

(n) which is evidenced by a promissory note or other instrument or by chattel paper;

(o) if the Agent believes, in the exercise of its reasonable judgment, that the prospect of collection of such Account is impaired or that the Account may not be paid by reason of the Account Debtor's financial inability to pay;

(p) with respect to which the Account Debtor is located in any state requiring the filing of a Notice of Business Activities Report or similar report in order to permit the Borrower to seek judicial enforcement in such State of payment of such Account, unless such Borrower has qualified to do business in such state or has filed a Notice of Business Activities Report or equivalent report for the then current year;

(q) which arises out of a sale not made in the ordinary course of the Borrower's business;

(r) with respect to which the goods giving rise to such Account have not been shipped and delivered to and accepted by the Account Debtor or the services giving rise to such Account have not been performed by the Borrower, and, if applicable, accepted by the Account Debtor, or the Account Debtor revokes its acceptance of such goods or services;

(s) owed by an Account Debtor which is obligated to the Borrower respecting Accounts the aggregate unpaid gross balance of which exceeds (i) in the case of International Business Machines, 15%, and (ii) in all other cases, 10%, of the aggregate unpaid gross balance of all Accounts owed to the Parent and AMDISS at such time by all of their respective Account Debtors, but in each case only to the extent of such excess;

(t) which arises out of an enforceable contract or order which, by its terms, forbids, restricts or makes void or unenforceable the granting of a Lien by the Borrower to the Agent with respect to such Account; or

(u) which is not subject to a first priority and perfected security interest in favor of the Agent for the benefit of the Lenders.

If any Account at any time ceases to be an Eligible Account, then such Account shall promptly be excluded from the calculation of Eligible Accounts.

"Eligible Assignee" means (a) a commercial bank, commercial finance company or other asset based lender, having total assets in excess of $1,000,000,000; (b) any Lender listed on the signature page of this Agreement; (c) any Affiliate of any Lender; and (d) if an Event of Default exists, any Person reasonably acceptable to the Agent.

"Eligible Foreign Account Debtor" means an Account Debtor that does not maintain its chief executive office in the United States or Canada or is not organized under the laws of the United States or any state thereof and (i) is identified on Schedule 1.1(b), as such Schedule may from time to time be amended by the Borrower with the written consent of the Agent, (ii) is otherwise satisfactory to the Agent in its sole discretion, (iii) whose Accounts are fully supported by one or more letters of credit acceptable to the Agent, or (iv) whose Accounts are covered by foreign credit insurance in form, substance, and amount, and by an insurer, satisfactory to Agent.

"Eligible Other Foreign Accounts" means Eligible Accounts owing to AMDISS by any Account Debtor that does not maintain its chief executive office in the United States or Canada or is not organized under the laws of the United States or any state thereof (which Account Debtor need not be an Eligible Foreign Account Debtor) up to an amount per Account not to exceed the lesser of (i) $500,000 or (ii) 0.25% of the aggregate unpaid gross balance of all of the Accounts of AMDISS.

"Enhanced Covenant Period" means any period of one or more days that Net Domestic Cash is less than $200,000,000.

"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.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case relating to environmental, health, safety and land use matters.

"Environmental Lien" means a Lien in favor of any Governmental Authority for (a) any liability under Environmental Laws, or (b) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"Environmental Property Transfer Act" means any applicable requirement of law that conditions, restricts, prohibits or requires any notification or disclosure triggered by the closure of any property or the transfer, sale or lease of any property or deed or title for any property for environmental reasons, including, but not limited to, any so-called "Environmental Cleanup Responsibility Acts" or "Responsible Property Transfer Acts."

"Equipment" means all of the Borrower's now owned and hereafter acquired machinery, equipment, furniture, furnishings, fixtures, and other tangible personal property (except Inventory), including motor vehicles with respect to which a certificate of title has been issued, aircraft, dies, tools, jigs, and office equipment, as well as all of such types of property leased by the Borrower and all of the Borrower's rights and interests with respect thereto under such leases (including options to purchase); together with all present and future additions and accessions thereto, replacements therefor, component and auxiliary parts and supplies used or to be used in connection therewith, and all substitutes for any of the foregoing, and all manuals, drawings, instructions, warranties and rights with respect thereto; wherever any of the foregoing is located.

"ERISA" means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower 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 Borrower 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 Borrower or any ERISA Affiliate from a Multi-employer Plan or notification that a Multi-employer 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 Multi-employer Plan; (e) the occurrence of an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multi-employer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

"Event of Default" has the meaning specified in Section 11.1.

"Exchange Act" means the Securities Exchange Act of 1934, and regulations promulgated thereunder.

"FASL (Delaware)" means FASL LLC, a Delaware limited liability company and a joint venture between Parent and Fujitsu Limited.

"FASL (Delaware) Contributed Collateral" means, collectively, that certain Inventory sold, contributed or otherwise transferred to FASL (Delaware) pursuant to the FASL (Delaware) Organizational Documents, including, but not limited to, any wafers, die, raw materials, work in process and finished products with respect to the Borrower's Flash Memory Business.

"FASL (Delaware) Organizational Documents" means, collectively, the (i) Amended and Restated Limited Liability Company Operating Agreement of FASL LLC, dated as of June 30, 2003, and (ii) Contribution and Assumption Agreement, dated as of June 30, 2003, by and among Fujitsu Limited, Fujitsu Sub, Parent and AMD Investments, Inc. a Delaware corporation.

"FASL (Japan)" means Fujitsu AMD Semiconductor Limited, a company organized under the laws of Japan and a wholly owned subsidiary of FASL.

"FASL (Japan) Accounts" has the meaning specified in Section 6.1(a).

"FASL (Japan) Agreement" has the meaning specified in Section 9.14.

"FASL (Japan) Documents" has the meaning specified in Section 6.1(a).

"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 (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"Fee Letter" means that certain letter agreement dated July 7, 2003, between the Parent and the Agent.

"Financial Statements" means, according to the context in which it is used, the financial statements referred to in Section 8.6 or any other financial statements required to be given to the Lenders pursuant to this Agreement.

"Fiscal Year" means the Parent's fiscal year for financial accounting purposes. The current Fiscal Year of the Borrower will end on December 28, 2003.

"Fujitsu Limited" means Fujitsu Limited, a company organized under the laws of Japan.

"Fujitsu Sub" means Fujitsu Microelectronics Holding, Inc., a company organized under the laws of Japan.

"Funding Date" means the date on which a Borrowing occurs.

"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 Closing Date.

"General Intangibles" means all of the Borrower's now owned or hereafter acquired general intangibles, choses in action and causes of action and all other intangible personal property of the Borrower of every kind and nature (other than Accounts), including all rights to payment under contracts, corporate or other business records relating to Accounts and Inventory, tax refund claims, rights and claims against carriers and shippers, rights to indemnification, business interruption insurance and proceeds thereof, property, casualty or any similar type of insurance and any proceeds thereof, and any letter of credit, guarantee, claim, security interest or other security held by or granted to the Borrower. Notwithstanding the foregoing, "General Intangibles" shall exclude any of the Borrower's now owned or hereafter acquired inventions, designs, blueprints, plans, specifications, patents, patent applications, trademarks, service marks, trade names, trade secrets, goodwill, copyrights, computer software, customer lists, registrations, licenses and franchises.

"German Subsidiary" means, together, AMD Saxony Manufacturing GmbH, a German corporation (or following its conversion to a limited partnership, AMD Saxony LLC & Co. KG), and AMD Saxony Holding GmbH, AMD Saxony Admin GmbH and AMD Saxony LLC, which entities were formed for the purpose of holding collectively 100% of the equity (whether capital stock or, following the conversion to a limited partnership, partnership interests) in AMD Saxony Manufacturing GmbH.

"German Subsidiary Accounts" has the meaning specified in Section 6.1(a).

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Grandfathering Rules" means that any actions taken by the Borrower or any of its Subsidiaries and any events or circumstances occurring or arising during any time that is not an Enhanced Covenant Period, which actions, events or circumstances were permitted under the terms of this Agreement at the time taken, occurring or arising, shall not constitute a breach of the applicable covenant referencing such Enhanced Covenant Period during any subsequent Enhanced Covenant Period notwithstanding that such actions, events or circumstances would not have been permitted under such covenant, or would have constituted such a breach, had such actions, events or circumstances been taken, occurred or arisen during such Enhanced Covenant Period.

"Guaranty" means, with respect to any Person, all obligations of such Person which in any manner directly or indirectly guarantee or assure, or in effect guarantee or assure, the payment or performance of any indebtedness, dividend or other obligations of any other Person (the "guaranteed obligations"), or assure or in effect assure the holder of the guaranteed obligations against loss in respect thereof, including any such obligations incurred through an agreement, contingent or otherwise: (a) to purchase the guaranteed obligations or any property constituting security therefor; (b) to advance or supply funds for the purchase or payment of the guaranteed obligations or to maintain a working capital or other balance sheet condition; or (c) to lease property or to purchase any debt or equity securities or other property or services.

"Intercompany Accounts" means all assets and liabilities, however arising, which are due to the Borrower from, which are due from the Borrower to, or which otherwise arise from any transaction by the Borrower with, any Affiliate.

"Interest Period" means, as to any LIBOR Rate Loan, the period commencing on the Funding Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as a LIBOR Rate Loan, and ending on the date one, two, three or six months thereafter as selected by the Borrower 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 Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period pertaining to a LIBOR 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; and

(iii) no Interest Period shall extend beyond the Stated Termination Date.

"Interest Rate" means each or any of the interest rates, including the Default Rate, set forth in Section 3.1.

"Inventory" means all of the Borrower's now owned and hereafter acquired inventory, goods and merchandise, wherever located, to be furnished under any contract of service or held for sale or lease, all returned goods, raw materials, other materials and supplies of any kind, nature or description which are or might be consumed in the Borrower's business or used in connection with the packing, shipping, advertising, selling or finishing of such goods, merchandise and such other personal property, and all documents of title or other documents representing them.

"Investment Property" means all of the Borrower's right, title and interest in and to any and all: (a) securities, whether certificated or uncertificated; (b) securities entitlements; (c) securities accounts; (d) commodity contracts; and (e) commodity accounts.

"Investments" has the meaning specified in the definition of Restricted Investments.

"IRS" means the Internal Revenue Service and any Governmental Authority succeeding to any of its principal functions under the Code.

"Latest Projections" means: (a) on the Closing Date and thereafter until the Agent receives new projections pursuant to Section 7.2(f), the projections of the Parent's financial condition, results of operations, and cash flow, for the period commencing on July 7, 2003, and ending on December 2008, and delivered to the Agent prior to the Closing Date; and (b) thereafter, the projections most recently received by the Agent pursuant to Section 7.2(f).

"Lender" and "Lenders" have the meanings specified in the introductory paragraph hereof and shall include the Agent to the extent of any Agent Advance outstanding and the Bank to the extent of any Non-Ratable Loan outstanding; provided that no such Agent Advance or Non-Ratable Loan shall be taken into account in determining any Lender's Pro Rata Share.

"Letter of Credit" means any letter of credit issued or caused to be issued for the account of the Borrower pursuant to Section 2.4.

"Letter of Credit Fee" has the meaning specified in Section 3.6.

"Letter of Credit Issuer" means the Bank, any affiliate of the Bank or any other financial institution that issues any Letter of Credit pursuant to this Agreement.

"LIBOR Rate" means, for any Interest Period, with respect to LIBOR Rate Loans in any Borrowing, the rate of interest per annum determined pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{Offshore Base Rate}}{\text{1.00 — Eurodollar Reserve Percentage}}$$

Where,

"Offshore Base Rate" means the rate per annum determined by Agent as the rate of interest at which dollar deposits in the approximate amount of the Agent's LIBOR Rate Loan comprising part of such Borrowing would be offered by the Agent's London Branch to major banks in the offshore dollar market at their request at or about 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period.

"Eurodollar Reserve Percentage" means, for any day during 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 under regulations issued from time to time by the Federal Reserve Board 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"). The Offshore Rate for each outstanding LIBOR Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"LIBOR Rate Loan" means a Revolving Loan during any period in which it bears interest based on the LIBOR Rate.

"Lien" means: (a) any interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute, or contract, and including a security interest, charge, claim, or lien arising from a mortgage, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes; (b) to the extent not included under clause (a), any reservation, exception, encroachment, easement, right-of-way, covenant, condition, restriction, lease or other title exception or encumbrance affecting property; and (c) any contingent or other agreement to provide any of the foregoing.

"Loan Account" means the loan account of the Borrower, which account shall be maintained by the Agent.

"Loan Availability Date" has the meaning specified in Section 10.2.

"Loan Documents" means this Agreement, the Fee Letter and any other agreements, instruments, and documents heretofore, now or hereafter evidencing, securing, guaranteeing or otherwise relating to the Obligations, the Collateral, or any other aspect of the transactions contemplated by this Agreement.

"Loan to Availability Ratio" means, at any time, the ratio of (a) the Aggregate Revolver Outstandings at such time to (b) the Borrowing Base at such time.

"Loans" means, collectively, all loans and advances provided for in Article 2.

"Majority Lenders" means at any time Lenders whose Pro Rata Shares aggregate more than 66 2/3%, as such percentage is determined under the definition of Pro Rata Share set forth herein.

"Margin Stock" means "margin stock" as such term is defined in Regulation T, U or X of the Federal Reserve Board.

"Mask House Affiliates" means any company or companies formed under the laws of a jurisdiction other than one of the United States of America for the purpose of owning and operating the mask house in Dresden, Germany, and which are Affiliates of the Parent.

"Mask House Agreement" means those agreements entered into by the Parent in May or June 2002 for the formation of the Mask House Affiliates and the operation and support of the mask house in Dresden, Germany.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, or condition (financial or otherwise) of the Parent and AMDISS taken as a whole or the Collateral taken as a whole; (b) a material impairment of the ability of the Borrower 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 Borrower of any Loan Document, or (ii) the perfection or priority of any material portion of the Agent's Liens.

"Maximum Rate" has the meaning specified in Section 3.3.

"Maximum Revolver Amount" means $200,000,000.

"Multi-employer Plan" means a "multi-employer plan" as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six (6) years contributed to by the Borrower or any ERISA Affiliate.

"Net Domestic Cash" means, at any time, Domestic Cash at such time minus the Aggregate Revolver Outstandings at such time.

"Net Amount of Eligible Accounts" means, in respect of each Borrower at any time, the gross amount of Eligible Accounts of such Borrower less sales, excise or similar taxes, and less returns, discounts, claims, credits and allowances of any nature at any time issued, owing, granted, outstanding, available or claimed.

"Non-Ratable Loan" and "Non-Ratable Loans" have the meanings specified in Section 2.2(h).

"Notice of Borrowing" has the meaning specified in Section 2.2(b).

"Notice of Conversion/Continuation" has the meaning specified in Section 3.2(b).

"Obligations" means all present and future loans, advances, liabilities, obligations, covenants, duties, and debts owing by the Borrower to the Agent and/or any Lender, arising under or pursuant to this Agreement or any of the other Loan Documents, whether or not evidenced by any note, or other instrument or document, whether arising from any extension of credit, issuance of any letter of credit, acceptance, loan, guaranty, indemnification or otherwise, whether direct or indirect (including those acquired by assignment from others, and any participation by the Agent and/or any Lender in the Borrower's debts owing to others), absolute or contingent, due or to become due, primary or secondary, as principal or guarantor, and including all principal, interest, charges, expenses, fees, attorneys' fees, filing fees and any other sums chargeable to the Borrower hereunder or under any of the other Loan Documents. "Obligations" includes, without limitation, all debts, liabilities and obligations owing by the Borrower or any of its Subsidiaries, now or hereafter arising from or in connection with Bank Products, including any Bank Product Guaranties.

"OEM Dilution Reserve" means a reserve equal to the total Dollar amount of Eligible Accounts of Borrower payable by original equipment manufacturers times one percentage point for each one percentage point by which Dilution for such Eligible Accounts of Borrower payable by original equipment manufacturers is in excess of 5.0%.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Parent" has the meaning set forth in the introductory paragraph of this Agreement.

"Participant" means any Person who shall have been granted the right by any Lender to participate in the financing provided by such Lender under this Agreement, and who shall have entered into a participation agreement in form and substance satisfactory to such Lender.

"Payment Account" means each blocked bank account established pursuant to Section 6.9, to which the funds of the Borrower (including proceeds of Accounts and other Collateral) are deposited or credited, and which is maintained in the name of the Agent or the Borrower, as the Agent may determine, on terms acceptable to the Agent.

"PBGC" means the Pension Benefit Guaranty Corporation or any Governmental Authority succeeding to the functions thereof.

"Pending Revolving Loans" means, at any time, the aggregate principal amount of all Revolving Loans requested in any Notice of Borrowing received by the Agent which have not yet been advanced.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Borrower sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a Multiple-employer Plan has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Affiliate Investments" means Investments by the Parent or any Subsidiary in the Parent or any Subsidiary, provided that the amount of all such Permitted Affiliate Investments made by the Parent or any U.S. Subsidiary during any Enhanced Covenant Period (but subject to the Grandfathering Rules) may not exceed $25,000,000 in the aggregate.

"Permitted Liens" means:

(a) Liens for taxes not delinquent or statutory Liens for taxes provided that the payment of such taxes which are due and payable is being contested in good faith and by appropriate proceedings diligently pursued and as to which adequate financial reserves have been established on Borrower's books and records and a stay of enforcement of any such Lien is in effect;

(b) the Agent's Liens;

(c) Liens consisting of deposits made in the ordinary course of business in connection with, or to secure payment of, obligations under worker's compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than liens arising under ERISA or Environmental Liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds;

(d) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords and other like Persons, provided that if any such Lien arises from the nonpayment of such claims or demand when due, such claims or demands shall not result in a Material Adverse Effect;

(e) Liens constituting encumbrances in the nature of reservations, exceptions, encroachments, easements, rights of way, covenants running with the land, and other similar title exceptions or encumbrances affecting any Real Estate; provided that they do not in the aggregate materially detract from the value of the Real Estate or materially interfere with its use in the ordinary conduct of the Borrower's business;

(f) Liens arising from judgments and attachments in connection with court proceedings provided that the attachment or enforcement of such Liens would not result in an Event of Default hereunder and such Liens are being contested in good faith by appropriate proceedings, adequate reserves have been set aside and no material Property is subject to a

material risk of loss or forfeiture and the claims in respect of such Liens are fully covered by insurance (subject to ordinary and customary deductibles);

(g) Liens existing as of the Closing Date, provided that no such Lien shall encumber any Collateral;

(h) Liens arising solely by virtue of any statutory or common law provisions relating to banker's liens, rights of setoff 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 Borrower or any Restricted Subsidiary in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Borrower or any Restricted Subsidiary to provide collateral to the depository institution;

(i) Liens on property which is not Collateral in respect of conditional sales contracts or retention of title agreements in connection with the acquisition of property permitted under this Agreement, provided that any such Lien shall attach only to the property so acquired;

(j) [Intentionally Deleted].

(k) Liens permitted under the Grandfathering Rules under Section 9.17(b);

(l) Liens in favor of the Bank on cash collateral and cash equivalents securing obligations of the Parent and its Subsidiaries in respect of Bank Products, letters of credit and other financial accommodations provided from time to time by the Bank;

(m) Liens securing the Term Loan and Security Agreement; and

(n) the renewal, extension or replacement of any Lien that was, at the time such Lien was incurred or assumed, permitted hereunder, provided that (i) any such renewal, extension or replacement Lien encumbers the same property as the Lien being renewed, extended or replaced and shall not extend to any additional property not encumbered by the prior Lien and (ii) the Debt secured by such renewal, extension or replacement Lien is then permitted hereunder.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, Governmental Authority, or any other entity.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Borrower sponsors or maintains or to which the Borrower makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Premises" means the land and all buildings, improvements, and fixtures thereon and all tenements, hereditaments, and appurtenances belonging or in any way appertaining thereto, which constitutes all of the real property in which the Borrower has any interest.

"Pro Rata Share" means, with respect to a Lender, a fraction (expressed as a percentage), the numerator of which is the amount of such Lender's Commitment and the denominator of which is the sum of the amounts of all of the Lenders' Commitments, or if no Commitments are outstanding, a fraction (expressed as a percentage), the numerator of which is the amount of Obligations owed to such Lender and the denominator of which is the aggregate amount of the Obligations owed to the Lenders.

"Rate Protection Arrangements" means (a) any and all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, or (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Associations, Inc., or any other master agreement (any such master agreement, together with any related schedules, as amended, restated, extended, supplemented or otherwise modified in writing from time to time, a "Master Agreement), including but not limited to any such obligations or liabilities under any Master Agreement.

"Real Estate" means all of the present and future interests of the Borrower, as owner, lessee, or otherwise, in the Premises, including any interest arising from an option to purchase or lease the Premises or any portion thereof.

"Release" means a release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Contaminant into the indoor or outdoor environment or into or out of any Real Estate or other property, including the movement of Contaminants through or in the air, soil, surface water, groundwater or Real Estate or other property.

"Reportable Event" means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Required Lenders" means at any time Lenders whose Pro Rata Shares aggregate more than 50% as such percentage is determined under the definition of Pro Rata Share set forth herein.

"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, Vice Chairman or the president of the Parent, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants and the preparation of the Borrowing Base Certificate, the chief financial officer or the treasurer of the Parent, or any other officer having substantially the same authority and responsibility.

"Restricted Investment" means, as to any Person, any acquisition of property by such Person in exchange for cash or other property, whether in the form of an acquisition of stock, debt, or other indebtedness or obligation, or the purchase or acquisition of any other property, or a loan, advance, capital contribution, or subscription (collectively, "Investments"), except the following: (a) acquisitions of Equipment in the ordinary course of business to be used in the business of the Parent or its Subsidiaries; (b) acquisitions of Inventory and intellectual property in the ordinary course of business; (c) acquisitions of current assets acquired in the ordinary course of business of the Parent or its Subsidiaries; (d) acquisitions of direct obligations of the United States of America, or any agency thereof, or obligations guaranteed by the United States of America, provided that such obligations mature within one year from the date of acquisition thereof; (e) acquisitions of certificates of deposit maturing within one year from the date of acquisition, bankers' acceptances, Eurodollar bank deposits, or overnight bank deposits, in each case issued by, created by, or with a bank or trust company organized under the laws of the United States or any state thereof having capital and surplus aggregating at least $100,000,000; (f) acquisitions of commercial paper given a rating of "A2" or better by Standard & Poor's Corporation or "P2" or better by Moody's Investors Service, Inc. and maturing not more than 90 days from the date of creation thereof; (g) Rate Protection Arrangements; (h) (i) Investments in the German Subsidiary in effect as of the Closing Date, and (ii) Investments in the German Subsidiary consisting of a revolving intercompany loan made by the Parent, as lender, to the German Subsidiary, as borrower, in an aggregate principal amount not to exceed $750,000,000 at any time outstanding, which loan shall be evidenced by documentation in form and substance reasonably satisfactory to the Agent and the Majority Lenders and the proceeds of which shall be used by the German Subsidiary for general corporate purposes, including, without limitation, working capital, cash expenses and other cash requirements and Project Costs (as defined in the Dresden Agreements) (such revolving intercompany loan, the "Revolving Intercompany Loan"); (i) Permitted Affiliate Investments; (j) any Investment made as the result of the receipt of non-cash consideration from an asset sale permitted under Section 9.8; and (k) loans or advances to employees of the Borrower or any Restricted Subsidiary not to exceed $3,000,000 at any time outstanding.

"Restricted Subsidiary" means any Subsidiary of the Borrower other than the German Subsidiary; provided, however, that the term Restricted Subsidiary shall include the German Subsidiary if in respect of any Debt 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 Debt of, the Parent or any of its Subsidiaries, other than as permitted hereunder.

"Revolving Intercompany Loan" has the meaning specified in clause (h)(iii) of the definition of Restricted Investment.

"Revolving Loans" has the meaning specified in Section 2.2 and includes each Agent Advance and Non-Ratable Loan.

"Revolving Facility" has the meaning specified in Section 2.1.

"Securities Account" means a securities account (as that term is defined in the UCC).

"Settlement" and "Settlement Date" have the meanings specified in Section 2.2(j)(i).

"Solvent" means when used with respect to any Person that at the time of determination:

(i) the assets of such Person, at a fair valuation, are in excess of the total amount of its debts (including contingent liabilities); and

(ii) the present fair saleable value of its assets is greater than its probable liability on its existing debts as such debts become absolute and matured; and

(iii) it is then able and expects to be able to pay its debts (including contingent debts and other commitments) as they mature; and

(iv) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

For purposes of determining whether a Person is Solvent, the amount of any contingent liability shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Stated Termination Date" means July 7, 2007.

"Subsidiary" of a Person means any corporation, association, partnership, joint venture or other business entity of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Parent.

"Swap Termination Value" means, in respect of any one or more Rate Protection Arrangements, after taking into account the effect of any legally enforceable netting agreement relating to such Rate Protection Arrangement, (a) for any date on or after the date such Rate Protection Arrangements 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 Rate Protection Arrangement, as determined by the Parent based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Rate Protection Arrangements (which may include the Bank).

"Taxes" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Lender's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender or the Agent, as the case may be, is organized or maintains a lending office.

"Term Loan and Security Agreement" means the Term Loan and Security Agreement dated as of September 27, 2002, by and among the Parent, AMDISS, the lenders from time to time party thereto and General Electric Capital Corporation, as administrative agent, and the other "Loan Documents" as such term is defined in such Term Loan and Security Agreement (as such Term Loan and Security Agreement and other Loan Documents may from time to time be amended, restated, extended, renewed, supplemented or otherwise modified or assigned from Parent and AMDISS to FASL (Delaware)).

"Termination Date" means the earliest to occur of (i) the Stated Termination Date, (ii) the date the Revolving Facility is terminated either by the Borrower pursuant to Section 4.2 or by the Majority Lenders pursuant to Section 11.2, and (iii) the date this Agreement is otherwise terminated for any reason whatsoever.

"UCC" means the Uniform Commercial Code (or any successor statute) of the State of California or of any other state the laws of which are required by Section 9301 et seq. thereof to be applied in connection with the issue of perfection of security interests.

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"Unused Letter of Credit Subfacility" means an amount equal to $20,000,000 minus the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit plus (b) the aggregate unpaid reimbursement obligations with respect to all Letters of Credit.

"Unused Line Fee" has the meaning specified in Section 3.5.

"U.S. Subsidiary" means any Subsidiary of the Parent that is organized under the laws of the United States or any State thereof or that maintains its chief executive office in the United States.

"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 determination is being made, is owned, beneficially and of record, by the Parent, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.2 Accounting Terms; UCC Terms. (a) Any accounting term used in this Agreement shall have, unless otherwise specifically provided herein, the meaning customarily given in accordance with GAAP, and all financial computations hereunder shall be computed, unless otherwise specifically provided herein, in accordance with GAAP as consistently applied and using the same method for inventory valuation as used in the preparation of the Financial Statements. (b) Subject to the preceding subsection (a), any term used herein which is defined in the UCC and which is not otherwise defined in this Agreement shall have the same meaning when used herein as is given to such term in the UCC.

1.3 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."

(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.

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Agent, the Borrower and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Lenders or the Agent merely because of the Agent's or Lenders' involvement in their preparation.

ARTICLE 2
LOANS AND LETTERS OF CREDIT

2.1 Revolving Facility. Subject to all of the terms and conditions of this Agreement, the Lenders severally agree to make available a revolving credit facility of up to $200,000,000 (the "Revolving Facility") for the Borrower's use from time to time during the term of this Agreement. The Revolving Facility shall be composed of a revolving line of credit consisting of Revolving Loans and Letters of Credit up to the Borrowing Base in effect from time to time, as described in Section 2.2 and Section 2.4.

2.2 Revolving Loans. (a) Amounts. Subject to the satisfaction of the conditions precedent set forth in Article 10, each Lender severally, but not jointly, agrees, upon the Borrower's request from time to time on any Business Day during the period from the Loan Availability Date to the Termination Date, to make revolving loans (the "Revolving Loans") to the Borrower in amounts not to exceed (except for the Bank with respect to Non-Ratable Loans or for the Agent with respect to Agent Advances) such Lender's Pro Rata Share of the Borrowing Base. The Lenders, however, in their unanimous discretion, may elect to make Revolving Loans or issue or arrange to have issued, or participate (as provided for in Section 2.4(f)) in the credit support or enhancement provided through the Agent to the Letter of Credit Issuer in excess of the Availability on one or more occasions, but if they do so, neither the Agent nor the Lenders shall be deemed thereby to have changed the limits of the Borrowing Base or to be obligated to exceed such limits on any other occasion. If the Aggregate Revolver Outstandings exceed the Borrowing Base, the Lenders may refuse to make or otherwise restrict the making of Revolving Loans as the Lenders determine until such excess has been eliminated, subject to the Agent's authority, in its sole discretion, to make Agent Advances pursuant to the terms of Section 2.2(i).

(b) Procedure for Borrowing. (i) Each Borrowing shall be made upon the Borrower's irrevocable written notice delivered to the Agent in the form of a notice of borrowing in the form of Exhibit B ("Notice of Borrowing") together with a Borrowing Base Certificate reflecting sufficient Availability, (which must be received by the Agent prior to 11:00 a.m. (Pasadena, California time) (A) three Business Days prior to the requested Funding Date, in the case of LIBOR Rate Loans and (B) no later than 11:00 a.m. (Pasadena, California time) on the requested Funding Date, in the case of Base Rate Loans, specifying:

(1) the applicable Borrower;

(2) the amount of the Borrowing, which, in the case of LIBOR Rate Loans, shall be in an amount of $5,000,000 or any integral multiple of $1,000,000 in excess thereof;

(3) the requested Funding Date, which shall be a Business Day;

(4) whether the Revolving Loans requested are to be Base Rate Loans or LIBOR Rate Loans; and

(5) the duration of the Interest Period if the requested Revolving Loans are to be LIBOR Rate Loans. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of LIBOR Rate Loans, such Interest Period shall be one month;

provided, however, that with respect to the Borrowing, if any, to be made on the Loan Availability Date, such Borrowing will consist of Base Rate Loans only.

(ii) With respect to any request for Base Rate Loans, in lieu of delivering the above-described Notice of Borrowing the Borrower may give the Agent telephonic notice of such request by the required time, with such telephonic notice to be confirmed in writing within 24 hours of the giving of such notice, but the Agent shall be entitled to rely on the telephonic notice in making such Revolving Loans.

(iii) After giving effect to any Borrowing of LIBOR Rate Loans, there may not be more than five different Interest Periods in effect hereunder.

(c) Reliance upon Authority. On or prior to the Closing Date and thereafter prior to any change with respect to any of the information contained in the following clauses (i) and (ii), the Borrower shall deliver to the Agent a writing setting forth (i) the deposit account of the Borrower to which the Agent is authorized to transfer the proceeds of the Revolving Loans requested pursuant to this Section 2.2, and (ii) the names of the individuals authorized to request Revolving Loans on behalf of the Borrower, and shall provide the Agent with a specimen signature of each such individual. The Agent shall be entitled to rely conclusively on such individual's authority to request Revolving Loans on behalf of the Borrower, the proceeds of which are to be transferred to any of the accounts specified by the Borrower pursuant to the immediately preceding sentence, until the Agent receives written notice to the contrary. The Agent shall have no duty to verify the identity of any individual representing him or herself as one of the officers authorized by the Borrower to make such requests on its behalf.

(d) No Liability. The Agent shall not incur any liability to the Borrower as a result of acting upon any notice referred to in Sections 2.2(b) and (c), which notice the Agent believes in good faith to have been given by an officer duly authorized by the Borrower to request Revolving Loans on its behalf or for otherwise acting in good faith under this Section 2.2, and the crediting of Revolving Loans to the Borrower's deposit account, or transmittal to

such Person as the Borrower shall direct, shall conclusively establish the obligation of the Borrower to repay such Revolving Loans as provided herein.

(e) Notice Irrevocable. Any Notice of Borrowing (or telephonic notice in lieu thereof) made pursuant to Section 2.2(b) shall be irrevocable and the Borrower shall be bound to borrow the funds requested therein in accordance therewith.

(f) Agent's Election. Promptly after receipt of a Notice of Borrowing (or telephonic notice in lieu thereof) pursuant to Section 2.2(b), the Agent shall elect, in its discretion, (i) to have the terms of Section 2.2(g) apply to such requested Borrowing, or (ii) to request the Bank to make a Non-Ratable Loan pursuant to the terms of Section 2.2(h) in the amount of the requested Borrowing; provided, however, that if the Bank declines in its sole discretion to make a Non-Ratable Loan pursuant to Section 2.2(h), the Agent shall elect to have the terms of Section 2.2(g) apply to such requested Borrowing.

(g) Making of Revolving Loans.

(i) In the event that the Agent shall elect to have the terms of this Section 2.2(g) apply to a requested Borrowing as described in Section 2.2(f), then promptly after receipt of a Notice of Borrowing or telephonic notice pursuant to Section 2.2(b), the Agent shall notify the Lenders by telecopy, telephone or other similar form of transmission, of the requested Borrowing. Each Lender shall make the amount of such Lender's Pro Rata Share of the requested Borrowing available to the Agent in immediately available funds, to such account of the Agent as the Agent may designate, not later than 12:00 noon (Pasadena, California time) on the Funding Date applicable thereto. After the Agent's receipt of the proceeds of such Revolving Loans, upon satisfaction of the applicable conditions precedent set forth in Article 10, the Agent shall make the proceeds of such Revolving Loans available to the Borrower on the applicable Funding Date by transferring same day funds equal to the proceeds of such Revolving Loans received by the Agent to the deposit account of the Borrower designated in writing by the Borrower and acceptable to the Agent; provided, however, that the amount of Revolving Loans so made on any date shall in no event exceed the Availability on such date, subject to the provisions of subsection 2.2(a).

(ii) Unless the Agent receives notice from a Lender 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 Lender will not make available as and when required hereunder to the Agent for the account of the Borrower the amount of that Lender's Pro Rata Share of the Borrowing, the Agent may assume that each Lender has made such amount available to the Agent in immediately

available funds on the Funding Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent any Lender 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 Borrower such amount, that Lender shall on the Business Day following such Funding Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice by the Agent submitted to any Lender with respect to amounts owing under this subsection shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Lender's Revolving Loan for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the Funding Date, the Agent will notify the Borrower of such failure to fund and, upon demand by the Agent, the Borrower shall pay such amount to the Agent for the Agent's account, together with 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 Revolving Loans comprising such Borrowing. The failure of any Lender to make any Revolving Loan on any Funding Date (any such Lender, prior to the cure of such failure, being hereinafter referred to as a "Defaulting Lender") shall not relieve any other Lender of any obligation hereunder to make a Revolving Loan on such Funding Date, but no Lender shall be responsible for the failure of any other Lender to make the Revolving Loan to be made by such other Lender on any Funding Date.

(iii) The Agent shall not be obligated to transfer to a Defaulting Lender any payments made by Borrower to the Agent for the Defaulting Lender's benefit; nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder. Amounts payable to a Defaulting Lender shall instead be paid to or retained by the Agent. The Agent may hold and, in its reasonable discretion, re-lend to Borrower the amount of all such payments received or retained by it for the account of such Defaulting Lender. Any amounts so re-lent to the Borrower shall bear interest based on the Base Rate or the LIBOR Rate, at the election of the Borrower, and for all other purposes of this Agreement shall be treated as if they were Revolving Loans, provided, however, that for purposes of voting or consenting to matters with respect to the Loan Documents and determining Pro Rata Shares, such Defaulting Lender shall be deemed not to be a "Lender". Until a Defaulting Lender cures its failure to fund its Pro Rata Share of any Borrowing (A) such Defaulting Lender shall not be entitled to

any portion of the Unused Line Fee and (B) the Unused Line Fee shall accrue in favor of the Lenders which have funded their respective Pro Rata Shares of such requested Borrowing and shall be allocated among such performing Lenders ratably based upon their relative Commitments. This Section shall remain effective with respect to such Lender until such time as the Defaulting Lender shall no longer be in default of any of its obligations under this Agreement. The terms of this Section shall not be construed to increase or otherwise affect the Commitment of any Lender, or relieve or excuse the performance by the Borrower of its duties and obligations hereunder.

(h) Making of Non-Ratable Loans.

(i) In the event the Agent shall elect, with the consent of the Bank, to have the terms of this Section 2.2(h) apply to a requested Borrowing as described in Section 2.2(f), the Bank shall make a Revolving Loan in the amount of such Borrowing (any such Revolving Loan made solely by the Bank pursuant to this Section 2.2(h) being referred to as a "Non-Ratable Loan" and such Revolving Loans being referred to collectively as "Non-Ratable Loans") available to the Borrower on the Funding Date applicable thereto by transferring same day funds to a deposit account of the Borrower designated in writing by the Borrower and acceptable to the Agent. Each Non-Ratable Loan is a Revolving Loan hereunder and shall be subject to all the terms and conditions applicable to other Revolving Loans except that all payments thereon shall be payable to the Bank solely for its own account (and for the account of the holder of any participation interest with respect to such Revolving Loan). The Agent shall not request the Bank to make any Non-Ratable Loan if (A) the Agent shall have received written notice from any Lender that one or more of the applicable conditions precedent set forth in Article 10 will not be satisfied on the requested Funding Date for the applicable Borrowing, or (B) the requested Borrowing would exceed the Availability on such Funding Date. The Bank shall not otherwise be required to determine whether the applicable conditions precedent set forth in Article 10 have been satisfied or the requested Borrowing would exceed the Availability on the Funding Date applicable thereto prior to making, in its sole discretion, any Non-Ratable Loan.

(ii) The Non-Ratable Loans shall be secured by the Agent's Liens in and to the Collateral, shall constitute Revolving Loans and Obligations hereunder, and shall bear interest at the rate applicable to the Revolving Loans from time to time.

(i) Agent Advances.

(i) Subject to the limitations set forth in the provisos contained in this Section 2.2(i), the Agent is hereby authorized by the Borrower and the Lenders, from time to time in the Agent's sole discretion, (A) after the occurrence of a Default or an Event of Default, or (B) at any time that any of the other applicable conditions precedent set forth in Article 10 have not been satisfied, to make Base Rate Loans to the Borrower on behalf of the Lenders which the Agent, in its reasonable business judgment, deems necessary or desirable (1) to preserve or protect the Collateral, or any portion thereof, (2) to enhance the likelihood of, or maximize the amount of, repayment of the Loans and other Obligations, or (3) to pay any other amount chargeable to the Borrower pursuant to the terms of this Agreement, including costs, fees and expenses as described in Section 15.7 (any of the advances described in this Section 2.2(i) being hereinafter referred to as "Agent Advances"); provided, that the Required Lenders may at any time revoke the Agent's authorization contained in this Section 2.2(i) to make Agent Advances, any such revocation to be in writing and to become effective prospectively upon the Agent's receipt thereof; and provided further that, subject to the final proviso of Section 13.2, the Agent shall not intentionally make Agent Advances which would cause the Aggregate Revolver Outstandings to exceed the Borrowing Base.

(ii) The Agent Advances shall be repayable on demand and secured by the Agent's Liens in and to the Collateral, shall constitute Revolving Loans and Obligations hereunder, and shall bear interest at the Base Rate applicable to the Revolving Loans from time to time. The Agent shall notify each Lender in writing of each such Agent Advance.

(j) Settlement. It is agreed that each Lender's funded portion of the Revolving Loans is intended by the Lenders to be equal at all times to such Lender's Pro Rata Share of the outstanding Revolving Loans. Notwithstanding such agreement, the Agent, the Bank, and the other Lenders agree (which agreement shall not be for the benefit of or enforceable by the Borrower) that in order to facilitate the administration of this Agreement and the other Loan Documents, settlement among them as to the Revolving Loans, the Non-Ratable Loans and the Agent Advances shall take place on a periodic basis in accordance with the following provisions:

(i) The Agent shall request settlement ("Settlement") with the Lenders on at least a weekly basis, or on a more frequent basis if so determined by the Agent, (A) on behalf of the Bank, with respect to each outstanding Non-Ratable Loan, (B) for itself, with respect to each Agent Advance, and (C) with respect to collections received, in each case, by notifying the Lenders of such

requested Settlement by telecopy, telephone or other similar form of transmission, of such requested Settlement, no later than 10:00 a.m. (Pasadena, California time) on the date of such requested Settlement (the "Settlement Date"). Each Lender (other than the Bank, in the case of Non-Ratable Loans, and the Agent, in the case of Agent Advances) shall make the amount of such Lender's Pro Rata Share of the outstanding principal amount of the Non-Ratable Loans and Agent Advances with respect to which Settlement is requested available to the Agent, to such account of the Agent as the Agent may designate, not later than 12:00 noon (Pasadena, California time), on the Settlement Date applicable thereto, which may occur before or after the occurrence or during the continuation of a Default or an Event of Default and whether or not the applicable conditions precedent set forth in Article 10 have then been satisfied. Such amounts made available to the Agent shall be applied against the amounts of the applicable Non-Ratable Loan or Agent Advance and, together with the portion of such Non-Ratable Loan or Agent Advance representing the Bank's Pro Rata Share thereof, shall constitute Revolving Loans of such Lenders. If any such amount is not made available to the Agent by any Lender on the Settlement Date applicable thereto, the Agent shall be entitled to recover such amount on demand from such Lender together with interest thereon at the Federal Funds Rate for the first three (3) days from and after the Settlement Date and thereafter at the Base Rate then applicable to the Revolving Loans.

(ii) Notwithstanding the foregoing, not more than one (1) Business Day after demand is made by the Agent (whether before or after the occurrence of a Default or an Event of Default and regardless of whether the Agent has requested a Settlement with respect to a Non-Ratable Loan or Agent Advance), each other Lender (A) shall irrevocably and unconditionally purchase and receive from the Bank or the Agent, as applicable, without recourse or warranty, an undivided interest and participation in such Non-Ratable Loan or Agent Advance equal to such Lender's Pro Rata Share of such Non-Ratable Loan or Agent Advance, and (B) if Settlement has not previously occurred with respect to such Non-Ratable Loans or Agent Advances shall pay to Bank or Agent, as applicable, as the purchase price of such participation an amount equal to one-hundred percent (100%) of such Lender's Pro Rata Share of such Non-Ratable Loans or Agent Advances. If such amount is not in fact made available to the Agent by any Lender, the Agent shall be entitled to recover such amount on demand from such Lender together with interest thereon at the Federal Funds Rate for the first three (3) days from and after such demand and thereafter at the Base Rate then applicable to the Revolving Loans.

(iii) From and after the date, if any, on which any Lender purchases an undivided interest and participation in any Non-Ratable Loan or Agent Advance pursuant to subsection (ii) above, the Agent shall promptly distribute to such Lender at such address as such Lender may request in writing, such Lender's Pro Rata Share of all payments of principal and interest and all proceeds of Collateral received by the Agent in respect of such Non-Ratable Loan or Agent Advance.

(iv) Between Settlement Dates, the Agent, to the extent no Agent Advances or Non-Ratable Loans are outstanding, may pay over to the Bank any payments received by the Agent, which in accordance with the terms of this Agreement would be applied to the reduction of the Revolving Loans, for application to the Bank's Revolving Loans. If, as of any Settlement Date, collections received since the then immediately preceding Settlement Date have been applied to the Bank's Revolving Loans (other than to Non-Ratable Loans or Agent Advances in which such Lender has not yet funded its purchase of a participation pursuant to clause 2.2(j)(ii) above), as provided for in the previous sentence, the Bank shall pay to the Agent for the accounts of the Lenders, to be applied to the outstanding Revolving Loans of such Lenders, an amount such that each Lender shall, upon receipt of such amount, have, as of such Settlement Date, its Pro Rata Share of the Revolving Loans. During the period between Settlement Dates, the Bank with respect to Non-Ratable Loans, the Agent with respect to Agent Advances, and each Lender with respect to the Revolving Loans other than Non-Ratable Loans and Agent Advances, shall be entitled to interest at the applicable rate or rates payable under this Agreement on the actual average daily amount of funds employed by the Bank, the Agent and the other Lenders. Nothing in this Section 2.2(j) is intended to impose any greater obligations on the Borrower to pay interest on the Loans outstanding hereunder than is otherwise provided for in this Agreement.

(k) Notation. The Agent shall record on its books the principal amount of the Revolving Loans owing to each Lender, including the Non-Ratable Loans owing to the Bank, and the Agent Advances owing to the Agent, from time to time. In addition, each Lender is authorized, at such Lender's option, to note the date and amount of each payment or prepayment of principal of such Lender's Revolving Loans in its books and records, including computer records, such books and records constituting presumptive evidence, absent manifest error, of the accuracy of the information contained therein.

(l) Lenders' Failure to Perform. All Revolving Loans (other than Non-Ratable Loans and Agent Advances) shall be made by the Lenders simultaneously and in accordance with their Pro Rata Shares. It is understood that (i) no Lender shall be responsible for any failure

by any other Lender to perform its obligation to make any Revolving Loans hereunder, nor shall any Commitment of any Lender be increased or decreased as a result of any failure by any other Lender to perform its obligation to make any Revolving Loans hereunder, (ii) no failure by any Lender to perform its obligation to make any Revolving Loans hereunder shall excuse any other Lender from its obligation to make any Revolving Loans hereunder, and (iii) the obligations of each Lender hereunder shall be several, not joint and several.

2.3 Bank Products. The Borrower or any of its Subsidiaries may request and the Bank may, in its sole and absolute discretion, arrange for the Borrower or any of its Subsidiaries to obtain from the Bank or the Bank's Affiliates Bank Products, although the Borrower and its Subsidiaries are not required to do so. In the event the Borrower or any of its Subsidiaries request the Bank to procure Bank Products, then the Borrower and its Subsidiaries agree to indemnify and hold the Bank and the Lenders harmless from any and all obligations now or hereafter owing to any other Person by the Bank or any of the Lenders or the Bank's affiliates arising from or related to such Bank Products. The Borrower and its Subsidiaries acknowledge and agree that the obtaining of Bank Products from the Bank or the Bank's Affiliates (a) is in the sole and absolute discretion of the Bank or the Bank's Affiliates, and (b) is subject to all rules and regulations of the Bank.

2.4 Letters of Credit.

(a) Agreement to Issue or Cause To Issue. Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties of the Borrower herein set forth, the Agent agrees (i) to issue or cause to be issued for the account of the Borrower one or more commercial/documentary and standby letters of credit ("Letters of Credit") and (ii) to provide credit support or other enhancement to a Letter of Credit Issuer acceptable to Agent, which issues Letters of Credit for the account of the Borrower (any such credit support or enhancement being herein referred to as a "Credit Support") in accordance with this Section 2.4 from time to time during the term of this Agreement.

(b) Amounts; Outside Expiration Date. The Agent shall not have any obligation to take steps to issue or cause to be issued any Letter of Credit or to provide Credit Support for any Letter of Credit at any time if: (i) the maximum undrawn amount of the requested Letter of Credit is greater than the Unused Letter of Credit Subfacility at such time; (ii) the maximum undrawn amount of the requested Letter of Credit and all commissions, fees, and charges due from the Borrower in connection with the opening thereof exceed the Availability of the Borrower at such time; or (iii) such Letter of Credit has an expiration date later than thirty (30) days prior to the Stated Termination Date or more than twelve (12) months from the date of issuance.

(c) Other Conditions. In addition to being subject to the satisfaction of the applicable conditions precedent contained in Article 10, the obligation of the Agent to issue or to cause to be issued any Letter of Credit or to provide Credit Support for any Letter of Credit is subject to the following conditions precedent having been satisfied in a manner satisfactory to the Agent:

(1) The Borrower shall have delivered to the Letter of Credit Issuer, at such times and in such manner as such Letter of Credit Issuer may prescribe, an application in form and substance satisfactory to such Letter of Credit Issuer and the Agent for the issuance of the Letter of Credit and such other documents as may be required pursuant to the terms thereof, and the form and terms of the proposed Letter of Credit shall be satisfactory to the Agent and the Letter of Credit Issuer; and

(2) As of the date of issuance, no order of any court, arbitrator or Governmental Authority shall purport by its terms to enjoin or restrain money center banks generally from issuing letters of credit of the type and in the amount of the proposed Letter of Credit, and no law, rule or regulation applicable to money center banks generally and no request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over money center banks generally shall prohibit, or request that the proposed Letter of Credit Issuer refrain from, the issuance of letters of credit generally or the issuance of such Letters of Credit.

(d) Issuance of Letters of Credit.

(1) Request for Issuance. The Borrower shall give the Agent three (3) Business Days prior written notice of the Borrower's request for the issuance of a Letter of Credit. Such notice shall be irrevocable and shall specify the original face amount of the Letter of Credit requested, the effective date (which date shall be a Business Day) of issuance of such requested Letter of Credit, whether such Letter of Credit may be drawn in a single or in partial draws, the date on which such requested Letter of Credit is to expire (which date shall be a Business Day), the purpose for which such Letter of Credit is to be issued, and the beneficiary of the requested Letter of Credit. The Borrower shall attach to such notice the proposed form of the Letter of Credit.

(2) Responsibilities of the Agent; Issuance. The Agent shall determine, as of the Business Day immediately preceding the requested effective date of issuance of the Letter of Credit set forth in the notice from the Borrower pursuant to Section 2.4(d)(1), (A) the amount of the applicable Unused Letter of Credit Subfacility and (B) the Availability as of such date. If (i) the undrawn amount of the requested Letter of Credit is not greater than the Unused Letter of Credit Subfacility and (ii) the issuance of such requested Letter of Credit and all commissions, fees, and charges due from the Borrower in connection with the opening thereof would not exceed the Availability of the Borrower, the Agent shall, so long as the other conditions hereof are met, issue or cause the Letter of Credit Issuer, if not the Bank, to issue the requested Letter of Credit on such requested effective date of issuance.

(3) Notice of Issuance. On each Settlement Date, the Agent shall give notice to each Lender of the issuance of all Letters of Credit issued since the last Settlement Date.

(4) No Extensions or Amendment. The Agent shall not be obligated to extend or amend any Letter of Credit issued hereunder unless the requirements of this Section 2.4 are met as though a new Letter of Credit were being

requested and issued. With respect to any Letter of Credit which contains any "evergreen" or automatic renewal provision, each Lender shall be deemed to have consented to any such extension or renewal unless any such Lender shall have provided to the Agent, not less than 30 days prior to the last date on which the applicable issuer can in accordance with the terms of the applicable Letter of Credit decline to extend or renew such Letter of Credit, written notice that it declines to consent to any such extension or renewal; provided, that if all of the requirements of this Section 2.4 are met and no Default or Event of Default exists, no Lender shall decline to consent to any such extension or renewal.

(e) Payments Pursuant to Letters of Credit.

(1) Payment of Letter of Credit Obligations. The Borrower agrees to reimburse immediately the Letter of Credit Issuer for any draw under any Letter of Credit and the Agent for the account of the Lenders upon any payment pursuant to any Credit Support immediately upon demand, and to pay the Letter of Credit Issuer the amount of all other obligations and other amounts payable to such Letter of Credit Issuer under or in connection with any Letter of Credit immediately when due, irrespective of any claim, setoff, defense or other right which the Borrower may have at any time against such issuer or any other Person.

(2) Revolving Loans to Satisfy Reimbursement Obligations. In the event that the Letter of Credit Issuer of any Letter of Credit honors a draw under such Letter of Credit or the Agent shall have made any payment pursuant to any Credit Support and the Borrower shall not have repaid such amount to the Letter of Credit Issuer of such Letter of Credit or the Agent, as applicable, pursuant to Section 2.4(e)(1), the Agent shall, upon receiving notice of such failure, notify each Lender of such failure, and each Lender shall unconditionally pay to the Agent, for the account of the Letter of Credit Issuer or the Agent, as applicable, as and when provided hereinbelow, an amount equal to such Lender's Pro Rata Share of the amount of such payment in Dollars and in same day funds. If the Agent so notifies the Lenders prior to 12:00 noon (Pasadena, California time) on any Business Day, each Lender shall make available to the Agent the amount of such payment, as provided in the immediately preceding sentence, on such Business Day. Such amounts paid by the Lenders to the Agent shall constitute Revolving Loans which shall be deemed to have been requested by the Borrower pursuant to Section 2.2 as set forth in Section 4.7.

(f) Participations.

(1) Purchase of Participations. Immediately upon issuance of any Letter of Credit in accordance with Section 2.4(d), each Lender shall be deemed to have irrevocably and unconditionally purchased and received without recourse or warranty, an undivided interest and participation equal to such Lender's Pro Rata Share of the face amount of such Letter of Credit or the Credit Support provided through the Agent to the Letter of Credit Issuer, if not the Agent, in connection with the issuance of such Letter of Credit (including all obligations of the Borrower with respect thereto, and any security therefor or guaranty pertaining thereto).

(2) Sharing of Reimbursement Obligation Payments. Whenever the Agent receives a payment from the Borrower on account of reimbursement obligations in respect of a Letter of Credit or Credit Support as to which the Agent has previously received for the account of the Letter of Credit Issuer thereof payment from a Lender pursuant to Section 2.4(e)(2), the Agent shall promptly pay to such Lender such Lender's Pro Rata Share of such payment from the Borrower in Dollars. Each such payment shall be made by the Agent on the Business Day on which the Agent receives immediately available funds paid to such Person pursuant to the immediately preceding sentence, if received prior to 1:00 p.m. (Pasadena, California time) on such Business Day and otherwise on the next succeeding Business Day.

(3) Documentation. Upon the request of any Lender, the Agent shall furnish to such Lender copies of any Letter of Credit, reimbursement agreements executed in connection therewith, application for any Letter of Credit and credit support or enhancement provided through the Agent in connection with the issuance of any Letter of Credit, and such other documentation as may reasonably be requested by such Lender.

(4) Obligations Irrevocable. The obligations of each Lender to make payments to the Agent with respect to any Letter of Credit or with respect to any Credit Support provided through the Agent with respect to a Letter of Credit, and the obligations of the Borrower to make payments to the Agent, for the account of the Lenders, shall be irrevocable, not subject to any qualification or exception whatsoever, including any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Loan Documents;

(ii) the existence of any claim, setoff, defense or other right which the Borrower may have at any time against a beneficiary named in a Letter of Credit or any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), any Lender, the Agent, the issuer of such Letter of Credit, or any other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transactions between the Borrower or any other Person and the beneficiary named in any Letter of Credit);

(iii) any draft, certificate or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Loan Documents; or

(v) the occurrence of any Default or Event of Default.

(g) Recovery or Avoidance of Payments. In the event any payment by or on behalf of the Borrower received by the Agent with respect to any Letter of Credit or Credit

Support provided for any Letter of Credit and distributed by the Agent to the Lenders on account of their respective participations therein is thereafter set aside, avoided or recovered from the Agent in connection with any receivership, liquidation or bankruptcy proceeding, the Lenders shall, upon demand by the Agent, pay to the Agent their respective Pro Rata Shares of such amount set aside, avoided or recovered, together with interest at the rate required to be paid by the Agent upon the amount required to be repaid by it.

(h) Compensation for Letters of Credit.

(1) Letter of Credit Fee. The Borrower agrees to pay to the Agent with respect to each Letter of Credit, for the account of the Lenders, the Letter of Credit Fee specified in, and in accordance with the terms of, Section 3.6.

(2) Issuer Fees and Charges. The Borrower shall pay to the Letter of Credit Issuer of any Letter of Credit, or to the Agent for the account of the Letter of Credit Issuer of any such Letter of Credit, solely for such Letter of Credit Issuer's account, such fees and other charges as are charged by such Letter of Credit Issuer for letters of credit issued by it, including its standard fees for issuing, administering, amending, renewing, paying and canceling letters of credit and all other fees associated with issuing or servicing letters of credit, as and when assessed.

(i) Indemnification; Exoneration; Power of Attorney.

(1) Indemnification. In addition to amounts payable as elsewhere provided in this Section 2.4, in Section 15.11 and pursuant to any indemnity agreement contained in any letter of credit agreement between the Borrower and any Letter of Credit Issuer (whether now existing or hereafter arising), the Borrower hereby agrees to protect, indemnify, pay and save the Lenders and the Agent harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) which any Lender or the Agent (other than the Agent in its capacity as Letter of Credit Issuer) may incur or be subject to as a consequence, direct or indirect, of the issuance of any Letter of Credit or the provision of any credit support or enhancement in connection therewith. The agreement in this Section 2.4(i)(1) shall survive payment of all Obligations. Nothing contained in this Agreement is intended to limit or waive the Borrower's rights, if any, with respect to the Letter of Credit Issuer which arise by operation of law or as a result of the letter of credit application and related documents executed by and between the Borrower and the Letter of Credit Issuer.

(2) Assumption of Risk by the Borrower. As among the Borrower, the Lenders, and the Agent, the Borrower assumes all risks of the acts and omissions of, or misuse of any of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Lenders and the Agent shall not be responsible for: (A) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any Person in connection with the application for and issuance of and presentation of drafts with respect to any of the Letters of Credit, even if it should prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) the validity or sufficiency of any instrument transferring or

assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (C) the failure of the beneficiary of any Letter of Credit to comply duly with conditions required in order to draw upon such Letter of Credit; (D) errors, omissions, interruptions, or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (E) errors in interpretation of technical terms; (F) any loss or delay in the transmission or otherwise of any document required in order make a drawing under any Letter of Credit or of the proceeds thereof; (G) the misapplication by the beneficiary of any Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (H) any consequences arising from causes beyond the control of the Lenders or the Agent, including any act or omission, whether rightful or wrongful, of any present or future de jure or de facto Governmental Authority. None of the foregoing shall affect, impair or prevent the vesting of any rights or powers of the Agent or any Lender under this Section 2.4(i).

(3) Exoneration. In furtherance and extension, and not in limitation, of the specific provisions set forth above, any action taken or omitted by the Agent or any Lender under or in connection with any of the Letters of Credit or any related certificates, if taken or omitted in good faith, shall not put the Agent or any Lender under any resulting liability to the Borrower or relieve the Borrower of any of its obligations hereunder to any such Person.

(4) Indemnification by Lenders. The Lenders agree to indemnify the Letter of Credit Issuer (to the extent not reimbursed by the Borrower and without limiting the obligations of Borrower hereunder) ratably in accordance with their respective Pro Rata Shares, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorneys' fees) or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Letter of Credit Issuer in any way relating to or arising out of any Letter of Credit or the transactions contemplated thereby or any action taken or omitted by the Letter of Credit Issuer under any Letter of Credit or any Loan Document in connection therewith; provided that no Lender shall be liable for any of the foregoing to the extent it arises from the gross negligence or willful misconduct of the person to be indemnified. Without limitation of the foregoing, each Lender agrees to reimburse the Letter of Credit Issuer promptly upon demand for its Pro Rata Share of any costs or expenses payable by Borrower to the Letter of Credit Issuer, to the extent that the Letter of Credit Issuer is not promptly reimbursed for such costs and expenses by Borrower. The agreement contained in this section shall survive payment in full of all Obligations.

(5) Account Party. The Borrower hereby authorizes and directs any Letter of Credit Issuer to name the Borrower as the "Account Party" therein and to deliver to the Agent all instruments, documents and other writings and property received by the Letter of Credit Issuer pursuant to the Letter of Credit, and to accept and rely upon the Agent's instructions and agreements with respect to all matters arising in connection with the Letter of Credit or the application therefor.

(j) Supporting Letter of Credit; Cash Collateral. If, notwithstanding the provisions of Section 2.4(b) and Section 12.1 any Letter of Credit is outstanding upon the termination of this Agreement, then upon such termination the Borrower shall deposit with the Agent, for the ratable benefit of the Agent and the Lenders, with respect to each Letter of Credit then outstanding, as the Majority Lenders, in their discretion shall specify, either (A) a standby letter of credit (a "Supporting Letter of Credit") in form and substance satisfactory to the Agent, issued by an issuer satisfactory to the Agent in an amount equal to the greatest amount for which such Letter of Credit may be drawn plus any fees and expenses associated with such Letter of Credit, under which Supporting Letter of Credit the Agent is entitled to draw amounts necessary to reimburse the Agent and the Lenders for payments to be made by the Agent and the Lenders under such Letter of Credit or under any credit support or enhancement provided through the Agent with respect thereto and any fees and expenses associated with such Letter of Credit, or (B) cash in amounts necessary to reimburse the Agent and the Lenders for payments made by the Agent or the Lenders under such Letter of Credit or under any credit support or enhancement provided through the Agent with respect thereto and any fees and expenses associated with such Letter of Credit. Such Supporting Letter of Credit or deposit of cash shall be held by the Agent, for the ratable benefit of the Agent and the Lenders, as security for, and to provide for the payment of, the aggregate undrawn amount of such Letters of Credit remaining outstanding.

(k) Existing Letters of Credit. Agent, Lenders and the Borrower acknowledge that the letters of credit identified on Schedule 8.8 as being issued by Bank (the "Existing L/Cs") have been issued by Bank under the Original Agreement and remain outstanding. The Existing L/Cs shall constitute Letters of Credit hereunder.

ARTICLE 3
INTEREST AND FEES

3.1 Interest.

(a) Interest Rates. All outstanding Obligations shall bear interest on the unpaid principal amount thereof (including, to the extent permitted by law, on interest thereon not paid when due) from the date made until paid in full in cash at a rate determined by reference to the Base Rate or the LIBOR Rate and Sections 3.1(a)(i) or (ii), as applicable, but not to exceed the Maximum Rate described in Section 3.3. Subject to the provisions of Section 3.2, any of the Loans may be converted into, or continued as, Base Rate Loans or LIBOR Rate Loans in the manner provided in Section 3.2. If at any time Loans are outstanding with respect to which notice has not been delivered to the Agent in accordance with the terms of this Agreement specifying the basis for determining the interest rate applicable thereto, then those Loans shall be Base Rate Loans and shall bear interest at a rate determined by reference to the Base Rate until notice to the contrary has been given to the Agent in accordance with this Agreement and such notice has become effective. Except as otherwise provided herein, the outstanding Obligations shall bear interest as follows:

(i) For all Base Rate Loans and other Obligations (other than LIBOR Rate Loans) at a fluctuating per annum rate equal to the Base Rate plus the Applicable Margin; and

(ii) For all LIBOR Rate Loans at a per annum rate equal to the LIBOR Rate plus the Applicable Margin.

Each change in the Base Rate shall be reflected in the interest rate described in clause (i) above as of the effective date of such change. All interest charges shall be computed on the basis of a year of 360 days and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest accrued on all Loans will be payable in arrears on the first day of each month hereafter.

(b) Default Rate. If any Default or Event of Default occurs and is continuing and the Majority Lenders in their discretion so elect, then, while any such Default or Event of Default is outstanding, all of the Obligations shall bear interest at the Default Rate applicable thereto.

3.2 Conversion and Continuation Elections. (a) The Borrower may, upon irrevocable written notice to the Agent in accordance with Section 3.2(b):

(i) elect, as of any Business Day, in the case of Base Rate Loans to convert any such Loans (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof) into LIBOR Rate Loans; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any LIBOR Rate Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of LIBOR Rate Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than $5,000,000, such LIBOR Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Borrower to continue such Loans as, and convert such Loans into, LIBOR Rate Loans, as the case may be, shall terminate.

(b) The Borrower shall deliver a notice of conversion/continuation in the form of Exhibit C ("Notice of Conversion/Continuation") to be received by the Agent not later than 11:00 a.m. (Pasadena, California time) at least three Business Days in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued as LIBOR Rate Loans and specifying:

(i) the applicable Borrower;

(ii) the proposed Conversion/Continuation Date;

(iii) the aggregate amount of Loans to be converted or renewed;

(iv) the type of Loans resulting from the proposed conversion or continuation; and

(v) the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to LIBOR Rate Loans, the Borrower has failed to select timely a new Interest Period to be applicable to LIBOR Rate Loans or if any Default or Event of Default then exists, the Borrower shall be deemed to have elected to convert such LIBOR Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) The Agent will promptly notify each Lender of its receipt of a Notice of Conversion/Continuation. 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 Lender.

(e) During the existence of a Default or Event of Default, the Borrower may not elect to have a Loan converted into or continued as a LIBOR Rate Loan.

(f) After giving effect to any conversion or continuation of Loans, there may not be more than five different Interest Periods in effect hereunder.

3.3 Maximum Interest Rate. In no event shall any interest rate provided for hereunder exceed the maximum rate legally chargeable by any Lender under applicable law for such Lender with respect to loans of the type provided for hereunder (the "Maximum Rate"). If, in any month, any interest rate, absent such limitation, would have exceeded the Maximum Rate, then the interest rate for that month shall be the Maximum Rate, and, if in future months, that interest rate would otherwise be less than the Maximum Rate, then that interest rate shall remain at the Maximum Rate until such time as the amount of interest paid hereunder equals the amount of interest which would have been paid if the same had not been limited by the Maximum Rate. In the event that, upon payment in full of the Obligations, the total amount of interest paid or accrued under the terms of this Agreement is less than the total amount of interest which would, but for this Section 3.3, have been paid or accrued if the interest rates otherwise set forth in this Agreement had at all times been in effect, then the Borrower shall, to the extent permitted by applicable law, pay the Agent, for the account of the Lenders, an amount equal to the excess of (a) the lesser of (i) the amount of interest which would have been charged if the Maximum Rate had, at all times, been in effect or (ii) the amount of interest which would have accrued had the interest rates otherwise set forth in this Agreement, at all times, been in effect over (b) the amount of interest actually paid or accrued under this Agreement. In the event that a court of competent jurisdiction determines that the Agent and/or any Lender has received interest and other charges hereunder in excess of the Maximum Rate, such excess shall be deemed received on account of, and shall automatically be applied to reduce, the Obligations other than interest, in the inverse order of maturity, and if there are no Obligations outstanding, the Agent and/or such Lender shall refund to the Borrower such excess.

3.4 Agent's Fees. The Borrower agrees to pay the Agent the fees (the "Agent's Fees") at the times and in the amounts as set forth in the Fee Letter.

3.5 Unused Line Fee. Until the Loans have been paid in full and the Agreement terminated, the Borrower agrees to pay, on the first day of each month and on the Termination

Date, to the Agent, for the account of the Lenders, in accordance with their respective Pro Rata Shares, an unused line fee (the "Unused Line Fee") equal to the Applicable Fee Amount times the amount by which the Maximum Revolver Amount exceeded the sum of the average daily outstanding amount of Revolving Loans and the average daily undrawn face amount of all outstanding Letters of Credit during the immediately preceding month, or shorter period if calculated on the Termination Date. The Unused Line Fee shall be computed on the basis of a 360-day year for the actual number of days elapsed and shall accrue at all times from and after (but not prior to) the Loan Availability Date. All payments received by the Agent on account of Accounts or as proceeds of other Collateral shall be deemed to be credited to the Loan Account immediately upon receipt for purposes of calculating the Unused Line Fee pursuant to this Section 3.5.

3.6 Letter of Credit Fee. The Borrower agrees to pay to the Agent, for the account of the Lenders, in accordance with their respective Pro Rata Shares, for each Letter of Credit, a fee (the "Letter of Credit Fee") equal to the Applicable Fee Amount times the undrawn face amount of each Letter of Credit, plus all out-of-pocket costs, fees and expenses incurred by the Agent in connection with the application for, processing of, issuance of, or amendment to any Letter of Credit, which costs, fees and expenses could include a "fronting fee" of 0.125% of the face amount of each Letter of Credit payable to such issuer; The Letter of Credit Fee shall be payable monthly in arrears on the first day of each month following any month in which a Letter of Credit was issued or deemed issued (in the case of any Existing Letter of Credit) and/or in which a Letter of Credit remains outstanding. The Letter of Credit Fee shall be computed on the basis of a 360-day year for the actual number of days elapsed.

ARTICLE 4
PAYMENTS AND PREPAYMENTS

4.1 Revolving Loans. The Borrower shall repay the outstanding principal balance of the Revolving Loans, plus all accrued but unpaid interest thereon, on the Termination Date. The Borrower may prepay Revolving Loans at any time, and reborrow subject to the terms of this Agreement; provided, however, that with respect to any LIBOR Rate Loans prepaid by the Borrower prior to the expiration date of the Interest Period applicable thereto, the Borrower promises to pay to the Agent for account of the Lenders the amounts described in Section 5.4. In addition, and without limiting the generality of the foregoing, upon demand the Borrower promises to pay to the Agent, for account of the Lenders, the amount, without duplication, by which the Aggregate Revolver Outstandings exceed the Borrowing Base.

4.2 Termination of Facility. Effective from and after the Loan Availability Date, the Borrower may terminate this Agreement upon at least fifteen (15) Business Days' notice to the Agent and the Lenders, upon (a) the payment in full of all outstanding Revolving Loans, together with accrued interest thereon, and the cancellation and return of all outstanding Letters of Credit, (b) the payment of the early termination fee set forth in the next sentence, (c) the payment in full in cash of all other Obligations together with accrued interest thereon, and (d) with respect to any LIBOR Rate Loans prepaid in connection with such termination prior to the expiration date of the Interest Period applicable thereto, the payment of the amounts described in Section 5.4. If this Agreement is terminated at any time prior to the Stated Termination Date, whether pursuant

to this Section or pursuant to Section 11.2, the Borrower shall pay to the Agent, for the account of the Lenders, an early termination fee determined in accordance with the following table:

Period during which early termination occurs	Early Termination Fee
On or prior to the first Anniversary Date	1.5% of the Maximum Revolver Amount.
After the first Anniversary Date but on or prior to the second Anniversary Date	1.0% of the Maximum Revolver Amount; provided, however, that in the event this Agreement is terminated after the first Anniversary Date in connection with a refinancing hereof by a credit facility agented by any unit or division of the Bank, no early termination fee shall be charged.
After the second Anniversary Date but sixty (60) days prior to the Stated Termination Date	0.5% of the Maximum Revolver Amount; provided, however, that in the event this Agreement is terminated after the first Anniversary Date in connection with a refinancing hereof by a credit facility agented by any unit or division of the Bank, no early termination fee shall be charged.

4.3 Payments by the Borrower. (a) All payments to be made by the Borrower shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Borrower shall be made to the Agent for the account of the Lenders at the Agent's address set forth in Section 15.8, and shall be made in Dollars and in immediately available funds, no later than 1:00 p.m. (Pasadena, California time) on the date specified herein. Any payment received by the Agent later than 1:00 p.m. (Pasadena, California time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, 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.

(c) Unless the Agent receives notice from the Borrower prior to the date on which any payment is due to the Lenders that the Borrower will not make such payment in full as and when required, the Agent may assume that the Borrower 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 Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower has not made such payment in full to the Agent, each Lender shall repay to the Agent on demand such amount distributed to such Lender, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Lender until the date repaid.

4.4 Payments as Revolving Loans. All payments of principal, interest, reimbursement obligations in connection with Letters of Credit, fees, premiums and other sums payable hereunder, including all reimbursement for expenses pursuant to Section 15.7, may, at the option of the Agent, in its sole discretion, subject only to the terms of this Section 4.4, be paid from the proceeds of Revolving Loans made hereunder, whether made following a request by the Borrower pursuant to Section 2.2 or a deemed request as provided in this Section 4.4. The Borrower hereby irrevocably authorizes the Agent to charge the Loan Account for the purpose of paying principal, interest, reimbursement obligations in connection with Letters of Credit, fees, premiums and other sums payable hereunder, including reimbursing expenses pursuant to Section 15.7, and agrees that all such amounts charged shall constitute Revolving Loans (including Non-Ratable Loans and Agent Advances) and that all such Revolving Loans so made shall be deemed to have been requested by Borrower pursuant to Section 2.2.

4.5 Apportionment, Application and Reversal of Payments. Aggregate principal and interest payments shall be apportioned ratably among the Lenders (according to the unpaid principal balance of the Loans to which such payments relate held by each Lender) and payments of the fees shall, as applicable, be apportioned ratably among the Lenders. All payments shall be remitted to the Agent and all such payments not relating to principal or interest of specific Loans, or not constituting payment of specific fees, and all proceeds of Accounts or other Collateral received by the Agent, shall be applied, ratably, subject to the provisions of this Agreement, first, to pay any fees, indemnities or expense reimbursements then due to the Agent from the Borrower; second, to pay any fees or expense reimbursements then due to the Lenders from the Borrower; third, to pay interest due in respect of all Revolving Loans, including Non-Ratable Loans and Agent Advances; fourth, to pay or prepay principal of the Non-Ratable Loans and Agent Advances; fifth, to pay or prepay principal of the Revolving Loans (other than Non-Ratable Loans and Agent Advances) and unpaid reimbursement obligations in respect of Letters of Credit; sixth to any amounts owing under any Bank Product; and seventh, to the payment of any other Obligation due to the Agent or any Lender by the Borrower. Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the Borrower, or unless an Event of Default is outstanding, neither the Agent nor any Lender shall apply any payments which it receives to any LIBOR Rate Loan, except (a) on the expiration date of the Interest Period applicable to any such LIBOR Rate Loan, or (b) in the event, and only to the extent, that there are no outstanding Base Rate Loans. The Agent shall promptly distribute to each Lender, pursuant to the applicable wire transfer instructions received from each Lender in writing, such funds as it may be entitled to receive, subject to a Settlement delay as provided for in Section 2.2(j). The Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Obligations. Notwithstanding anything to the contrary in this Agreement, all proceeds of cash collateral and cash equivalents that is subject to a Lien in favor of the Bank permitted under clause (l) of the definition of "Permitted Liens" shall be applied, first, to pay all obligations of

the Parent and its Subsidiaries secured thereby in respect of Bank Products, letters of credit and other financial accommodations provided from time to time by the Bank.

4.6 Indemnity for Returned Payments. If, after receipt of any payment of, or proceeds applied to the payment of, all or any part of the Obligations, the Agent or any Lender is for any reason compelled to surrender such payment or proceeds to any Person, because such payment or application of proceeds is invalidated, declared fraudulent, set aside, determined to be void or voidable as a preference, impermissible setoff, or a diversion of trust funds, or for any other reason, then the Obligations or part thereof intended to be satisfied shall be revived and continue and this Agreement shall continue in full force as if such payment or proceeds had not been received by the Agent or such Lender, and the Borrower shall be liable to pay to the Agent, and hereby does indemnify the Agent and the Lenders and hold the Agent and the Lenders harmless for, the amount of such payment or proceeds surrendered. The provisions of this Section 4.6 shall be and remain effective notwithstanding any contrary action which may have been taken by the Agent or any Lender in reliance upon such payment or application of proceeds, and any such contrary action so taken shall be without prejudice to the Agent's and the Lenders' rights under this Agreement and shall be deemed to have been conditioned upon such payment or application of proceeds having become final and irrevocable. The provisions of this Section 4.6 shall survive the termination of this Agreement.

4.7 Agent's and Lenders' Books and Records; Monthly Statements. The Borrower agrees that the Agent's and each Lender's books and records showing the Obligations and the transactions pursuant to this Agreement and the other Loan Documents shall be admissible in any action or proceeding arising therefrom, and shall constitute rebuttably presumptive proof thereof, irrespective of whether any Obligation is also evidenced by a promissory note or other instrument. The Agent will provide to the Borrower a monthly statement of Loans, payments, and other transactions pursuant to this Agreement. Such statement shall be deemed correct, accurate, and binding on the Borrower and an account stated (except for reversals and reapplications of payments made as provided in Section 4.5 and corrections of errors discovered by the Agent), unless the Borrower notifies the Agent in writing to the contrary within thirty (30) days after such statement is rendered. In the event a timely written notice of objections is given by the Borrower, only the items to which exception is expressly made will be considered to be disputed by the Borrower.

ARTICLE 5
TAXES, YIELD PROTECTION AND ILLEGALITY

5.1 Taxes. (a) Any and all payments by the Borrower to each Lender 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 Borrower shall pay all Other Taxes.

(b) The Borrower agrees to indemnify and hold harmless each Lender and the Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Lender or the Agent and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted.

Payment under this indemnification shall be made within 30 days after the date the Lender or the Agent makes written demand therefor.

(c) If the Borrower shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Lender 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 Lender or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Borrower shall make such deductions and withholdings;

(iii) the Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Borrower shall also pay to each Lender or the Agent for the account of such Lender, at the time interest is paid, all additional amounts which the respective Lender specifies as necessary to preserve the after-tax yield the Lender would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by the Borrower of Taxes or Other Taxes, the Borrower shall furnish the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.

(e) If the Borrower is required to pay additional amounts to any Lender or the Agent pursuant to subsection (c) of this Section, then such Lender 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 Borrower which may thereafter accrue, if such change in the judgment of such Lender is not otherwise disadvantageous to such Lender.

5.2 Illegality. (a) If any Lender 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 Lender or its applicable lending office to make LIBOR Rate Loans, then, on notice thereof by the Lender to the Borrower through the Agent, any obligation of that Lender to make LIBOR Rate Loans shall be suspended until the Lender notifies the Agent and the Borrower that the circumstances giving rise to such determination no longer exist.

(b) If a Lender determines that it is unlawful to maintain any LIBOR Rate Loan, the Borrower shall, upon its receipt of notice of such fact and demand from such Lender (with a copy to the Agent), prepay in full such LIBOR Rate Loans of that Lender then outstanding,

together with interest accrued thereon and amounts required under Section 5.4, either on the last day of the Interest Period thereof, if the Lender may lawfully continue to maintain such LIBOR Rate Loans to such day, or immediately, if the Lender may not lawfully continue to maintain such LIBOR Rate Loan. If the Borrower is required to so prepay any LIBOR Rate Loan, then concurrently with such prepayment, the Borrower may, at its option, borrow from the affected Lender, in the amount of such repayment, a Base Rate Loan.

5.3 Increased Costs and Reduction of Return. (a) If any Lender determines that, due to either (i) the introduction of or any change in the interpretation of any law or regulation or (ii) the compliance by that Lender 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 Lender of agreeing to make or making, funding or maintaining any LIBOR Rate Loans, or agreeing to issue, issuing, funding or maintaining any Letter of Credit, then the Borrower 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 Lender, additional amounts as are sufficient to compensate such Lender for such increased costs.

(b) If any Lender 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 Lender or any corporation or other entity controlling the Lender with any Capital Adequacy Regulation, affects or would affect the amount of capital required or expected to be maintained by the Lender or any corporation or other entity controlling the Lender and (taking into consideration such Lender's or such corporation's or other entity's policies with respect to capital adequacy and such Lender's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitments, loans, credits or obligations under this Agreement, then, upon demand of such Lender to the Borrower through the Agent, the Borrower shall pay to the Lender, from time to time as specified by the Lender, additional amounts sufficient to compensate the Lender for such increase.

5.4 Funding Losses. The Borrower shall reimburse each Lender and hold each Lender harmless from any loss or expense which the Lender may sustain or incur as a consequence of:

(a) the failure of the Borrower to make on a timely basis any payment of principal of any LIBOR Rate Loan;

(b) the failure of the Borrower to borrow, continue or convert a Loan after the Borrower has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/ Continuation;

(c) the prepayment or other payment (including after acceleration thereof) of an LIBOR 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 LIBOR Rate Loans or from fees payable to terminate the deposits from which such funds were obtained.

5.5 Inability to Determine Rates. If the Agent determines that for any reason adequate and reasonable means do not exist for determining the LIBOR Rate for any requested Interest Period with respect to a proposed LIBOR Rate Loan, or that the LIBOR Rate for any requested Interest Period with respect to a proposed LIBOR Rate Loan does not adequately and fairly reflect the cost to the Lenders of funding such Loan, the Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBOR Rate Loans hereunder shall be suspended until the Agent revokes such notice in writing. Upon receipt of such notice, the Borrower may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrower does not revoke such Notice, the Lenders shall make, convert or continue the Loans, as proposed by the Borrower, in the amount specified in the applicable notice submitted by the Borrower, but such Loans shall be made, converted or continued as Base Rate Loans instead of LIBOR Rate Loans.

5.6 Certificates of Lenders. Any Lender claiming reimbursement or compensation under this Article 5 shall deliver to the Borrower (with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to the Lender hereunder and such certificate shall be conclusive and binding on the Borrower in the absence of manifest error.

5.7 Survival. The agreements and obligations of the Borrower in this Article 5 shall survive the payment of all other Obligations.

ARTICLE 6
COLLATERAL

6.1 Grant of Security Interest. (a) As security for all Obligations, the Borrower hereby grants to the Agent, for the benefit of the Agent and the Lenders, a continuing security interest in, lien on, assignment of and right of set-off against, all of the following property and assets of the Borrower, whether now owned or existing or hereafter acquired or arising, regardless of where located:

(i) all Accounts (including supporting obligations (as such term is defined in the UCC));

(ii) all Inventory;

(iii) all chattel paper, instruments and documents (as such terms are defined in the UCC);

(iv) all General Intangibles;

(v) all money, cash, cash equivalents, securities and other property of any kind of the Borrower held directly or indirectly by the Agent or any Lender or by any bank or securities intermediary which is party to a Control Agreement;

(vi) all of the Borrower's Deposit Accounts, Securities Accounts, credits, and balances with and other claims against the Agent or any Lender or any of their Affiliates, including any Payment Account;

(vii) all books, records and other property related to or referring to any of the foregoing (but subject to the paragraph immediately following clause (viii) below), including books, records, account ledgers, data processing records, computer software and other property and General Intangibles at any time evidencing or relating to any of the foregoing; and

(viii) all accessions to, substitutions for and replacements, products and proceeds of any of the foregoing (but subject to the immediately succeeding paragraph), including, but not limited to, proceeds of any insurance policies and claims against third parties with respect to all or any of the foregoing.

All of the foregoing and all other property of the Borrower in which the Agent or any Lender may at any time be granted a Lien, is herein collectively referred to as the "Collateral." Notwithstanding the foregoing provisions of this Section 6.1, such grant of a security interest shall not extend to, and the term "Collateral" shall not include:

(i) any General Intangibles of the Borrower consisting of licenses, leases or other contracts or any Accounts payable to the Parent by FASL (Japan) (such Accounts, the "FASL (Japan) Accounts") or any chattel paper, documents or instruments evidencing any rights to payment or other obligations of FASL (Japan) to the Parent (the "FASL (Japan) Documents"), to the extent that (A) such General Intangibles, FASL (Japan) Accounts or FASL (Japan) Documents are not assignable or capable of being encumbered as a matter of law or under the terms of the license, lease or other agreement applicable thereto, including the FASL (Japan) Agreements (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the licensor or lessor thereof or other applicable party thereto and (B) such consent has not been obtained; provided, however, that the foregoing grant of security interest shall extend to, and the term "Collateral" shall include (but subject to the exclusions from the definition of General Intangibles set forth in clauses (a) and (b) of such definition), (1) any General Intangible which are proceeds of, or otherwise related to the enforcement or collection of, any Account (other than any FASL (Japan) Account which is excludable as provided above), (2) any and all proceeds of any General Intangibles and of the FASL (Japan) Accounts or FASL (Japan) Documents which are otherwise excluded to the extent that the assignment or encumbrance of such proceeds is not so restricted, and (3) upon obtaining the consent of any such licensor, lessor or other applicable party with respect to any such otherwise excluded General Intangibles, FASL (Japan) Accounts or FASL (Japan) Documents (it being understood by the parties that the Borrower shall be under no obligation hereunder to obtain any such consent), such General

Intangibles, FASL (Japan) Accounts and FASL (Japan) Documents, as well as any and all proceeds thereof, that might have theretofore have been excluded from such grant of a security interest and the term "Collateral";

(ii) any Accounts payable to the Parent by the German Subsidiary (such Accounts, the "German Subsidiary Accounts") or any General Intangibles or chattel paper, documents or instruments evidencing any rights to payment or other obligations of the German Subsidiary to the Parent, including the Dresden Agreements, and any proceeds thereof;

(iii) any Accounts payable to the Parent by the Mask House Affiliates or any General Intangibles or chattel paper, documents or instruments evidencing any rights to payment or other obligations of the Mask House Affiliates to the Parent, including the Mask House Agreements, and any proceeds thereof; and

(iv) the FASL (Delaware) Contributed Collateral upon the sale, contribution or transfer thereof to FASL (Delaware) pursuant to the FASL (Delaware) Organizational Documents.

(b) All of the Obligations shall be secured by all of the Collateral.

6.2 Perfection and Protection of Security Interest. (a) The Borrower shall, at its expense, perform all steps requested by the Agent at any time to perfect, maintain, protect, and enforce the Agent's Liens, including: (i) executing and filing financing or continuation statements, and amendments thereof, in form and substance satisfactory to the Agent; (ii) delivering to the Agent the originals of all instruments, documents, and chattel paper, and all other Collateral of which the Agent determines it should have physical possession in order to perfect and protect the Agent's security interest therein, duly pledged, endorsed or assigned to the Agent without restriction; (iii) delivering to the Agent warehouse receipts covering any portion of the Collateral located in warehouses and for which warehouse receipts are issued and certificates of title covering any portion of the collateral for which certificates of title have been issued; (iv) when an Event of Default exists, transferring Inventory to warehouses designated by the Agent; (v) placing notations on the Borrower's books of account to disclose the Agent's security interest; (vii) delivering to the Agent all letters of credit on which the Borrower is named beneficiary; and (viii) taking such other steps as are reasonably deemed necessary or desirable by the Agent to maintain and protect the Agent's Liens. To the extent permitted by applicable law, the Agent may file, without the Borrower's signature, one or more financing statements disclosing the Agent's Liens. The Borrower agrees that a carbon, photographic, photostatic, or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement.

(b) If any Collateral is at any time in the possession or control of any warehouseman, bailee or any of the Borrower's agents or processors, then the Borrower shall notify the Agent thereof and shall, at the request of Agent, notify such Person of the Agent's security interest in such Collateral and instruct such Person to hold all such Collateral for the Agent's account subject to the Agent's instructions. If at any time any Collateral is located on any operating facility of the Borrower which is not owned by the Borrower, then the Borrower

shall, at the request of the Agent, obtain written subordinations, in form and substance satisfactory to the Agent, of all present and future Liens to which the owner or lessor of such premises may be entitled to assert against the Collateral.

(c) From time to time, the Borrower shall, upon the Agent's request, execute and deliver confirmatory written instruments pledging to the Agent, for the ratable benefit of the Agent and the Lenders, the Collateral with respect to the Borrower, but the Borrower's failure to do so shall not affect or limit any security interest or any other rights of the Agent or any Lender in and to the Collateral with respect to the Borrower. So long as this Agreement is in effect and until all Obligations have been fully satisfied, the Agent's Liens shall continue in full force and effect in all Collateral (whether or not deemed eligible for the purpose of calculating the Availability or as the basis for any advance, loan, extension of credit, or other financial accommodation).

6.3 Location of Collateral. The Borrower represents and warrants to the Agent and the Lenders that: (a) Schedule 6.3 is a correct and complete list of the Borrower's chief executive office, the location of its books and records and the locations of the Collateral; and (b) Schedule 6.3 correctly identifies any of such facilities and locations that are not owned by the Borrower. The Borrower covenants and agrees that it will not (i) maintain any Collateral at any location other than those locations listed for the Borrower on Schedule 6.3, (ii) otherwise change or add to any of such locations, or (iii) change its jurisdiction of organization or the location of its chief executive office from the location identified in Schedule 6.3, unless it gives the Agent at least thirty (30) days' prior written notice thereof and executes any and all financing statements and other documents that the Agent reasonably requests in connection therewith. Without limiting the foregoing, the Borrower represents that all of its Inventory (other than Inventory in transit) is, and covenants that all of its Inventory will be, located either (a) on premises owned by the Borrower, (b) on premises leased by the Borrower, provided that the Agent has, if reasonably requested by the Agent, received an executed landlord waiver from the landlord of such premises in form and substance satisfactory to the Agent, or (c) in a warehouse or with a bailee, provided that the Agent has, if reasonably requested by the Agent, received an executed bailee letter from the applicable Person in form and substance reasonably satisfactory to the Agent.

6.4 Title to, Liens on, and Sale and Use of Collateral. The Borrower represents and warrants to the Agent and the Lenders and agrees with the Agent and the Lenders that: (a) all of the Collateral is and will continue to be owned by the Borrower free and clear of all Liens whatsoever, except for Permitted Liens; (b) the Agent's Liens in the Collateral will not be subject to any prior Lien; (c) the Borrower will use, store, and maintain the Collateral with all reasonable care and will use such Collateral for lawful purposes only; and (d) the Borrower will not, without the Agent's prior written approval, sell, or dispose of or permit the sale or disposition of any of the Collateral except for sales for scrap of excess or no-movement Inventory and other Inventory in the ordinary course of business. The inclusion of proceeds in the Collateral shall not be deemed to constitute the Agent's or any Lender's consent to any sale or other disposition of the Collateral except as expressly permitted herein. Notwithstanding the foregoing, Borrower and its Subsidiaries may sell, contribute, or otherwise transfer the FASL (Delaware) Contributed Collateral to FASL (Delaware) in accordance with the FASL (Delaware) Organizational Documents and the Agent shall release any Agent's Liens on the FASL (Delaware) Contributed Collateral and shall execute such documents as may be necessary to

evidence the release of the Agent's Liens upon such Collateral; provided, that, after such sale, contribution or transfer thereof, the Borrower will have Net Domestic Cash of no less than $200,000,000.

6.5 Appraisals. Whenever an Event of Default exists, and at such other times not more frequently than once a year as the Agent requests, the Borrower shall, at its expense and upon the Agent's request, provide the Agent with appraisals or updates thereof of any or all of the Collateral from an appraiser, and prepared on a basis, reasonably satisfactory to the Agent, such appraisals and updates to include, without limitation, information required by applicable law and regulation and by the internal policies of the Lenders.

6.6 Access and Examination; Confidentiality. (a) The Agent, accompanied by any Lender which so elects, may, at Borrower's expense, at all reasonable times during regular business hours (and at any time when an Event of Default exists and is continuing) have access to, examine, audit, make extracts from or copies of and inspect any or all of the Borrower's records, files, and books of account and the Collateral, and discuss the Borrower's affairs with the Borrower's officers and management; provided that the Agent and the Lenders agree that, unless an Event of Default has occurred and is continuing, the Agent shall not conduct any such examination, audit or other inspection more than (i) two times in any calendar year at any time prior to the first date, if any, on which the Loan to Availability Ratio is equal to or greater than 50% for fifteen (15) consecutive days (such date, a "Trigger Date") and (ii) four times in any calendar year at any time thereafter; provided, further, that if after any Trigger Date the Loan to Availability Ratio is less than 50% for 120 consecutive days (such 120th day, a "Shut-Off Date") then, from and after such Shut-Off Date, the Agent and the Lenders agree that, unless an Event of Default has occurred and is continuing, the Agent shall not conduct any such examination, audit or other inspection more than (x) two times during the portion of the calendar year then remaining after such Shut-Off Date (and in no event more than four times in all of such calendar year) and in any calendar year thereafter until the next Trigger Date, if any, and (y) four times in any calendar year at any time thereafter until the next Shut-Off Date, if any. The parties agree that the immediately preceding proviso shall govern the permitted frequency of examinations, audits and other inspections conducted by the Agent pursuant to this Section 6.6 in respect of each subsequent Trigger Date and Shut-Off Date occurring thereafter. The parties further agree that the Agent may conduct additional examinations, audits or other inspections, at the expense of the Agent and the Lenders, at all reasonable times during regular business hours, in addition to those contemplated above in this Section 6.6. The Borrower will deliver to the Agent any instrument necessary for the Agent to obtain records from any service bureau maintaining records for the Borrower. The Agent may, and at the direction of the Majority Lenders shall, at any time when a Default or Event of Default exists, and at the Borrower's expense, make copies of all of the Borrower's books and records relating to the Collateral and all relevant financial records, or require the Borrower to deliver such copies to the Agent. The Agent may, without expense to the Agent, use such of the Borrower's respective personnel, supplies, and premises as may be reasonably necessary for maintaining or enforcing the Agent's Liens. The Agent shall have the right, at any time, in the Agent's name or in the name of a nominee of the Agent, to verify the validity, amount or any other matter relating to the Accounts, Inventory, or other Collateral, by mail, telephone, or otherwise.

(b) The Borrower agrees that, subject to the Borrower's prior consent for uses other than in a traditional tombstone, the Agent and each Lender may use the Borrower's name in advertising and promotional material and in conjunction therewith disclose the general terms of this Agreement. The Agent and each Lender severally agree to take commercially reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Borrower and provided to the Agent or such Lender by or on behalf of the Borrower, under this Agreement or any other Loan Document, and neither the Agent, nor such Lender nor any of their respective Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents, except to the extent that such information (i) was or becomes generally available to the public other than as a result of disclosure by the Agent or such Lender, or (ii) was or becomes available on a nonconfidential basis from a source other than the Borrower, provided that such source is not bound by a confidentiality agreement with the Borrower known to the Agent or such Lender; provided, however, that the Agent and any Lender may disclose such information (1) at the request or pursuant to any requirement of any Governmental Authority to which the Agent or such Lender is subject or in connection with an examination of the Agent or such Lender by any such Governmental Authority; (2) pursuant to subpoena or other court process; (3) when required to do so in accordance with the provisions of any applicable Requirement of Law; (4) to the extent reasonably required in connection with any litigation or proceeding (including, but not limited to, any bankruptcy proceeding) to which the Agent, any Lender or their respective Affiliates may be party; (5) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (6) to the Agent's or such Lender's independent auditors, accountants, attorneys and other professional advisors; (7) to any prospective Participant or Assignee under any Assignment and Acceptance, actual or potential, provided that such prospective Participant or Assignee agrees to keep such information confidential to the same extent required of the Agent and the Lenders hereunder; (8) as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Borrower is party or is deemed party with the Agent or such Lender; (9) to its Affiliates, provided that such Affiliates agree to be bound by the confidentiality provisions of this Section 6.6; and (10) with respect to the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Agent or such Lender relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transactions as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the Loans, Letters of Credit and transactions contemplated hereby.

6.7 Collateral Reporting. The Borrower shall provide the Agent with the following documents at the following times in form satisfactory to the Agent: (a) on a monthly basis, at any time prior to the first date, if any, on which either (i) the Loan to Availability Ratio is equal to or greater than 40% for five (5) consecutive Business Days or (ii) Availability as of the close of Agent's business is less than $50,000,000 (either of such dates, a "Trigger Date"), and on a weekly basis thereafter, a schedule of the Borrower's Accounts created since the last such schedule, which schedule shall also identify any collections, credits and other adjustments in respect of the Borrower's Accounts since the last such schedule, and a Borrowing Base

Certificate; provided, however, that if after any Trigger Date the Loan to Availability Ratio is less than 40% for 120 consecutive days (such 120th day, a "Shut-Off Date") then, from and after such Shut-Off Date, the Agent and the Lenders agree that the Borrower shall only be required to deliver each such schedule of Borrower's Accounts and each such Borrowing Base Certificate on a monthly basis until the next Trigger Date, if any, and on a weekly basis thereafter until the next Shut-Off Date, if any (the parties agree that the immediately preceding proviso shall govern the required frequency of the Borrower's delivery of schedules of Borrower's Accounts and Borrowing Base Certificates pursuant to this Section 6.7 in respect of each subsequent Trigger Date and Shut-Off Date occurring thereafter); (b) on a monthly basis, (i) within seven (7) Business Days after the end of each month, an aging of the Borrower's Accounts, together with a reconciliation to the previous month's or week's, as the case may be, aging of the Borrower's Accounts and to the Borrower's general ledger; (ii) within ten (10) Business Days after the end of each month, an aging of the Borrower's accounts payable; and (iii) within ten (10) Business Days after the end of each month, Inventory reports by category, with additional detail showing additions to and deletions from the Inventory; (c) upon request, copies of invoices in connection with the Accounts, customer statements, credit memos, remittance advices and reports, deposit slips, shipping and delivery documents in connection with the Borrower's Accounts and for Inventory and Equipment acquired by the Borrower, purchase orders and invoices; (d) upon request, a statement of the balance of each of the Intercompany Accounts; (e) such other reports as to the Collateral as the Agent shall reasonably request from time to time; and (f) with the delivery of each of the foregoing, a certificate of the Borrower executed by an officer thereof certifying as to the accuracy and completeness of the foregoing. If any of the Borrower's records or reports of the Collateral are prepared by an accounting service or other agent, the Borrower hereby authorizes such service or agent to deliver such records, reports, and related documents to the Agent, for distribution to the Lenders.

6.8 Accounts. (a) The Borrower hereby represents and warrants to the Agent and the Lenders, with respect to the Borrower's Accounts, that: (i) each existing Account represents, and each future Account will represent, a bona fide sale or lease and delivery of goods by the Borrower, or rendition of services by the Borrower, in the ordinary course of the Borrower's business; (ii) each existing Account is, and each future Account will be, for a liquidated amount payable by the Account Debtor thereon on the terms set forth in the invoice therefor or in the schedule thereof delivered to the Agent, without any offset, deduction, defense, or counterclaim except those known to the Borrower and disclosed to the Agent and the Lenders pursuant to this Agreement; (iii) no payment will be received with respect to any Account, and no credit, discount, or extension, or agreement therefor will be granted on any Account, except as reported to the Agent and the Lenders in accordance with this Agreement; (iv) each copy of an invoice delivered to the Agent by the Borrower will be a genuine copy of the original invoice sent to the Account Debtor named therein; and (v) all goods described in any invoice representing a sale of goods will have been delivered to the Account Debtor and all services of the Borrower described in each invoice will have been performed.

(b) The Borrower shall not re-date any invoice or sale or make sales on extended dating beyond that customary in the Borrower's business or extend or modify any Account. If the Borrower becomes aware of any matter adversely affecting the collectability of any Account or Account Debtor involving an amount greater than $200,000, including information regarding the Account Debtor's creditworthiness, the Borrower will promptly so advise the Agent.

(c) The Borrower shall not accept any note or other instrument (except a check or other instrument for the immediate payment of money) with respect to any Account without the Agent's written consent. If the Agent consents to the acceptance of any such instrument, it shall be considered as evidence of the Account and not payment thereof and the Borrower will promptly deliver such instrument to the Agent, endorsed by the Borrower to the Agent in a manner satisfactory in form and substance to the Agent. Regardless of the form of presentment, demand, notice of protest with respect thereto, the Borrower shall remain liable thereon until such instrument is paid in full.

(d) The Borrower shall notify the Agent promptly of all disputes and claims in excess of $1,000,000 with any Account Debtor, and agrees to settle, contest, or adjust such dispute or claim at no expense to the Agent or any Lender. No discount, credit or allowance shall be granted to any such Account Debtor without the Agent's prior written consent, except for discounts, credits and allowances made or given in the ordinary course of the Borrower's business when no Event of Default exists hereunder. The Borrower shall send the Agent a copy of each credit memorandum in excess of $1,000,000 as soon as issued. The Agent may, and at the direction of the Majority Lenders shall, at all times when an Event of Default exists hereunder, settle or adjust disputes and claims directly with Account Debtors for amounts and upon terms which the Agent or the Majority Lenders, as applicable, shall consider advisable and, in all cases, the Agent will credit the Borrower's Loan Account with only the net amounts received by the Agent in payment of any Accounts.

(e) If an Account Debtor returns any Inventory to the Borrower when no Event of Default exists, then the Borrower shall promptly determine the reason for such return and shall issue a credit memorandum to the Account Debtor in the appropriate amount. The Borrower shall immediately report to the Agent any return involving an amount in excess of $1,000,000. Each such report shall indicate the reasons for the returns and the locations and condition of the returned Inventory. In the event any Account Debtor returns Inventory to the Borrower when an Event of Default exists, the Borrower, upon request of the Agent, shall: (i) hold the returned Inventory in trust for the Agent; (ii) segregate all returned Inventory from all of its other property; (iii) dispose of the returned Inventory solely according to the Agent's written instructions; and (iv) not issue any credits or allowances with respect thereto without the Agent's prior written consent. All returned Inventory shall be subject to the Agent's Liens thereon. Whenever any Inventory is returned, the related Account shall be deemed ineligible to the extent of the amount owing by the Account Debtor with respect to such returned Inventory.

6.9 Collection of Accounts; Payments.

(a) The Borrower shall establish a service for collections of Accounts at a Clearing Bank acceptable to the Agent and subject to a Blocked Account Agreement. The Borrower shall instruct all Account Debtors to make all payments directly to the address established for such service. If, notwithstanding such instructions, the Borrower receives any proceeds of Accounts, it shall receive such payments as the Agent's trustee, and shall immediately deliver such payments to the Agent in their original form duly endorsed in blank or deposit them into a Payment Account, as the Agent may direct. All collections received in any such Payment Account or directly by the Borrower or the Agent, and all funds in any Payment Account or other account to which such collections are deposited shall be subject to the

Borrower's control at any time prior to the first date, if any, on which either (a) (i) Net Domestic Cash is less than $200,000,000 and (ii) the Loan to Availability Ratio exceeds 50%, or (b) Net Domestic Cash is less than $150,000,000, and following any such date Agent shall be the only Person entitled to give the Clearing Bank instructions directing disposition of funds in such Payment Account or other account to which such collections are deposited without further consent by the Borrower. The Agent or the Agent's designee may, at any time after the occurrence of an Event of Default, notify Account Debtors that the Accounts have been assigned to the Agent and of the Agent's security interest therein, and may collect them directly and charge the collection costs and expenses to the Loan Account as a Revolving Loan. So long as an Event of Default has occurred and is continuing, the Borrower, at the Agent's request, shall execute and deliver to the Agent such documents as the Agent shall require to grant the Agent access to any post office box in which collections of Accounts are received.

(b) If sales of Inventory are made or services are rendered for cash, the Borrower shall immediately deliver to the Agent or deposit into a Payment Account the cash which the Borrower receives.

(c) All payments, including immediately available funds received by the Agent at a bank designated by it, received by the Agent, whether or not on account of Accounts or as proceeds of other Collateral, will be credited to the Loan Account (conditional upon final collection) after allowing one (1) Business Day for collection; provided, however, that such payments shall be deemed to be credited to the Loan Account immediately upon receipt for purposes of (i) determining Availability, (ii) calculating the Unused Line Fee pursuant to Section 3.5, and (iii) calculating the amount of interest accrued thereon solely for purposes of determining the amount of interest to be distributed by the Agent to the Lenders (but not the amount of interest payable by the Borrower).

(d) In the event the Borrower repays all of the Obligations upon the termination of this Agreement or upon acceleration of the Obligations, other than through the Agent's receipt of payments on account of the Accounts or proceeds of the other Collateral, such payment will be credited (conditional upon final collection) to the Loan Account one (1) Business Day after the Agent's receipt of such funds.

6.10 Inventory; Perpetual Inventory. The Borrower represents and warrants to the Agent and the Lenders and agrees with the Agent and the Lenders that all of the Inventory owned by the Borrower is and will be held for sale or lease (including sales for scrap of excess or no-movement Inventory), or to be furnished in connection with the rendition of services, in the ordinary course of the Borrower's business, and is and will be fit for such purposes. The Borrower will keep its Inventory in good and marketable condition, at its own expense. Borrower will not, without the prior written consent of the Agent, acquire or accept any Inventory on consignment or approval. The Borrower agrees that all Inventory produced in the United States will be produced in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations, and orders thereunder. The Borrower will conduct a physical count of the Inventory at least once per Fiscal Year, and after and during the continuation of an Event of Default, at such other times as the Agent requests, but not to exceed four times in any Fiscal Year. The Borrower will maintain a perpetual inventory reporting system at all times. The Borrower will not, without the Agent's written consent, sell any

Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment, or other repurchase or return basis.

6.11 Documents, Instruments, and Chattel Paper. The Borrower represents and warrants to the Agent and the Lenders that (a) all documents, instruments, and chattel paper describing, evidencing, or constituting Collateral, and all signatures and endorsements thereon, are and will be complete, valid, and genuine, and (b) all goods evidenced by such documents, instruments, and chattel paper are and will be owned by the Borrower, free and clear of all Liens other than Permitted Liens.

6.12 Right to Cure. The Agent may, in its discretion, and shall, at the direction of the Majority Lenders, pay any amount or do any act required of the Borrower hereunder or under any other Loan Document in order to preserve, protect, maintain or enforce the Obligations, the Collateral or the Agent's Liens therein, and which the Borrower fails to pay or do, including payment of any judgment against the Borrower, any insurance premium, any warehouse charge, any finishing or processing charge, any landlord's or bailee's claim, and any other Lien upon or with respect to the Collateral. All payments that the Agent makes under this Section 6.12 and all out-of-pocket costs and expenses that the Agent pays or incurs in connection with any action taken by it hereunder shall be charged to the Borrower's Loan Account as a Revolving Loan. Any payment made or other action taken by the Agent under this Section 6.12 shall be without prejudice to any right to assert an Event of Default hereunder and to proceed thereafter as herein provided.

6.13 Power of Attorney. The Borrower hereby appoints the Agent and the Agent's designee as the Borrower's attorney, with power: (a) to endorse the Borrower's name on any checks, notes, acceptances, money orders, or other forms of payment or security that come into the Agent's or any Lender's possession; (b) to sign the Borrower's name on any invoice, bill of lading, warehouse receipt or other document of title relating to any Collateral, on drafts against customers, on assignments of Accounts, on notices of assignment and other public records; (c) to sign the Borrower's name on any financing statements as may be reasonably deemed necessary or desirable by Agent or any Lender in order to perfect or maintain perfected the Agent's Liens on any Collateral and to file any such financing statements by electronic means with or without a signature as authorized or required by applicable law or filing procedure; (d) to notify the post office authorities to change the address for delivery of the Borrower's mail to an address designated by the Agent and to receive, open and dispose of all mail addressed to the Borrower; (e) to send requests for verification of Accounts to customers or Account Debtors; (f) to clear Inventory, through customs in the Borrower's name, the Agent's name or the name of the Agent's designee, and to sign and deliver to customs officials powers of attorney in the Borrower's name for such purpose; and (g) to do all things necessary to carry out this Agreement; provided, however, that the power of attorney granted under the preceding clauses (a), (b), (d), (f) and (g) shall only be exercisable while an Event of Default exists. The Borrower ratifies and approves all acts of such attorney. None of the Lenders or the Agent nor their attorneys will be liable for any acts or omissions or for any error of judgment or mistake of fact or law unless the result of its own bad faith, gross negligence or willful misconduct. This power, being coupled with an interest, is irrevocable until this Agreement has been terminated and the Obligations have been fully satisfied.

6.14 The Agent's and Lenders' Rights, Duties and Liabilities. The Borrower assumes all responsibility and liability arising from or relating to the use, sale or other disposition of the Collateral. The Obligations shall not be affected by any failure of the Agent or any Lender to take any steps to perfect the Agent's Liens or to collect or realize upon the Collateral, nor shall loss of or damage to the Collateral release the Borrower from any of the Obligations. Following the occurrence and continuation of an Event of Default, the Agent may (but shall not be required to), and at the direction of the Majority Lenders shall, without notice to or consent from the Borrower, sue upon or otherwise collect, extend the time for payment of, modify or amend the terms of, compromise or settle for cash, credit, or otherwise upon any terms, grant other indulgences, extensions, renewals, compositions, or releases, and take or omit to take any other action with respect to the Collateral, any security therefor, any agreement relating thereto, any insurance applicable thereto, or any Person liable directly or indirectly in connection with any of the foregoing, without discharging or otherwise affecting the liability of the Borrower for the Obligations or under this Agreement or any other agreement now or hereafter existing between the Agent and/or any Lender and the Borrower.

ARTICLE 7
BOOKS AND RECORDS; FINANCIAL INFORMATION; NOTICES

7.1 Books and Records. The Parent shall maintain, at all times, correct and complete books, records and accounts in which complete, correct and timely entries are made of its transactions in accordance with GAAP applied consistently with the audited Financial Statements required to be delivered pursuant to Section 7.2(a). The Parent shall, by means of appropriate entries, reflect in such accounts and in all Financial Statements proper liabilities and reserves for all taxes and proper provision for depreciation and amortization of property and bad debts, all in accordance with GAAP. From and after the Loan Availability Date, the Parent shall maintain at all times books and records pertaining to the Collateral in such detail, form and scope as the Agent or any Lender shall reasonably require, including, but not limited to, records of (a) all payments received and all credits and extensions granted with respect to the Accounts; (b) the return, rejections, repossession, stoppage in transit, loss, damage, or destruction of any Inventory; and (c) all other dealings affecting the Collateral.

7.2 Financial Information. The Parent shall promptly furnish to each Lender, all such financial information as the Agent or any Lender shall reasonably request, and notify its auditors and accountants that the Agent, on behalf of the Lenders, is authorized to obtain such information directly from them. Without limiting the foregoing, the Parent will furnish to the Agent, in sufficient copies for distribution by the Agent to each Lender, in such detail as the Agent or the Lenders shall request, the following:

(a) As soon as available, but in any event not later than ninety (90) days after the close of each Fiscal Year, consolidated audited and consolidating audited balance sheets, and statements of income and expense, cash flow and of stockholders' equity for the Parent and its Subsidiaries for such Fiscal Year, and the accompanying notes thereto, setting forth in each case in comparative form figures for the previous Fiscal Year, all in reasonable detail, fairly presenting the financial position and the results of operations of the Parent and its consolidated Subsidiaries as at the date thereof and for the Fiscal Year then ended, and prepared in accordance with GAAP. Such statements shall be examined in accordance with generally accepted auditing

standards by and, in the case of such statements performed on a consolidated basis, accompanied by a report thereon unqualified as to scope of independent certified public accountants selected by the Parent and reasonably satisfactory to the Agent. The Parent, simultaneously with retaining such independent public accountants to conduct such annual audit, shall send a letter to such accountants, with a copy to the Agent and the Lenders, notifying such accountants that one of the primary purposes for retaining such accountants' services and having audited financial statements prepared by them is for use by the Agent and the Lenders. The Parent hereby authorizes the Agent, upon reasonable prior notice to the Parent, to communicate directly with its certified public accountants and, by this provision, authorizes those accountants to disclose to the Agent any and all financial statements and other supporting financial documents and schedules relating to the Parent or any of its Subsidiaries and to discuss directly with the Agent the finances and affairs of the Parent or any of its Subsidiaries.

(b) As soon as available, but in any event not later than twenty five (25) days after the end of each month, consolidated and consolidating unaudited balance sheets of the Parent and its consolidated Subsidiaries as at the end of such month, and consolidated and consolidating unaudited statements of income and expense for the Parent and its consolidated Subsidiaries for such month and for the period from the beginning of the Fiscal Year to the end of such month, each in such form and detail as currently provided to management of the Parent as of the date of this Agreement.

(c) As soon as available, but in any event not later than forty-five (45) days after the close of each fiscal quarter other than the fourth quarter of a Fiscal Year, consolidated and consolidating unaudited balance sheets of the Parent and its consolidated Subsidiaries as at the end of such quarter, and consolidated and consolidating unaudited statements of income and expense and statement of cash flows for the Parent and its Subsidiaries for such quarter and for the period from the beginning of the Fiscal Year to the end of such quarter, all in reasonable detail, fairly presenting the financial position and results of operation of the Parent and its Subsidiaries as at the date thereof and for such periods, prepared in accordance with GAAP consistent with the audited Financial Statements required to be delivered pursuant to Section 7.2(a). The Parent shall certify by a certificate signed by its chief financial officer that all such statements have been prepared in accordance with GAAP and present fairly, subject to normal year-end adjustments, the Parent's financial position as at the dates thereof and its results of operations for the periods then ended.

(d) With each of the audited Financial Statements delivered pursuant to Section 7.2(a), a certificate of the independent certified public accountants that examined such statement to the effect that they have reviewed and are familiar with this Agreement and that, in examining such Financial Statements, they did not become aware of any fact or condition which then constituted a Default or Event of Default, except for those, if any, described in reasonable detail in such certificate.

(e) With each of the annual audited Financial Statements delivered pursuant to Section 7.2(a), and within forty-five (45) days after the end of each fiscal quarter, a certificate of the chief financial officer of the Parent (i) setting forth in reasonable detail the calculations of the covenants set forth in Sections 9.19 and 9.20 during the period covered in such Financial Statements and as at the end thereof and demonstrating compliance with such covenants, if

required under the terms of this Agreement, and (ii) stating that, except as explained in reasonable detail in such certificate, (A) all of the representations and warranties of the Borrower contained in this Agreement and the other Loan Documents are correct and complete in all material respects as at the date of such certificate as if made at such time, except for those that speak as of a particular day, (B) the Borrower is, at the date of such certificate, in compliance in all material respects with all of its respective covenants and agreements in this Agreement and the other Loan Documents, (C) no Default or Event of Default then exists or existed during the period covered by such Financial Statements, (D) describing and analyzing in reasonable detail all material trends, changes, and developments in each and all Financial Statements; and (E) explaining the variances of the figures in the corresponding budgets and prior Fiscal Year financial statements. If such certificate discloses that a representation or warranty is not correct or complete, or that a covenant has not been complied with, or that a Default or Event of Default existed or exists, such certificate shall set forth what action the Parent has taken or proposes to take with respect thereto.

(f) No sooner than sixty (60) days and not less than thirty (30) days prior to the beginning of each Fiscal Year, annual forecasts (to include forecasted consolidated and consolidating balance sheets, statements of income and expenses and statements of cash flow) for the Parent and its Subsidiaries as at the end of and for each month of such Fiscal Year.

(g) Promptly after filing with the PBGC and the IRS, a copy of each annual report or other filing filed with respect to each Plan of the Parent.

(h) Promptly upon the filing thereof, copies of all reports, if any, to or other documents filed by the Parent or any of its Subsidiaries with the Securities and Exchange Commission under the Exchange Act, and all reports, notices, or statements sent or received by the Parent or any of its Subsidiaries to or from the holders of any equity interests of the Parent (other than routine non-material correspondence sent by shareholders of the Parent to the Parent) or any such Restricted Subsidiary or of any Debt for Borrowed Money of the Parent or any of its Restricted Subsidiaries registered under the Securities Act of 1933 or to or from the trustee under any indenture under which the same is issued.

(i) As soon as available, but in any event not later than 15 days after the Parent's receipt thereof, a copy of all management reports and management letters prepared for the Parent by any independent certified public accountants of the Parent.

(j) Promptly after their preparation, copies of any and all proxy statements, financial statements, and reports which the Parent makes available to its shareholders.

(k) Promptly after filing with the IRS, a copy of each tax return filed by the Parent or by any of its Restricted Subsidiaries.

(l) Such additional information as the Agent and/or any Lender may from time to time reasonably request regarding the financial and business affairs of the Parent or any Restricted Subsidiary.

(m) Promptly after the Borrower has notified the Agent of any intention by the Borrower to treat the Loans and/or Letters of Credit and related transactions as being a

"reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4), a duly completed copy of IRS Form 8886 or any successor form.

7.3 Notices to the Lenders. The Parent shall notify the Agent and the Lenders, in writing of the following matters at the following times:

(a) Immediately after becoming aware of any Default or Event of Default.

(b) Immediately after becoming aware of the assertion by the holder of more than $1,000,000 of any capital stock of the Parent or any Restricted Subsidiary or of any Debt of the Parent or any Restricted Subsidiary in excess of $1,000,000 in principal amount that a default exists with respect thereto or that the Parent or such Restricted Subsidiary is not in compliance with the terms thereof, or the threat or commencement by such holder of any enforcement action because of such asserted default or non-compliance.

(c) Immediately after becoming aware of any material adverse change in the Parent's or any Restricted Subsidiary's property, business, operations, or condition (financial or otherwise).

(d) Immediately after becoming aware of any pending or threatened action, suit, proceeding, or counterclaim by any Person, or any pending or threatened investigation by a Governmental Authority, which may materially and adversely affect the Collateral, the repayment of the Obligations, the Agent's or any Lender's rights under the Loan Documents, or the Parent's or any Restricted Subsidiary's property, business, operations, or condition (financial or otherwise).

(e) Immediately after becoming aware of any pending or threatened strike, work stoppage, unfair labor practice claim, or other labor dispute affecting the Parent or any of its Restricted Subsidiaries in a manner which could reasonably be expected to have a Material Adverse Effect.

(f) Immediately after becoming aware of any violation of any law, statute, regulation, or ordinance of a Governmental Authority affecting the Parent or any Restricted Subsidiary which could reasonably be expected to have a Material Adverse Effect.

(g) Immediately after receipt of any notice of any violation by the Parent or any of its Restricted Subsidiaries of any Environmental Law which could reasonably be expected to have a Material Adverse Effect or of the imposition of any Environmental Lien against any property of the Parent or any of its Restricted Subsidiaries or that any Governmental Authority has asserted that the Parent or any Restricted Subsidiary is not in compliance with any Environmental Law or is investigating the Parent's or such Restricted Subsidiary's compliance therewith, in each case, which could reasonably be expected to have a Material Adverse Effect.

(h) Immediately after receipt of any written notice that the Parent or any of its Restricted Subsidiaries is or may be liable to any Person as a result of the Release or threatened Release of any Contaminant or that the Parent or any Restricted Subsidiary is subject to investigation by any Governmental Authority evaluating whether any remedial action is needed

to respond to the Release or threatened Release of any Contaminant which, in either case, is reasonably likely to have a Material Adverse Effect.

(i) Any change in the Borrower's name, state of organization, or form of organization, trade names under which the Borrower will sell Inventory or create Accounts, or to which instruments in payment of Accounts may be made payable, in each case at least thirty (30) days prior thereto.

(j) Within ten (10) Business Days after the Borrower or any ERISA Affiliate knows or has reason to know, that an ERISA Event or a prohibited transaction (as defined in Sections 406 of ERISA and 4975 of the Code) has occurred, and, when known, any action taken or threatened by the IRS, the DOL or the PBGC with respect thereto.

(k) Upon request, copies of the following: (i) each annual report (form 5500 series), including Schedule B thereto, filed with the PBGC, the DOL or the IRS with respect to each Plan, (ii) a copy of each funding waiver request filed with the PBGC, the DOL or the IRS with respect to any Plan and all communications received by the Borrower or any ERISA Affiliate from the PBGC, the DOL or the IRS with respect to such request, and (iii) a copy of each other filing or notice filed with the PBGC, the DOL or the IRS, with respect to each Plan of either Borrower or any ERISA Affiliate.

(l) Of the occurrence of any of the following events affecting the Parent or any ERISA Affiliate (but in no event more than 10 days after such event), together with 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 Parent 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 Parent 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; and

(m) Prior notice of any material change in accounting policies or financial reporting practices by the Parent or any of its consolidated Subsidiaries.

Each notice given under this Section shall describe the subject matter thereof in reasonable detail, and shall set forth the action that the Parent, its Subsidiary, or any ERISA Affiliate, as applicable, has taken or proposes to take with respect thereto.

ARTICLE 8
GENERAL WARRANTIES AND REPRESENTATIONS

The Borrower warrants and represents to the Agent and the Lenders that except as hereafter disclosed to and accepted by the Agent and the Majority Lenders in writing:

8.1 Authorization, Validity, and Enforceability of this Agreement and the Loan Documents. The Borrower has the corporate power and authority to execute, deliver and perform this Agreement and the other Loan Documents, to incur the Obligations, and to grant to the Agent Liens upon and security interests in the Collateral. The Borrower has taken all necessary corporate action (including obtaining approval of its stockholders if necessary) to authorize its execution, delivery, and performance of this Agreement and the other Loan Documents to which it is a party. This Agreement and the other Loan Documents have been duly executed and delivered by the Borrower, and constitute the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms without defense, setoff or counterclaim. The Borrower's execution, delivery, and performance of this Agreement and the other Loan Documents, including the grant or perfection of the Agent's Liens, do not and will not conflict with, or constitute a violation or breach of, or constitute a default under, or result in the creation or imposition of any Lien upon the property of the Borrower or any of its Restricted Subsidiaries by reason of the terms of (a) any contract, mortgage, Lien, lease, agreement, indenture, or instrument to which the Borrower is a party or which is binding upon it, (b) any Requirement of Law applicable to the Borrower or any of its Restricted Subsidiaries, or (c) the certificate or articles of incorporation or by-laws of the Borrower or any of its Restricted Subsidiaries.

8.2 Validity and Priority of Security Interest. The provisions of this Agreement and the other Loan Documents create legal and valid Liens on all the Collateral in favor of the Agent, for the ratable benefit of the Agent and the Lenders, and such Liens constitute perfected and continuing Liens on all the Collateral, having priority over all other Liens on the Collateral, securing all the Obligations, and enforceable against the Borrower and all third parties.

8.3 Organization and Qualification. The Borrower (a) is duly incorporated and organized and validly existing in good standing under the laws of the state of its incorporation, (b) is qualified to do business as a foreign corporation and is in good standing in the jurisdictions set forth on Schedule 8.3 which are the only jurisdictions in which qualification is necessary in order for it to own or lease its property and conduct its business, and (c) has all requisite power and authority to conduct its business and to own its property.

8.4 Corporate Name; Prior Transactions. As of the Loan Availability Date, the Borrower has not, during the past five (5) years, been known by or used any other corporate or fictitious name other than "AMD".

8.5 Subsidiaries and Affiliates. Schedule 8.5 is a correct and complete list of the name and relationship to the Borrower of each of the Borrower's Subsidiaries as of the Loan Availability Date. Each Restricted Subsidiary is (a) duly incorporated and organized and validly existing in good standing under the laws of its state of incorporation set forth on Schedule 8.5, and (b) qualified to do business as a foreign corporation and in good standing in each jurisdiction

in which the failure to so qualify or be in good standing could reasonably be expected to have a material adverse effect on any such Restricted Subsidiary's business, operations, property, or condition (financial or otherwise) and (c) has all requisite power and authority to conduct its business and own its property.

8.6 Financial Statements and Projections.

(a) The Parent has delivered to the Agent and the Lenders the unaudited balance sheet and related statements of income and cash flows for the Parent and its consolidated Subsidiaries as of May 25, 2003. All such financial statements have been prepared in accordance with GAAP and present accurately and fairly the financial position of the Parent and its consolidated Subsidiaries as at the dates thereof and their results of operations for the periods then ended.

(b) The Latest Projections when submitted to the Lenders as required herein represent the Parent's good faith estimate of the future financial performance of the Parent and its consolidated Subsidiaries for the periods set forth therein. The Latest Projections have been prepared on the basis of the assumptions set forth therein, which the Parent believes are fair and reasonable in light of current and reasonably foreseeable business conditions at the time submitted to the Lender.

8.7 Solvency. The Borrower is Solvent prior to and after giving effect to the making of the Revolving Loans, if any, to be made on the Loan Availability Date.

8.8 Debt. As of the Loan Availability Date, and after giving effect to the making of the Revolving Loans, if any, to be made on the Loan Availability Date, the Borrower and its Restricted Subsidiaries have no Debt, except (a) the Obligations, (b) Debt described on Schedule 8.8, and (c) trade payables and other contractual obligations arising in the ordinary course of business.

8.9 Distributions. Since March 26, 1999, no Distribution has been declared, paid, or made upon or in respect of any capital stock or other securities of the Borrower as of the Loan Availability Date.

8.10 Title to Property. The Borrower has good and marketable title in fee simple to its real property, and the Borrower has good, indefeasible, and merchantable title to all of its other property (including the assets reflected on the May 25, 2003 Financial Statements delivered to the Agent and the Lenders, except as disposed of in the ordinary course of business since the date thereof or as permitted under this Agreement), and all of such property constituting Collateral is free of all Liens except Permitted Liens except as specifically disclosed in Schedule 8.10.

8.11 Trade Names. All trade names or styles under which the Borrower or any of its Subsidiaries will sell Inventory or create Accounts, or to which instruments in payment of Accounts may be made payable, are listed on Schedule 8.11.

8.12 Litigation. Except as specifically disclosed in Schedule 8.12, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental

Authority, against the Borrower, 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 Borrower 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.

8.13 Restrictive Agreements. As of the Loan Availability Date, neither the Borrower nor any of its Restricted Subsidiaries is a party to any contract or agreement, or subject to any charter or other corporate or similar restriction, or any Requirement of Law, which would in any respect reasonably be expected to cause a Material Adverse Effect.

8.14 Labor Disputes. As of the Loan Availability Date, (a) there is no collective bargaining agreement or other labor contract covering employees of the Borrower or any of its Restricted Subsidiaries, (b) no such collective bargaining agreement or other labor contract is scheduled to expire during the term of this Agreement, (c) no union or other labor organization is seeking to organize, or to be recognized as, a collective bargaining unit of employees of the Borrower or any of its Restricted Subsidiaries or for any similar purpose, and (d) there is no pending or (to the best of the Borrower's knowledge) threatened, strike, work stoppage, material unfair labor practice claim, or other material labor dispute against or affecting the Borrower or its Restricted Subsidiaries or their employees.

8.15 Environmental Laws. Except as specifically disclosed on Schedule 8.15, as of the Loan Availability Date:

(a) to the best of the Borrower's knowledge, the on-going operations of the Borrower 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 $25,000,000 in the aggregate.

(b) the Borrower 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 Borrower and each of its Restricted Subsidiaries are in compliance with all material terms and conditions of such Environmental Permits;

(c) none of the Borrower, any of its Restricted Subsidiaries or any of their respective present property or operations, is subject to any outstanding written order from or agreement with any Governmental Authority, nor subject to any judicial or docketed administrative proceeding, respecting any Environmental Law, Environmental Claim or Contaminant; and

(d) to the best of the Borrower's knowledge, there are no Contaminants or other conditions or circumstances existing with respect to any property of the Borrower or any Restricted Subsidiary, or arising from operations prior to the Loan Availability Date, of the Borrower or any of its Restricted Subsidiaries that would reasonably be expected to give rise to Environmental Claims with a potential liability of the Borrower and its Restricted Subsidiaries in excess of $25,000,000 in the aggregate for any such condition, circumstance or property and in addition, (i) neither the Borrower 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 Contaminants off-site, and (ii) the Borrower 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.

8.16 No Violation of Law. Neither the Borrower nor any of its Restricted Subsidiaries is in violation of any law, statute, regulation, ordinance, judgment, order, or decree applicable to it which violation could reasonably be expected to have a Material Adverse Effect.

8.17 No Default. Neither the Borrower nor any of its Restricted Subsidiaries is in default with respect to any note, indenture, loan agreement, mortgage, lease, deed, or other agreement to which the Borrower or such Restricted Subsidiary is a party or by which it is bound, which default could reasonably be expected to have a Material Adverse Effect.

8.18 ERISA Compliance. As of the Loan Availability Date:

(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 is intended to qualify under Section 401(a) of the Code and to the best knowledge of the Borrower, nothing has occurred which would cause the loss of such qualification. The Borrower 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 Borrower, 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 Borrower 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 Borrower 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 Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

8.19 Taxes. The Borrower and its Restricted Subsidiaries have filed all federal and other tax returns and reports required to be filed, and have paid all federal and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable. There is no proposed tax assessment against the Borrower or any of its Restricted Subsidiaries that would, if made, have a Material Adverse Effect.

8.20 Regulated Entities. None of the Borrower, any Person controlling the Borrower, or any Subsidiary, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Borrower 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 law, or any other federal or state statute or regulation limiting its ability to incur indebtedness.

8.21 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for working capital or general corporate purposes, not in contravention of this Agreement. Neither the Borrower nor any Subsidiary is engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

8.22 Copyrights, Patents, Trademarks and Licenses, etc. To the best of the Borrower's knowledge, the Borrower or its Restricted Subsidiaries own or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, licenses, rights of way, authorizations and other rights that are reasonably necessary for the operation of its businesses, without conflict with the rights of any other Person. To the best knowledge of the Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Borrower or any Restricted Subsidiary infringes upon any rights held by any other Person. Except as specifically disclosed on Schedule 8.22, no claim or litigation regarding any of the foregoing is pending or, to the best of Borrower's knowledge, threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is, to the best of the Borrower's knowledge, pending or proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

8.23 No Material Adverse Change. No material adverse change has occurred in the Borrower's Property, business, operations, or conditions (financial or otherwise) since the date of the Financial Statements delivered to the Lender under Section 8.6(a).

8.24 Full Disclosure. None of the representations or warranties made by the Borrower 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 Borrower or any Subsidiary in connection with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of the Borrower to the Lenders prior to the Closing Date), 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 Borrower represent the Borrower's best estimates and assumptions as to future performance, which the Borrower 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).

8.25 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower or any of its Restricted Subsidiaries of this Agreement or any other Loan Document.

8.26 Insurance. The properties of the Borrower and its Restricted Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or each such Restricted Subsidiary operates.

8.27 Tax Shelter Regulations. The Borrower does not intend to treat the Loans and/or Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). In the event the Borrower determines to take any action inconsistent with such intention, it will promptly notify the Agent thereof. If the Borrower so notifies the Agent, the Borrower acknowledges that one or more of the Lenders may treat its Loans and/or its interest in the Non-Ratable Loans and/or Agent Advances and/or Letters of Credit as part of the transaction that is subject to Treasury Regulation Section 301.6112-1, and such Lender of Lenders, as applicable, will maintain the lists and other records required by such Treasury Regulation.

ARTICLE 9
AFFIRMATIVE AND NEGATIVE COVENANTS

The Borrower covenants to the Agent and each Lender that, effective from and after the Loan Availability Date, and for so long as any of the Obligations remains outstanding or this Agreement is in effect:

9.1 Taxes and Other Obligations. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, (a) file when due all tax returns and other reports which it is required to file; (b) pay, or provide for the payment, when due, of all taxes, fees, assessments and other governmental charges against it or upon its property, income and franchises, make all required withholding and other tax deposits, and establish adequate reserves for the payment of all such items, and provide to the Agent and the Lenders, upon reasonable request, satisfactory evidence of its timely compliance with the foregoing; and (c) pay when due all Debt owed by it, but subject to any subordination provisions contained in any instrument or agreement evidencing such Debt, and all claims of materialmen, mechanics, carriers, warehousemen, landlords, processors and other like Persons, and all other indebtedness owed by it and perform and

discharge in a timely manner all other obligations undertaken by it; provided, however, neither the Borrower nor any of its Restricted Subsidiaries need pay any tax, fee, assessment, or governmental charge, that (i) it is contesting in good faith by appropriate proceedings diligently pursued, (ii) the Borrower or its Restricted Subsidiary, as the case may be, has established proper reserves for as provided in GAAP, and (iii) no Lien (other than a Permitted Lien) results from such non-payment.

9.2 Corporate Existence and Good Standing. The Borrower shall, and shall cause each of its Restricted Subsidiaries to (subject to the provisions of Section 9.8), maintain its corporate existence and its qualification and good standing in all jurisdictions in which the failure to maintain such existence and qualification or good standing could reasonably be expected to have a material adverse effect on the Borrower's or such Restricted Subsidiary's property, business, operations or condition (financial or otherwise).

9.3 Compliance with Law and Agreements; Maintenance of Licenses. The Borrower 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 by appropriate proceedings diligently pursued. The Borrower shall, and shall cause each of its Subsidiaries to, obtain and maintain all licenses, permits, franchises, and governmental authorizations necessary to own its property and to conduct its business. The Borrower shall not modify, amend or alter its certificate or article of incorporation other than in a manner which does not adversely affect the rights of the Lenders or the Agent.

9.4 Maintenance of Property. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, maintain all of its property necessary and useful in the conduct of its business, in good operating condition and repair, ordinary wear and tear excepted, using the standard of care typical in the industry in the operation and maintenance of its facilities, and 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. The Borrower shall, and shall cause each Restricted Subsidiary to, use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill.

9.5 Insurance.

(a) The Borrower shall maintain, and shall cause each of its Restricted Subsidiaries to maintain, with financially sound and reputable insurers having a rating of at least A-VII or better by Best Rating Guide, insurance against loss or damage by fire with extended coverage; theft, burglary, pilferage and loss in transit; public liability and third party property damage; larceny, embezzlement or other criminal liability; business interruption; public liability and third party property damage; and such other hazards or of such other types as is customary for Persons engaged in the same or similar business.

(b) The Borrower shall cause the Agent, for the ratable benefit of the Agent and the Lenders, to be named (i) as secured party and sole loss payee in respect of each such policy insuring Collateral and (ii) additional insured in respect of each such liability policy, in each case, in a manner acceptable to the Agent. Each policy of insurance shall contain a clause or

endorsement requiring the insurer to give not less than thirty (30) days' prior written notice to the Agent in the event of cancellation of the policy for any reason whatsoever and a clause or endorsement stating that the interest of the Agent shall not be impaired or invalidated by any act or neglect of the Borrower or any of its Subsidiaries or the owner of any premises for purposes more hazardous than are permitted by such policy. All premiums for such insurance shall be paid by the Borrower when due, and certificates of insurance and, if requested by the Agent or any Lender, photocopies of the policies, shall be delivered to the Agent, in each case in sufficient quantity for distribution by the Agent to each of the Lenders. If the Borrower fails to procure such insurance or to pay the premiums therefor when due, the Agent may, and at the direction of the Majority Lenders shall, do so from the proceeds of Revolving Loans.

(c) The Borrower shall promptly notify the Agent and the Lenders of any loss, damage, or destruction to the Collateral in excess of $500,000, whether or not covered by insurance. During the existence of any Event of Default, the Agent is hereby authorized to collect all insurance proceeds in respect of Collateral directly, and to apply or remit them as follows: after deducting from such proceeds the reasonable expenses, if any, incurred by the Agent in the collection or handling thereof, ratably, to the reduction of the Obligations in the order provided for in Section 4.5.

9.6 Environmental Laws. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, conduct its business in compliance with all Environmental Laws applicable to it, including those relating to the generation, handling, use, storage, and disposal of any Contaminant. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, take prompt and appropriate action to respond to any non-compliance with Environmental Laws.

9.7 Compliance with ERISA. The Borrower 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; (c) make all required contributions to any Plan subject to Section 412 of the Code; (d) not engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan; and (e) not engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

9.8 Mergers, Consolidations or Sales. Neither the Borrower nor any of its Restricted Subsidiaries shall (a) wind-up, liquidate or dissolve or agree to do any of the foregoing, except for any winding-up, liquidation or dissolution of any Restricted Subsidiary, or any agreement to do so, in which the assets of such Restricted Subsidiary are distributed to the Borrower or another Restricted Subsidiary, provided, however, that the assets of any U.S. Subsidiary which is the subject of any such wind-up, liquidation or dissolution shall only be distributed to the Borrower or another U.S. Subsidiary or (b) during any Enhanced Covenant Period, but subject to the Grandfathering Rules, enter into any transaction of merger, reorganization, or consolidation, or transfer, sell, assign, lease, or otherwise dispose of all or any part of its property, or agree to do any of the foregoing, except (i) sales of Inventory in the ordinary course of its business; (ii) sales or other dispositions of Equipment in the ordinary course of business that is obsolete, worn-out or no longer useable by Borrower in its business; (iii) Permitted Affiliate Investments; (iv) sales of assets having an aggregate book value of (A) not more than $7,500,000 for all such assets so sold in any Fiscal Year and (B) not more than $30,000,000 for all such assets so sold

after the Closing Date, (v) sales of manufacturing facilities which are made for fair market value, provided that (A) at the time of any such sale, no Event of Default shall exist or would result from such sale, (B) 75% of the aggregate sales price in respect of such sale shall be paid in cash, (C) the proceeds of any such sale shall be reinvested within 24 months of such sale in replacement assets to be used in the ongoing operation of the Parent's and its Restricted Subsidiaries' business, and, pending such reinvestment, the cash proceeds of such sale shall be held by the Parent in the form of cash or cash equivalents, and (D) the aggregate book value of all assets so sold by the Parent and its Restricted Subsidiaries, together, shall not exceed $50,000,000; (vi) mergers or consolidations between the Borrower and any Restricted Subsidiary and between any Restricted Subsidiary and any other Restricted Subsidiary, provided that, with respect to any such transaction involving the Borrower, the Borrower shall be the continuing or surviving corporation; (vii) transfers of the capital stock, partnership interests or membership interests of the German Subsidiary pursuant to any Lien encumbering such capital stock, partnership interests or membership interests, provided that such Lien is permitted under Section 9.17; (viii) transfers of Equipment and Inventory between the Borrower and its Restricted Subsidiaries, and among Restricted Subsidiaries, permitted under Section 9.14; (ix) transactions permitted under Section 9.9 below; and (x) transfers of the capital stock, partnership interests or membership interests of the Mask House Affiliates pursuant to any Lien encumbering such capital stock, partnership interests or membership interests, provided that such Lien is permitted under Section 9.17. Notwithstanding anything to the contrary in this Section 9.8 or elsewhere in this Agreement, (1) the sale or other disposition of Accounts shall not be permitted at any time hereunder, and (2) the Borrower shall not at any time consolidate or merge with or into, 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 except as permitted under the preceding clause (vi).

9.9 Distributions; Capital Change; Restricted Investments. Neither the Borrower nor any of its Restricted Subsidiaries shall (a) directly or indirectly declare or make, or incur any liability to make, any Distribution in respect of any capital stock of AMDISS, except Distributions to the Parent, and (b) during any Enhanced Covenant Period, but subject to the Grandfathering Rules (i) directly or indirectly declare or make, or incur any liability to make, any Distribution, except (A) Distributions to the Borrower by its Restricted Subsidiaries, (B) Distributions by any Wholly-Owned Subsidiary to the Borrower or any other Wholly-Owned Subsidiary, (C) Distributions in connection with the 2003 Stock Option Exchange Program, and (D) redemptions, repurchases, retirements or other acquisitions of any equity interests of the Parent (1) in exchange for other equity interests of the Parent upon the conversion of such equity interests into such other equity interests of the Parent, or (2) out of the proceeds of the substantially concurrent sale (other than to a Subsidiary) of other equity interests of the Parent; (ii) make any change in its capital structure which could have a Material Adverse Effect; or (iii) make any Restricted Investment.

9.10 Transactions Affecting Collateral or Obligations. Neither the Borrower nor any of its Restricted Subsidiaries shall enter into any transaction which would be reasonably expected to have a Material Adverse Effect.

9.11 Guaranties. Neither the Borrower nor any of its Restricted Subsidiaries shall during any Enhanced Covenant Period, but subject to the Grandfathering Rules, make, issue,

become liable on or pay any Guaranty, except (i) Guaranties of the Obligations in favor of the Agent; (ii) other Guaranties existing on the Closing Date and described on Schedule 9.11; (iii) Guaranties of the obligations of FASL (Japan) not to exceed in the aggregate $175,000,000 at any time outstanding (but not the payment of any such Guaranty); (iv) Guaranties by the Borrower or any Restricted Subsidiary guarantying Debt of the Borrower or any Restricted Subsidiary permitted under Section 9.12; (v) Guaranties by the Parent of the obligations of the German Subsidiary under the Dresden Agreements (and payment of such Guaranties) in an amount not to exceed 306,775,130 Euros in the aggregate; (vi) Guaranties by the Parent of the obligations of FASL (Delaware) (but not the payment of such Guaranties) under the Term Loan and Security Agreement in an amount not to exceed $155,000,000 in the aggregate; (vii) Guaranties by the Parent of a loan of up to $150,000,000 incurred by FASL (Delaware) or FASL (Japan); (viii) Guaranties by the Parent of up to $115,000,000 of lease financing by FASL (Delaware); and (ix) Guaranties by Parent of up to $150,000,000 of revolving credit incurred by FASL (Delaware) and secured by assets of FASL (Delaware).

9.12 Debt. Neither the Borrower nor any of its Restricted Subsidiaries shall during any Enhanced Covenant Period, but subject to the Grandfathering Rules, incur any Debt, other than: (i) the Obligations; (ii) trade payables and contractual obligations to suppliers and customers arising in the ordinary course of business; (iii) Debt described on Schedule 8.8; (iv) Debt constituting Permitted Affiliate Investments; (v) any refinancing, renewal or extension of any Debt the incurrence of which was permitted hereunder at the time such Debt was so incurred so long as the principal amount thereof is not increased and such refinancing, renewal or extension is on substantially the same or more favorable terms (from the perspective of the Borrower and its Restricted Subsidiaries) as the terms of the Debt being refinanced, renewed or extended, (vi) Guaranties permitted under Section 9.11; (vii) Debt at any time owing under the Term Loan and Security Agreement; (viii) a loan of up to $150,000,000 incurred by FASL (Delaware) or FASL (Japan); (ix) up to $115,000,000 of lease financing by FASL (Delaware); and (x) up to $150,000,000 of revolving credit incurred by FASL (Delaware) and secured by assets of FASL (Delaware).

9.13 Prepayment. Neither the Borrower nor any of its Restricted Subsidiaries shall during any Enhanced Covenant Period, but subject to the Grandfathering Rules, voluntarily prepay any Debt, except (i) the Obligations in accordance with the terms of this Agreement and (ii) the prepayment of Debt in connection with a refinancing thereof permitted under clause (v) of Section 9.12.

9.14 Transactions with Affiliates. Except as set forth below, neither the Borrower nor any of its Restricted Subsidiaries shall sell, transfer, distribute, or pay any money or property, including, but not limited to, any fees or expenses of any nature (including, but not limited to, any fees or expenses for management services), to any Affiliate, or lend or advance money or property to any Affiliate, or invest in (by capital contribution or otherwise) or purchase or repurchase any stock or indebtedness, or any property, of any Affiliate, or become liable on any Guaranty of the indebtedness, dividends, or other obligations of any Affiliate. Notwithstanding the foregoing provisions of this Section 9.14, the Borrower and its Restricted Subsidiaries may (i) execute, deliver and perform its obligations under, and consummate the transactions contemplated by, the Dresden Agreements, including without limitation the Revolving Intercompany Loans permitted hereunder, (ii) execute, deliver and perform its obligations under,

and consummate the transactions contemplated by, the Mask House Agreements, (iii) execute, deliver and perform its obligations under, and consummate the transactions contemplated by, the FASL (Delaware) Organizational Documents, (iv) engage in other transactions with Affiliates, including the Permitted Affiliate Investments, provided that the terms of any such transactions described in this subsection (iv) shall be materially no less favorable to the Borrower and its Restricted Subsidiaries than would be obtained in a comparable arms'-length transaction with a third party who is not an Affiliate. The Borrower shall fully disclose to the Agent and the Lenders the amounts and terms of any such Affiliate transaction involving consideration in excess of $5,000,000. The parties acknowledge that the Borrower and its Restricted Subsidiaries from time to time engage in transfers among each other of inventory and equipment on an arms-length basis in the ordinary course of business, and no further disclosure is required under this Section 9.14 in that regard. Without limiting the operation of the foregoing provisions of this Section 9.14, the parties further acknowledge that (a) pursuant to the Dresden Agreements (copies of which have been provided to the Agent), the Borrower engages and will engage in transactions with the German Subsidiary, including support in the form of loans and guarantees, the purchase of wafers and research, design and development services (and the license of certain intellectual property rights to the German Subsidiary in connection therewith), the provision of management services to the German Subsidiary, and foreign exchange swap transactions, (b) pursuant to the Sales and Purchase Agreement of FASL (Japan) Products among the Parent, Fujitsu Limited and FASL (Japan) dated as of September 8, 1995, as amended, and related agreements (the "FASL (Japan) Agreement") (copies of which have been provided to the Agent), the Borrower engages and will engage in transactions with FASL (Japan) for the purchase of wafers and the joint development of technology, and certain joint licenses and cross licenses and other agreements in connection therewith, and (c) pursuant to the FASL (Delaware) Organizational Documents, the Borrower engages and will engage in transactions with FASL (Delaware), and, in the case of clauses (a) and (b) above, no further disclosure is required under this Section 9.14 in that regard, and in the case of clause (c), no further disclosure is required under this Section 9.14 in that regard provided that an Enhanced Covenant Period does not exist.

9.15 Investment Banking and Finder's Fees. Neither the Borrower nor any of its Subsidiaries shall pay or agree to pay, or reimburse any other party with respect to, any investment banking or similar or related fee, underwriter's fee, finder's fee, or broker's fee to any Person in connection with this Agreement. The Borrower shall defend and indemnify the Agent and the Lenders against and hold them harmless from all claims of any Person that the Borrower is obligated to pay for any such fees, and all costs and expenses (including attorneys' fees) incurred by the Agent and/or any Lender in connection therewith.

9.16 Business Conducted. The Borrower shall not and shall not permit any of its Subsidiaries to, engage directly or indirectly, in any material line of business substantially different from those lines of business in which the Borrower and its Subsidiaries are engaged on the Closing Date.

9.17 Liens.

(a) Collateral. Neither the Borrower nor any of its Subsidiaries shall create, incur, assume, or permit to exist any Lien on any property constituting Collateral now owned or hereafter acquired by any of them, except Permitted Liens.

(b) Non-Collateral. Neither the Borrower nor any of its Restricted Subsidiaries shall during any Enhanced Covenant Period, but subject to the Grandfathering Rules, create, incur, or assume any Lien, or permit to exist any nonconsensual Lien, on any property not constituting Collateral now owned or hereafter acquired by any of them, except Permitted Liens.

9.18 Fiscal Year. The Borrower shall not change its Fiscal Year.

9.19 Adjusted Tangible Net Worth. From and after the first date, if any, on which Net Domestic Cash is less than $200,000,000, the Parent will maintain Adjusted Tangible Net Worth, determined as of the last day of each fiscal quarter, of not less than the amount set forth below opposite such measurement date:

Measurement Date	Amount
September 31, 2003	$1,250,000,000
December 31, 2003	$1,250,000,000
March 31, 2004	$1,425,000,000
June 30, 2004	$1,425,000,000
September 31, 2004	$1,425,000,000
December 31, 2004	$1,425,000,000
March 31, 2005, June 30, 2005, September 31, 2005 and December 31, 2005	$1,850,000,000
March 31, 2006 and on the last day of each fiscal quarter thereafter	$2,000,000,000

9.20 EBITDA. From and after the first date, if any, on which Net Domestic Cash is less than $200,000,000, the Parent will maintain EBITDA as of the last day of each fiscal period set forth below of not less than the amount set forth below opposite such fiscal period:

Period	Amount
Four fiscal quarters ending September 31, 2003	$150,000,000
Four fiscal quarters ending December 31, 2003	$400,000,000

Period	Amount
Four fiscal quarters ending March 31, 2004	$550,000,000
Four fiscal quarters ending June 30, 2004	$750,000,000
Four fiscal quarters ending September 31, 2004	$850,000,000
Four fiscal quarters ending December 31, 2004	$950,000,000
Four fiscal quarters ending March 31, 2005 and on each fiscal quarter thereafter	$1,050,000,000

9.21 Use of Proceeds. The Borrower 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. The Borrower 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 Borrower 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.

9.22 Further Assurances. (a) The Borrower shall execute and deliver, or cause to be executed and delivered, to the Agent and/or the Lenders such documents and agreements, and shall take or cause to be taken such actions, as the Agent or any Lender may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents. Without limiting the generality of the preceding sentence, promptly upon request by the Agent or the Majority Lenders, the Borrower 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, control agreements, assignments, estoppel certificates, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments the Agent or such Lenders, 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 Loan Documents any of the properties, rights or interests covered by any of the Loan Documents, (iii) to perfect and maintain the validity, effectiveness and priority of any of the Loan 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 Lenders the rights granted or now or hereafter intended to be granted to the Agent

and the Lenders under any Loan Document or under any other document executed in connection therewith.

(b) The Borrower shall ensure that all written information, exhibits and reports furnished to the Agent or the Lenders 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 Lenders and correct any defect or error that may be discovered therein or in any Loan Document or in the execution, acknowledgement or recordation thereof.

9.23 Control Agreements. Within 60 days of the Closing Date, Borrower shall obtain authenticated Control Agreements from each bank and securities intermediary where Borrower maintains Deposit Accounts and/or Securities Accounts containing Domestic Cash.

9.24 FASL (Delaware) Seller Note. Within 30 days of the Closing Date, the Borrower shall deliver to Agent as security for the Obligations the original copy of that certain promissory note made payable by FASL (Delaware) to the order of the Borrower in connection with the sale of certain assets to FASL (Delaware) pursuant to the FASL (Delaware) Organizational Documents (the "Seller Note"), together with duly executed instruments of transfer or assignment in blank, in form and substance acceptable to Agent.

ARTICLE 10
CONDITIONS PRECEDENT

10.1 Conditions to Effectiveness. The effectiveness of this Agreement is subject to the following conditions precedent having been satisfied in a manner satisfactory to the Agent and each Lender:

(a) This Agreement and the other Loan Documents shall have been executed by each party thereto.

(b) The Borrower shall have paid all fees due and payable as of the Closing Date under the Fee Letter, which fees shall be nonrefundable, and all fees and expenses of the Agent and the Attorney Costs incurred in connection with any of the Loan Documents and the transactions contemplated thereby to the extent invoiced.

(c) The Agent shall have received:

(i) copies of the resolutions of the board of directors of the Parent authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary or an Assistant Secretary of the Borrower;

(ii) a certificate of the Secretary or Assistant Secretary of the Borrower, dated the Closing Date, certifying the names, titles and true signatures of the officer or officers of the Borrower authorized to execute, deliver and perform, as applicable, this

Agreement, and all other Loan Documents to be delivered by it hereunder;

(iii) the certificate of incorporation and the bylaws of the Borrower as in effect on the Closing Date, certified by the Secretary or Assistant Secretary of the Borrower as of the Closing Date; and

(iv) a certificate signed by a Responsible Officer of the Parent, dated as of the Closing Date, stating that there has occurred since March 30, 2003, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(v) such other approvals, documents or materials as the Agent or any Lender may reasonably request.

(d) All proceedings taken in connection with the execution of this Agreement and all documents and papers relating thereto shall be reasonably satisfactory in form, scope, and substance to the Agent and the Lenders.

Execution and delivery to the Agent by a Lender of a counterpart of this Agreement shall be deemed confirmation by such Lender that (i) all conditions precedent in this Section 10.1 have been fulfilled to the satisfaction of such Lender and (ii) the decision of such Lender to execute and deliver to the Agent an executed counterpart of this Agreement was made by such Lender independently and without reliance on the Agent or any other Lender as to the satisfaction of any condition precedent set forth in this Section 10.1.

Notwithstanding anything to the contrary in this Section 10.1 or elsewhere in this Agreement, the parties acknowledge and agree that (i) no representations and warranties made or covenants or agreements undertaken or Liens granted under this Agreement by the Borrower (including all representations or warranties made or covenants or agreements undertaken or Liens granted by the Borrower under Articles 6, 8 or 9 of this Agreement) shall be effective until the Loan Availability Date, excluding the Borrower's covenants and agreements set forth in Article 12 and Article 15 of this Agreement (other than Section 15.16), all of which shall be fully effective as of the Closing Date, and (ii) no event or circumstance that would otherwise constitute a Default or an Event of Default hereunder shall constitute such a Default or Event of Default prior to the Loan Availability Date.

10.2 Conditions of Initial Loans. The obligation of the Lenders to make the initial Revolving Loans and the obligation of the Agent to issue or cause to be issued or provide Credit Support for any Letter of Credit are subject to the following conditions precedent having been satisfied, in a manner satisfactory to the Agent and each Lender (such date on which all of the following conditions are and remain satisfied, the "Loan Availability Date"):

(a) All representations and warranties made hereunder and in the other Loan Documents shall be true and correct as of the Loan Availability Date as if made on such date.

(b) No Default or Event of Default shall exist on the Loan Availability Date, or would exist after giving effect to any Loans to be made, any Letters of Credit to be issued or any Credit Support to be in place on such date.

(c) The Borrower shall have paid all fees due and payable as of the Loan Availability Date under the Fee Letter, which fees shall be nonrefundable, and all fees and expenses of the Agent and the Attorney Costs incurred in connection with any of the Loan Documents and the transactions contemplated thereby to the extent invoiced.

(d) A certificate signed by a Responsible Officer of the Parent, dated as of the Loan Availability Date, stating that:(A) the representations and warranties contained in Article VIII are true and correct on and as of such date, (B) no Default or Event of Default exists, and (C) there has occurred since March 30, 2003, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(e) The Agent and the Lenders shall have received such opinions of counsel for the Borrower as the Agent or any Lender shall request, each such opinion to be in a form, scope, and substance satisfactory to the Agent, the Lenders, and their respective counsel;

(f) The Agent shall have received:

(i) acknowledgment copies of proper financing statements, duly filed on or before the Loan Availability Date under the UCC of all jurisdictions that the Agent may deem necessary or desirable in order to perfect the Agent's Lien;

(ii) if required by Agent, the results of a recent lien search in each relevant jurisdiction indicating that there are no Liens on the Collateral except for Permitted Liens; provided, that, Agent may elect to have such search conducted after the Closing Date; and

(iii) duly executed UCC-3 Termination Statements and such other instruments, in form and substance satisfactory to the Agent, as shall be necessary to terminate and satisfy all Liens on the Collateral except Permitted Liens.

(g) The Agent and the Lenders shall have examined the books of account and other records and files of the Borrower and conducted a pre-closing audit which shall include, without limitation, verification of Inventory, Accounts, and the Borrowing Base.

(h) The Agent shall have received evidence, in form, scope, and substance, reasonably satisfactory to the Agent, of all insurance coverage and endorsements in favor of the Agent as required by this Agreement;

(i) The Agent shall have received a good standing and tax good standing certificate for the Borrower 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 Loan Availability Date, if requested by the Agent;

(j) The Agent and the Borrower shall have agreed on the form of Borrowing Base Certificate to be attached hereto as Exhibit A, and the Agent shall have received a completed Borrowing Base Certificate, dated the Loan Availability Date, calculating the Borrowing Base as of the last day of the immediately preceding fiscal month of the Borrower;

(k) The Agent shall have received copies of the resolutions of the board of directors of AMDISS authorizing the transactions contemplated hereby (and ratifying all actions authorized by such resolutions taken by AMDISS prior to the date of such resolutions), certified by the Secretary or an Assistant Secretary of AMDISS;

(l) The Borrower shall have executed and delivered to the Agent a Blocked Account Agreement;

(m) The Borrower shall have delivered to the Agent the completed Schedules to this Agreement in form and substance reasonably satisfactory to the Agent; and

(n) All proceedings taken in connection with the execution of this Agreement, all other Loan Documents and all documents and papers relating thereto shall be reasonably satisfactory in form, scope, and substance to the Agent and the Lenders.

The acceptance by the Borrower of any Loans made or Letters of Credit issued on the date of the initial Borrowing hereunder or the date of the initial issuance of any Letter of Credit hereunder shall be deemed to be a representation and warranty made by the Borrower to the effect that all of the conditions precedent to the making of such Loans or the issuance of such Letters of Credit have been satisfied, with the same effect as delivery to the Agent and the Lenders of a certificate signed by a Responsible Officer of the Borrower, dated such date, to such effect.

10.3 Conditions Precedent to Each Loan. The obligation of the Lenders to make each Loan, including the initial Revolving Loans, if any, on or after the Loan Availability Date, and the obligation of the Agent to issue or cause to be issued or to provide Credit Support for any Letter of Credit, shall be subject to the further conditions precedent that on and as of the date of any such extension of credit:

(a) The following statements shall be true, and the acceptance by the Borrower of any extension of credit shall be deemed to be a statement to the effect set forth in clauses (i), (ii) and (iii), with the same effect as the delivery to the Agent and the Lenders of a certificate signed by a Responsible Officer, dated the date of such extension of credit, stating that:

(i) The representations and warranties contained in this Agreement and the other Loan Documents are correct in all material respects on and as of the date of such extension of credit as though made on and as of such date, other than any such representation or warranty which relates to a specified prior date and except to the extent the Agent and the Lenders have been

notified by the Borrower that any representation or warranty is not correct and the Majority Lenders have explicitly waived in writing compliance with such representation or warranty;

(ii) No event has occurred and is continuing, or would result from such extension of credit, which constitutes a Default or an Event of Default; and

(iii) Neither the Agent nor any Lender shall have received from the Borrower 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.

(b) The amount of the Borrowing Base shall be sufficient to make such Revolving Loans or issue such Letters of Credit without exceeding the Availability, provided, however, that the foregoing conditions precedent are not conditions to each Lender participating in or reimbursing the Bank or the Agent for such Lenders' Pro Rata Share of any Non-Ratable Loan or Agent Advance made in accordance with the provisions of in Sections 2.2(h), (i) and (j).

ARTICLE 11
DEFAULT; REMEDIES

11.1 Events of Default. It shall constitute an event of default ("Event of Default") if any one or more of the following shall occur for any reason:

(a) any failure by the Borrower to pay (i) when due, the principal of any of the Obligations or (ii) within three days after the same becomes due whether upon demand or otherwise, any interest or premium on any of the Obligations or any fee or other amount owing hereunder;

(b) any representation or warranty made or deemed made by the Borrower in this Agreement or by the Borrower or any of its Subsidiaries in any of the other Loan Documents, any Financial Statement, or any certificate furnished by the Borrower or any of its Subsidiaries at any time to the Agent or any Lender is incorrect in any material respect as of the date on which made, deemed made, or furnished;

(c) (i) any default shall occur in the observance or performance of any of the covenants and agreements contained in Sections 6.9, 9.2 (as to the Borrower), 9.3, 9.7, 9.8, 9.9 and 9.11 through 9.21; or (ii) any default shall occur in the observance or performance of any of the covenants and agreements contained in Sections 7.2 and 7.3 and such default shall continue unremedied for a period of 10 days after the earlier of (A) the date upon which a Responsible Officer knew or reasonably should have known of such default or (B) the date upon which written notice thereof is given to the Borrower by the Agent or any Lender; or (iii) any default shall occur in the observance or performance of any of the other covenants and agreements contained in this Agreement, any other Loan Documents, or any other agreement entered into at any time to which the Borrower or any Subsidiary and the Agent or any Lender are party (including in respect of any Bank Product), and such default shall continue unremedied for a

period of 30 days after the earlier of (A) the date upon which a Responsible Officer knew or reasonably should have known of such default or (B) the date upon which written notice thereof is given to the Borrower by the Agent or any Lender), or if any such agreement or document shall terminate (other than in accordance with its terms or the terms hereof or with the written consent of the Agent and the Majority Lenders) or become void or unenforceable, without the written consent of the Agent and the Majority Lenders;

(d) any default shall occur with respect to any Debt For Borrowed Money of the Borrower or any of its Restricted Subsidiaries (other than the Obligations) in an outstanding principal amount which exceeds $2,500,000, or under any agreement or instrument under or pursuant to which any such Debt For Borrowed Money may have been issued, created, assumed, or guaranteed by the Borrower or any of its Restricted Subsidiaries, and such default shall continue for more than the period of grace, if any, therein specified, if the effect thereof (with or without the giving of notice or further lapse of time or both) is to accelerate, or to permit the holders of any such Debt For Borrowed Money to accelerate, the maturity of any such Debt For Borrowed Money; or any such Debt For Borrowed Money shall be declared due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof; or there occurs under any Rate Protection Arrangement an Early Termination Date (as defined in such Rate Protection Arrangement) resulting from (1) any event of default under such Rate Protection Arrangement as to which the Borrower or any Restricted Subsidiary is the Defaulting Party (as defined in such Rate Protection Arrangement) or (2) any Termination Event (as so defined) as to which the Borrower or any Restricted Subsidiary is an Affected Party (as so defined), and, in either event, the Swap Termination Value owed by the Borrower or such Restricted Subsidiary as a result thereof is greater than $2,500,000.

(e) the Borrower or any of its Restricted Subsidiaries shall (i) file a voluntary petition in bankruptcy or file a voluntary petition or an answer or otherwise commence any action or proceeding seeking reorganization, arrangement or readjustment of its debts or for any other relief under the federal Bankruptcy Code, as amended, or under any other bankruptcy or insolvency act or law, state or federal, now or hereafter existing, or consent to, approve of, or acquiesce in, any such petition, action or proceeding; (ii) apply for or acquiesce in the appointment of a receiver, assignee, liquidator, sequestrator, custodian, monitor, trustee or similar officer for it or for all or any part of its property; (iii) make an assignment for the benefit of creditors; or (iv) be unable generally to pay its debts as they become due;

(f) an involuntary petition or proposal shall be filed or an action or proceeding otherwise commenced seeking reorganization, arrangement, consolidation or readjustment of the debts of the Borrower or any of its Restricted Subsidiaries or for any other relief under the federal Bankruptcy Code, as amended, or under any other bankruptcy or insolvency act or law, state or federal, now or hereafter existing and either (i) such petition, proposal, action or proceeding shall not have been dismissed within a period of sixty (60) days after its commencement or (ii) an order for relief against the Borrower or such Restricted Subsidiary shall have been entered in such proceeding;

(g) a receiver, assignee, liquidator, sequestrator, custodian, monitor, trustee or similar officer for the Borrower or any of its Restricted Subsidiaries or for all or any part of its

property shall be appointed or a warrant of attachment, execution or similar process shall be issued against any part of the property of the Borrower or any of its Restricted Subsidiaries;

(h) the Borrower or any of its Restricted Subsidiaries shall file a certificate of dissolution under applicable state law or shall be liquidated, dissolved or wound-up or shall commence or have commenced against it any action or proceeding for dissolution, winding-up or liquidation, or shall take any corporate action in furtherance thereof;

(i) all or any material part of the property of the Borrower or any of its Restricted Subsidiaries shall be nationalized, expropriated or condemned, seized or otherwise appropriated, or custody or control of such property or of the Borrower or such Restricted Subsidiary shall be assumed by any Governmental Authority or any court of competent jurisdiction at the instance of any Governmental Authority, except where contested in good faith by proper proceedings diligently pursued where a stay of enforcement is in effect;

(j) any guaranty of the Obligations shall be terminated, revoked or declared void or invalid;

(k) one or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Borrower or any Restricted Subsidiary involving in the aggregate 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 $2,500,000 or more, and the same shall remain unsatisfied or unvacated and unstayed pending appeal for a period of 30 days after the entry thereof;

(l) any loss, theft, damage or destruction of any item or items of (i) Collateral or (ii) other property of the Borrower or any Restricted Subsidiary occurs which materially and adversely affects the property, business, operation or condition of the Borrower and its Restricted Subsidiaries taken as a whole and is not adequately covered by insurance;

(m) there occurs a Material Adverse Effect;

(n) for any reason other than the failure of the Agent to take any action available to it to maintain perfection of the Agent's Liens, pursuant to the Loan Documents, any Loan Document ceases to be in full force and effect or any Lien with respect to any material portion of the Collateral intended to be secured thereby ceases to be, or is not, valid, perfected and prior to all other Liens (other than Permitted Liens) or is terminated, revoked or declared void;

(o) (i) an ERISA Event shall occur with respect to a Pension Plan or Multi-employer Plan which has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multi-employer Plan or the PBGC in an aggregate amount in excess of 5% of Adjusted Tangible Net Worth; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds 5% of Adjusted Tangible Net Worth; or (iii) the Borrower 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 Multi-employer Plan in an aggregate amount in excess of 5% of Adjusted Tangible Net Worth; or

(p) there occurs a Change of Control.

11.2 Remedies. (a) If an Event of Default exists, the Agent may, in its discretion, and shall, at the direction of the Majority Lenders, do one or more of the following at any time or times and in any order, without notice to or demand on the Borrower: (i) reduce the Maximum Revolver Amount, or the advance rates against Eligible Accounts used in computing the Borrowing Base, or reduce one or more of the other elements used in computing the Borrowing Base; and (ii) restrict the amount of or refuse to make Revolving Loans; and (iii) restrict or refuse to provide the Letters of Credit or Credit Support. If an Event of Default exists, the Agent shall, at the direction of the Majority Lenders, do one or more of the following, in addition to the actions described in the preceding sentence, at any time or times and in any order, without notice to or demand on the Borrower: (A) terminate the Commitments and this Agreement; (B) declare any or all Obligations to be immediately due and payable; provided, however, that upon the occurrence of any Event of Default described in Sections 11.1(e), 11.1(f), 11.1(g), or 11.1(h), the Commitments shall automatically and immediately expire and all Obligations shall automatically become immediately due and payable without notice or demand of any kind; and (C) pursue its other rights and remedies under the Loan Documents and applicable law.

(b) If an Event of Default has occurred and is continuing: (i) the Agent shall have for the benefit of the Lenders, in addition to all other rights of the Agent and the Lenders, the rights and remedies of a secured party under the UCC; (ii) the Agent may, at any time, take possession of the Collateral and keep it on the Borrower's premises, at no cost to the Agent or any Lender, or remove any part of it to such other place or places as the Agent may desire, or the Borrower shall, upon the Agent's demand, at the Borrower's cost, assemble the Collateral and make it available to the Agent at a place reasonably convenient to the Agent; and (iii) the Agent may sell and deliver any Collateral at public or private sales, for cash, upon credit or otherwise, at such prices and upon such terms as the Agent deems advisable, in its sole discretion, and may, if the Agent deems it reasonable, postpone or adjourn any sale of the Collateral by an announcement at the time and place of sale or of such postponed or adjourned sale without giving a new notice of sale. Without in any way requiring notice to be given in the following manner, the Borrower agrees that any notice by the Agent of sale, disposition or other intended action hereunder or in connection herewith, whether required by the UCC or otherwise, shall constitute reasonable notice to the Borrower if such notice is mailed by registered or certified mail, return receipt requested, postage prepaid, or is delivered personally against receipt, at least five (5) Business Days prior to such action to the Borrower's address specified in or pursuant to Section 15.8. If any Collateral is sold on terms other than payment in full at the time of sale, no credit shall be given against the Obligations until the Agent or the Lenders receive payment, and if the buyer defaults in payment, the Agent may resell the Collateral without further notice to the Borrower. In the event the Agent seeks to take possession of all or any portion of the Collateral by judicial process, the Borrower irrevocably waives: (A) the posting of any bond, surety or security with respect thereto which might otherwise be required; (B) any demand for possession prior to the commencement of any suit or action to recover the Collateral; and (C) any requirement that the Agent retain possession and not dispose of any Collateral until after trial or final judgment. The Borrower agrees that the Agent has no obligation to preserve rights to the Collateral or marshal any Collateral for the benefit of any Person. To the maximum extent permitted by applicable law and by any applicable contract governing the usage thereof, the Agent is hereby granted a license or other right to use, without charge, the Borrower's labels,

patents, copyrights, name, trade secrets, trade names, trademarks (subject to the Borrower's right to police the proper usage of trademarks and the maintenance of product quality associated therewith), and advertising matter, or any similar property, in completing production of any Collateral that is work-in-process, advertising or selling any Collateral, and the Borrower's rights under all licenses and all franchise agreements shall inure to the Agent's benefit for such purpose. The proceeds of sale shall be applied first to all expenses of sale, including attorneys' fees, and then to the Obligations. The Agent will return any excess to the Borrower and the Borrower shall remain liable for any deficiency.

(c) If an Event of Default occurs, the Borrower hereby waives all rights to notice and hearing prior to the exercise by the Agent of the Agent's rights to repossess the Collateral without judicial process or to reply, attach or levy upon the Collateral without notice or hearing.

ARTICLE 12
TERM AND TERMINATION

12.1 Term and Termination. The term of this Agreement shall end on the Stated Termination Date, or on such earlier date as provided in this Section 12.1. This Agreement shall automatically terminate without any further action of the parties if the Loan Availability Date shall not have occurred on or prior to July 7, 2003. The Agent upon direction from the Majority Lenders may terminate this Agreement at any time after the Loan Availability Date without notice upon the occurrence of an Event of Default. Subject to Section 4.2, Borrower may terminate this Agreement at any time after the Loan Availability Date, subject to payment and satisfaction of all Obligations (including all unpaid principal, accrued interest and any early termination or prepayment fees or penalties). Upon the effective date of termination of this Agreement for any reason whatsoever, all Obligations (including all unpaid principal, accrued interest and any early termination or prepayment fees or penalties) shall become immediately due and payable and the Borrower shall immediately arrange for the cancellation and return of Letters of Credit then outstanding. Notwithstanding the termination of this Agreement, until all Obligations are indefeasibly paid and performed in full in cash, the Borrower shall remain bound by the terms of this Agreement and shall not be relieved of any of its Obligations hereunder, and the Agent and the Lenders shall retain all their rights and remedies hereunder (including the Agent's Liens in and all rights and remedies with respect to all then existing and after-arising Collateral).

ARTICLE 13
AMENDMENTS; WAIVER; PARTICIPATIONS; ASSIGNMENTS; SUCCESSORS

13.1 No Waivers; Cumulative Remedies. No failure by the Agent or any Lender to exercise any right, remedy, or option under this Agreement or any present or future supplement thereto, or in any other agreement between or among the Borrower and the Agent and/or any Lender, or delay by the Agent or any Lender in exercising the same, will operate as a waiver thereof. No waiver by the Agent or any Lender will be effective unless it is in writing, and then only to the extent specifically stated. No waiver by the Agent or the Lenders on any occasion shall affect or diminish the Agent's and each Lender's rights thereafter to require strict performance by the Borrower of any provision of this Agreement. The Agent's and each

Lender's rights under this Agreement will be cumulative and not exclusive of any other right or remedy which the Agent or any Lender may have.

13.2 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 Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Majority Lenders (or by the Agent at the written request of the Majority Lenders) and the Borrower 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 Lenders and the Borrower and acknowledged by the Agent, do any of the following:

(a) increase or extend the Commitment of any Lender;

(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 Lenders (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 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 Lenders or any of them to take any action hereunder;

(e) increase any of the percentages set forth in the definition of the Borrowing Base;

(f) amend this Section or any provision of the Agreement providing for consent or other action by all Lenders;

(g) release Collateral other than as permitted by Section 14.11;

(h) change the definitions of "Majority Lenders" or "Required Lenders"; or

(i) increase the Maximum Revolver Amount or the Unused Letter of Credit Subfacility.

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent, affect the rights or duties of the Agent under this Agreement or any other Loan Document, (ii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto, and (iii) the Agent may, in its sole discretion and notwithstanding the limitations contained in clauses (e) and (i) above and any other terms of this Agreement, make Revolving Loans (including Agent Advances) in an amount not to exceed 5% of the Borrowing Base.

13.3 Assignments; Participations.

(a) Any Lender may, with the written consent of the Agent (which consent shall not be unreasonably withheld), after consultation with the Borrower, assign and delegate to one or more Eligible Assignees (provided that no written consent of the Agent shall be required in connection with any assignment and delegation by a Lender to an Affiliate of such Lender) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitments and the other rights and obligations of such Lender hereunder, in a minimum amount of $5,000,000 (provided that, unless an assignor Lender has assigned and delegated all of its Loans and Commitments, no such assignment and/or delegation shall be permitted unless, after giving effect thereto, such assignor Lender retains a Commitment in a minimum amount of $5,000,000); provided, however, that the Borrower and the Agent may continue to deal solely and directly with such Lender in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrower and the Agent by such Lender and the Assignee; (ii) such Lender and its Assignee shall have delivered to the Borrower and the Agent an Assignment and Acceptance in the form of Exhibit D ("Assignment and Acceptance") and (iii) the assignor Lender or Assignee has paid to the Agent a processing fee in the amount of $4,000.

(b) From and after the date that the Agent notifies the assignor Lender that it has received 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, including, but not limited to, the obligation to participate in Letters of Credit and Credit Support have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender under the Loan Documents, and (ii) the assignor Lender 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 this Agreement (and in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the Assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto or the attachment, perfection, or priority of any Lien granted by the Borrower to the Agent or any Lender in the Collateral; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto; (iii) such Assignee confirms that it has received a copy of this Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such Assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender, and based on such documents and information as it shall

deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such Assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers, including the discretionary rights and incidental power, as are reasonably incidental thereto; and (vi) such Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Lender pro tanto.

(e) Any Lender may at any time sell to one or more commercial banks, financial institutions, or other Persons not Affiliates of the Borrower (a "Participant") participating interests in any Loans, the Commitment of that Lender and the other interests of that Lender (the "originating Lender") hereunder and under the other Loan Documents; provided, however, that (i) the originating Lender's obligations under this Agreement shall remain unchanged, (ii) the originating Lender shall remain solely responsible for the performance of such obligations, (iii) the Borrower and the Agent shall continue to deal solely and directly with the originating Lender in connection with the originating Lender's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Lender 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, and all amounts payable by the Borrower hereunder shall be determined as if such Lender 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 and subject to the same limitation as if the amount of its participating interest were owing directly to it as a Lender under this Agreement.

(f) Notwithstanding any other provision in this Agreement, any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

ARTICLE 14
THE AGENT

14.1 Appointment and Authorization. Each Lender hereby designates and appoints Bank as its Agent under this Agreement and the other Loan Documents and each Lender hereby irrevocably 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. The Agent agrees to act as such on the express conditions contained in this Article 14. The provisions of this Article 14 are solely for the benefit of the Agent and the Lenders and the Borrower shall have no rights as a third party beneficiary of any of the provisions contained herein. 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 Lender, 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. Except as expressly otherwise provided in this Agreement, the Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions which the Agent is expressly entitled to take or assert under this Agreement and the other Loan Documents, including (a) the determination of the applicability of ineligibility criteria with respect to the calculation of the Borrowing Base, (b) the making of Agent Advances pursuant to Section 2.2(i), and (c) the exercise of remedies pursuant to Section 11.2, and any action so taken or not taken shall be deemed consented to by the Lenders.

14.2 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 as long as such selection was made without gross negligence or willful misconduct.

14.3 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 bad faith, gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by the Borrower or any Subsidiary or Affiliate of the Borrower, 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 the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Borrower 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 Lender 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 Borrower or any of the Borrower's Subsidiaries or Affiliates.

14.4 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 Borrower), 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 Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders 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 Lenders (or all Lenders if so required by Section 13.2) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 10.1, each Lender 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 either sent by the Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender.

14.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, unless the Agent shall have received written notice from a Lender or the Borrower 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 Lenders 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 Lenders in accordance with Section 11; 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.

14.6 Credit Decision. Each Lender 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 Borrower and its Affiliates, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender. Each Lender 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 Borrower and its Affiliates, 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 Borrower. Each Lender 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 Borrower. Except for notices, reports and other documents expressly herein required to be furnished to the Lenders by the Agent, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning

the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrower which may come into the possession of any of the Agent-Related Persons.

14.7 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), pro rata, from and against any and all Indemnified Liabilities as such term is defined in Section 15.11; provided, however, that no Lender 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 Lender 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 Borrower. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

14.8 Agent in Individual Capacity. The Bank 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 Borrower and its Subsidiaries and Affiliates as though the Bank were not the Agent hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, the Bank or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Subsidiary) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, the Bank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent, and the terms "Lender" and "Lenders" include the Bank in its individual capacity.

14.9 Successor Agent. The Agent may resign as Agent upon 30 days' notice to the Lenders and the Borrower, such resignation to be effective upon the acceptance of a successor agent to its appointment as Agent. In the event the Bank sells all of its Commitment and Revolving Loans as part of a sale, transfer or other disposition by the Bank of substantially all of its loan portfolio, the Bank shall resign as Agent and such purchaser or transferee shall become the successor Agent hereunder. If the Agent resigns under this Agreement, subject to the proviso in the preceding sentence, the Majority Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be reasonably satisfactory to the Borrower. 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 Lenders and the Borrower, a successor agent from among the Lenders, which successor agent shall be reasonably satisfactory to the Borrower. 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 Section 14 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

14.10 Withholding Tax. (a) If any Lender is a "foreign corporation, partnership or trust" within the meaning of the Code and such Lender claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Lender agrees with and in favor of the Agent, to deliver to the Agent:

(i) if such Lender claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed IRS Forms W-8BEN and W8ECI before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Lender 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 Lender, two properly completed and executed copies of IRS Form W-8ECI before the payment of any interest is due in the first taxable year of such Lender and in each succeeding taxable year of such Lender during which interest may be paid under this Agreement, and IRS Form W-9; 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 Lender 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 Lender claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form FW-8BEN and such Lender sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrower to such Lender, such Lender agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Borrower to such Lender. To the extent of such percentage amount, the Agent will treat such Lender's IRS Form W-8BEN as no longer valid.

(c) If any Lender claiming exemption from United States withholding tax by filing IRS Form W-8ECI with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrower to such Lender, such Lender agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Lender is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable withholding tax after taking into account such reduction. 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 Lender not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(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 Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender 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 Lender 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 Lenders under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

14.11 Collateral Matters.

(a) The Lenders hereby irrevocably authorize the Agent, at its option and in its sole discretion, to release any Agent's Lien upon any Collateral (i) upon the termination of the Commitments and payment and satisfaction in full by Borrower of all Loans and reimbursement obligations in respect of Letters of Credit and Credit Support, and the termination of all outstanding Letters of Credit (whether or not any of such obligations are due) and all other Obligations; (ii) constituting property being sold or disposed of if the Borrower certifies to the Agent that the sale or disposition is made in compliance with Section 9.9 (and the Agent may rely conclusively on any such certificate, without further inquiry); (iii) constituting property in which the Borrower owned no interest at the time the Lien was granted or at any time thereafter; or (iv) constituting property leased to the Borrower under a lease which has expired or been terminated in a transaction permitted under this Agreement. Except as provided above, the Agent will not release any of the Agent's Liens without the prior written authorization of the Lenders; provided that the Agent may, in its discretion, release the Agent's Liens on Collateral valued in the aggregate not in excess of $10,000,000 during any one year period without the prior written authorization of the Lenders. Upon request by the Agent or the Borrower at any time, the Lenders will confirm in writing the Agent's authority to release any Agent's Liens upon particular types or items of Collateral pursuant to this Section 14.11.

(b) Upon receipt by the Agent of any authorization required pursuant to Section 14.11(a) from the Lenders of the Agent's authority to release any Agent's Liens upon particular types or items of Collateral, and upon at least five (5) Business Days' prior written request by the Borrower, the Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Agent's Liens upon such Collateral; provided, however, that (i) the Agent shall not be required to execute any such document on terms which, in the Agent's opinion, would expose the Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Borrower in respect of) all interests retained by the Borrower, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral.

(c) The Agent shall have no obligation whatsoever to any of the Lenders to assure that the Collateral exists or is owned by the Borrower or is cared for, protected or insured or has been encumbered, or that the Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to the Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Agent may act in any manner it may deem appropriate, in its sole discretion given the Agent's own interest in the Collateral in its capacity as one of the Lenders and that the Agent shall have no other duty or liability whatsoever to any Lender as to any of the foregoing.

14.12 Restrictions on Actions by Lenders; Sharing of Payments. (a) Each of the Lenders agrees that it shall not, without the express consent of all Lenders, and that it shall, to the extent it is lawfully entitled to do so, upon the request of all Lenders, set off against the Obligations, any amounts owing by such Lender to the Borrower or any accounts of the Borrower now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so by the Agent, take or cause to be taken any action to enforce its rights under this Agreement or against the Borrower, including the commencement of any legal or equitable proceedings, to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) If at any time or times any Lender shall receive (i) by payment, foreclosure, setoff or otherwise, any proceeds of Collateral or any payments with respect to the Obligations of the Borrower to such Lender arising under, or relating to, this Agreement or the other Loan Documents, except for any such proceeds or payments received by such Lender from the Agent pursuant to the terms of this Agreement, or (ii) payments from the Agent in excess of such Lender's ratable portion of all such distributions by the Agent, such Lender shall promptly (1) turn the same over to the Agent, in kind, and with such endorsements as may be required to negotiate the same to the Agent, or in same day funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (2) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their Pro Rata Shares; provided, however, that if all or part of such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

14.13 Agency for Perfection. Each Lender hereby appoints each other Lender as agent for the purpose of perfecting the Lenders' security interest in assets which, in accordance with Article 9 of the UCC can be perfected only by possession. Should any Lender (other than the Agent) obtain possession of any such Collateral, such Lender shall notify the Agent thereof, and, promptly upon the Agent's request therefor shall deliver such Collateral to the Agent or in accordance with the Agent's instructions.

14.14 Payments by Agent to Lenders. All payments to be made by the Agent to the Lenders shall be made by bank wire transfer or internal transfer of immediately available funds to each Lender pursuant to wire transfer instructions delivered in writing to the Agent on or prior to the Closing Date (or if such Lender is an Assignee, on the applicable Assignment and Acceptance), or pursuant to such other wire transfer instructions as each party may designate for itself by written notice to the Agent. Concurrently with each such payment, the Agent shall identify whether such payment (or any portion thereof) represents principal, premium or interest on the Revolving Loans or otherwise.

14.15 Concerning the Collateral and the Related Loan Documents. Each Lender authorizes and directs the Agent to enter into this Agreement and the other Loan Documents relating to the Collateral, for the ratable benefit of the Agent and the Lenders. Each Lender agrees that any action taken by the Agent, Majority Lenders or Required Lenders, as applicable, in accordance with the terms of this Agreement or the other Loan Documents relating to the Collateral, and the exercise by the Agent, the Majority Lenders, or the Required Lenders, as applicable, of their respective powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

14.16 Field Audit and Examination Reports; Disclaimer by Lenders. By signing this Agreement, each Lender:

(a) is deemed to have requested that the Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report (each a "Report" and collectively, "Reports") prepared by the Agent;

(b) expressly agrees and acknowledges that neither the Bank nor the Agent (i) makes any representation or warranty as to the accuracy of any Report, or (ii) shall be liable for any information contained in any Report;

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that the Agent or other party performing any audit or examination will inspect only specific information regarding the Borrower and will rely significantly upon the Borrower's books and records, as well as on representations of the Borrower's personnel;

(d) agrees to keep all Reports confidential and strictly for its internal use, and not to distribute except to its participants, or use any Report in any other manner; and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold the Agent and any such other Lender preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to the Borrower, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of the Borrower; and (ii) to pay and protect, and indemnify, defend and hold the Agent and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses and other amounts (including Attorney Costs) incurred by

the Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

14.17 Relation Among Lenders. The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Agent) authorized to act for, any other Lender.

ARTICLE 15
MISCELLANEOUS

15.1 Cumulative Remedies; No Prior Recourse to Collateral. The enumeration herein of the Agent's and each Lender's rights and remedies is not intended to be exclusive, and such rights and remedies are in addition to and not by way of limitation of any other rights or remedies that the Agent and the Lenders may have under the UCC or other applicable law. The Agent and the Lenders shall have the right, in their sole discretion, to determine which rights and remedies are to be exercised and in which order. The exercise of one right or remedy shall not preclude the exercise of any others, all of which shall be cumulative. The Agent and the Lenders may, without limitation, proceed directly against the Borrower to collect the Obligations without any prior recourse to the Collateral. No failure to exercise and no delay in exercising, on the part of the Agent or any Lender, 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.

15.2 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.

15.3 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

(a) THIS AGREEMENT SHALL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICT OF LAWS PROVISIONS PROVIDED THAT PERFECTION ISSUES WITH RESPECT TO ARTICLE 9 OF THE UCC MAY GIVE EFFECT TO APPLICABLE CHOICE OR CONFLICT OF LAW RULES SET FORTH IN ARTICLE 9 OF THE UCC) OF THE STATE OF CALIFORNIA; PROVIDED THAT THE AGENT AND THE LENDERS 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 CALIFORNIA OR OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWER, THE AGENT AND THE LENDERS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE BORROWER, THE

AGENT AND THE LENDERS 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. NOTWITHSTANDING THE FOREGOING: (1) THE AGENT AND THE LENDERS SHALL HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST THE BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION THE AGENT OR THE LENDERS DEEM NECESSARY OR APPROPRIATE IN ORDER TO REALIZE ON THE COLLATERAL OR OTHER SECURITY FOR THE OBLIGATIONS AND (2) EACH OF THE PARTIES HERETO ACKNOWLEDGES THAT ANY APPEALS FROM THE COURTS DESCRIBED IN THE IMMEDIATELY PRECEDING SENTENCE MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE THOSE JURISDICTIONS.

(c) THE BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL (RETURN RECEIPT REQUESTED) DIRECTED TO THE BORROWER AT ITS ADDRESS SET FORTH IN SECTION 15.8 AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO DEPOSITED IN THE U.S. MAILS. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF AGENT OR THE LENDERS TO SERVE LEGAL PROCESS BY ANY OTHER MANNER PERMITTED BY LAW.

15.4 WAIVER OF JURY TRIAL. THE BORROWER, THE LENDERS 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 BORROWER, THE LENDERS 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.

15.5 Survival of Representations and Warranties. All of the Borrower's representations and warranties contained in this Agreement shall survive the execution, delivery, and acceptance thereof by the parties, notwithstanding any investigation by the Agent or the Lenders or their respective agents.

15.6 Other Security and Guaranties. The Agent, may, without notice or demand and without affecting the Borrower's obligations hereunder, from time to time: (a) take from any Person and hold collateral (other than the Collateral) for the payment of all or any part of the Obligations and exchange, enforce or release such collateral or any part thereof; and (b) accept and hold any endorsement or guaranty of payment of all or any part of the Obligations and release or substitute any such endorser or guarantor, or any Person who has given any Lien in any other collateral as security for the payment of all or any part of the Obligations, or any other Person in any way obligated to pay all or any part of the Obligations.

15.7 Fees and Expenses. The Borrower agrees to pay to the Agent, for its benefit, on demand, all costs and expenses that Agent pays or incurs in connection with the negotiation, preparation, syndication, consummation, administration, enforcement, and termination of this Agreement or any of the other Loan Documents, including: (a) reasonable Attorney Costs; (b) costs and reasonable expenses (including attorneys' and paralegals' fees and disbursements) for any amendment, supplement, waiver, consent, or subsequent closing in connection with the Loan Documents and the transactions contemplated thereby; (c) costs and reasonable expenses of lien and title searches and title insurance; (d) taxes, fees and other charges for filing financing statements and continuations, and other actions to perfect, protect, and continue the Agent's Liens (including costs and reasonable expenses paid or incurred by the Agent in connection with the consummation of Agreement); (e) sums paid or incurred to pay any amount or take any action required of the Borrower under the Loan Documents that the Borrower fails to pay or take; (f) costs of appraisals, inspections, and verifications of the Collateral, including travel, lodging, and meals for inspections of the Collateral and the Borrower's operations by the Agent plus the Agent's then customary charge for field examinations and audits and the preparation of reports thereof (such charge is currently $825 per day (or portion thereof) for each agent or employee of the Agent with respect to each field examination or audit); (g) costs and reasonable expenses of forwarding loan proceeds, collecting checks and other items of payment, and establishing and maintaining Payment Accounts and lock boxes; (h) costs and reasonable expenses of preserving and protecting the Collateral; and (i) costs and reasonable expenses (including attorneys' and paralegals' fees and disbursements which shall include the allocated cost of Agent's in-house counsel fees and disbursements) paid or incurred to obtain payment of the Obligations, enforce the Agent's Liens, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions of the Loan Documents, or to defend any claims made or threatened against the Agent arising out of the transactions contemplated hereby (including preparations for and consultations concerning any such matters). The foregoing shall not be construed to limit any other provisions of the Loan Documents regarding costs and expenses to be paid by the Borrower. All of the foregoing costs and expenses shall be charged to the Borrower's Loan Account as Revolving Loans as described in Section 4.7.

15.8 Notices. Except as otherwise provided herein, all notices, demands and requests that any party is required or elects to give to any other shall be in writing, or by a telecommunications device capable of creating a written record, and any such notice shall become effective (a) upon personal delivery thereof, including, but not limited to, delivery by overnight mail and courier service, (b) four (4) days after it shall have been mailed by United States mail, first class, certified or registered, with postage prepaid, or (c) in the case of notice by such a telecommunications device, when properly transmitted, in each case addressed to the party to be notified as follows:

If to the Agent or to the Bank:

Bank of America, N.A.
55 South Lake Avenue
Suite 900
Pasadena, CA 91101
Attention: Business Credit—Account Executive—AMD
Telecopy No. (626) 397-1273

If to the Borrower:

Advanced Micro Devices, Inc.
AMD International Sales & Service, Ltd.
One AMD Place
Mailstop 89
Sunnyvale, CA 94088
Attention: Treasurer
Telecopy No.: (408) 774-7010

with copies to:

Advanced Micro Devices, Inc.
One AMD Place
Mailstop 150
Sunnyvale, CA 94088
Attention: General Counsel

or to such other address as each party may designate for itself by like notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated above to receive copies shall not adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

15.9 Waiver of Notices. Unless otherwise expressly provided herein, the Borrower waives presentment, protest and notice of demand or dishonor and protest as to any instrument, notice of intent to accelerate the Obligations and notice of acceleration of the Obligations, as well as any and all other notices to which it might otherwise be entitled. No notice to or demand on the Borrower which the Agent or any Lender may elect to give shall entitle the Borrower to any or further notice or demand in the same, similar or other circumstances.

15.10 Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective representatives, successors, and assigns of the parties hereto; provided, however, that no interest herein may be assigned by the Borrower without prior written consent of the Agent and each Lender. The rights and benefits of the Agent and the Lenders hereunder shall, if such Persons so agree, inure to any party acquiring any interest in the Obligations or any part thereof.

15.11 Indemnity of the Agent and the Lenders by the Borrower. The Borrower agrees to defend, indemnify and hold the Agent-Related Persons, and each Lender 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 reasonable Attorney Costs of counsel mutually acceptable to the Borrower and the applicable Indemnified Person) 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 Lender) 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, any other Loan Document, 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 Borrower shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting solely from the bad faith, gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section shall survive payment of all other Obligations.

15.12 Limitation of Liability. No claim may be made by the Borrower, any Lender or other Person against the Agent, any Lender, or the affiliates, directors, officers, officers, employees, or agents of any of them for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any other Loan Document, or any act, omission or event occurring in connection therewith, and the Borrower and each Lender hereby waive, release and agree not to sue upon any claim for such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

15.13 Final Agreement. This Agreement and the other Loan Documents are intended by the Borrower, the Agent and the Lenders to be the final, complete, and exclusive expression of the agreement between them. This Agreement supersedes any and all prior oral or written agreements relating to the subject matter hereof. No modification, rescission, waiver, release, or amendment of any provision of this Agreement or any other Loan Document shall be made, except by a written agreement signed by the Borrower and a duly authorized officer of each of the Agent and the requisite Lenders.

15.14 Counterparts. This Agreement may be executed in any number of counterparts, and by the Agent, each Lender and the Borrower in separate counterparts, each of which shall be an original, but all of which shall together constitute one and the same agreement; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

15.15 Captions. The captions contained in this Agreement are for convenience of reference only, are without substantive meaning and should not be construed to modify, enlarge, or restrict any provision.

15.16 Right of Setoff. In addition to any rights and remedies of the Lenders provided by law, if an Event of Default exists or the Loans have been accelerated, each Lender is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being waived by the Borrower 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 Lender to or for the credit or the account of the Borrower against any and all Obligations owing to such Lender, now or hereafter existing, irrespective of whether or not the Agent or such Lender shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Lender agrees promptly to notify the Borrower and the Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. NOTWITHSTANDING THE FOREGOING, NO LENDER SHALL EXERCISE ANY RIGHT OF SET-OFF, BANKER'S LIEN, OR THE LIKE AGAINST ANY DEPOSIT ACCOUNT OR PROPERTY OF THE BORROWER HELD OR MAINTAINED BY SUCH LENDER WITHOUT THE PRIOR WRITTEN UNANIMOUS CONSENT OF THE LENDERS; PROVIDED, HOWEVER, THAT, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE BANK MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, WITHOUT THE CONSENT OF THE AGENT OR ANY OTHER LENDER, EXERCISE ANY RIGHT OF SET-OFF, BANKER'S LIEN, LIEN OR THE LIKE AGAINST ANY CASH COLLATERAL OR CASH EQUIVALENTS OF THE BORROWER HELD OR MAINTAINED BY THE BANK, AND SUBJECT TO A LIEN IN FAVOR OF THE BANK PERMITTED UNDER CLAUSE (L) OF THE DEFINITION OF "PERMITTED LIENS," FOR APPLICATION AGAINST ANY AND ALL OBLIGATIONS OF THE PARENT AND ITS SUBSIDIARIES IN RESPECT OF BANK PRODUCTS, LETTERS OF CREDIT AND OTHER FINANCIAL ACCOMMODATIONS PROVIDED FROM TIME TO TIME BY THE BANK.

15.17 Joint and Several Liability.

(a) The Borrower shall be liable for all amounts due to the Agent and/or any Lender under this Agreement, regardless of which Borrower actually receives Loans or other extensions of credit hereunder or the amount of such Loans received or the manner in which the Agent and/or such Lender accounts for such Loans or other extensions of credit on its books and records. The Borrower's Obligations with respect to Loans made to it, and the Borrower's Obligations arising as a result of the joint and several liability of the Borrower hereunder, with respect to Loans made to the other Borrower hereunder, shall be separate and distinct obligations, but all such Obligations shall be primary obligations of the Borrower.

(b) The Borrower's Obligations arising as a result of the joint and several liability of the Borrower hereunder with respect to Loans or other extensions of credit made to the other Borrower hereunder shall, to the fullest extent permitted by law, be unconditional irrespective of (i) the validity or enforceability, avoidance or subordination of the Obligations of the other Borrower or of any promissory note or other document evidencing all or any part of the Obligations of the other Borrower, (ii) the absence of any attempt to collect the Obligations from the other Borrower, any other guarantor, or any other security therefor, or the absence of any other action to enforce the same, (iii) the waiver, consent, extension, forbearance or granting of any indulgence by the Agent and/or any Lender with respect to any provision of any instrument

evidencing the Obligations of the other Borrower, or any part thereof, or any other agreement now or hereafter executed by the other Borrower and delivered to the Agent and/or any Lender, (iv) the failure by the Agent and/or any Lender to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any security or collateral for the Obligations of the other Borrower, (v) the Agent's and/or any Lender's election, in any proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code, (vi) any borrowing or grant of a security interest by the other Borrower, as debtor-in-possession under Section 364 of the Bankruptcy Code, (vii) the disallowance of all or any portion of the Agent's and/or any Lender's claim(s) for the repayment of the Obligations of the other Borrower under Section 502 of the Bankruptcy Code, or (viii) any other circumstances which might constitute a legal or equitable discharge or defense of a guarantor or of the other Borrower. With respect to the Borrower's Obligations arising as a result of the joint and several liability of the Borrower hereunder with respect to Loans or other extensions of credit made to either of the other Borrower hereunder, the Borrower waives, until the Obligations shall have been paid in full and the Loan Agreement shall have been terminated, any right to enforce any right of subrogation or any remedy which the Agent and/or any Lender now has or may hereafter have against the Borrower, any endorser or any guarantor of all or any part of the Obligations, and any benefit of, and any right to participate in, any security or collateral given to the Agent and/or any Lender to secure payment of the Obligations or any other liability of the Borrower to the Agent and/or any Lender.

Upon any Event of Default, the Agent may proceed directly and at once, without notice, against the Borrower to collect and recover the full amount, or any portion of the Obligations, without first proceeding against the other Borrower or any other Person, or against any security or collateral for the Obligations. The Borrower consents and agrees that the Agent shall be under no obligation to marshal any assets in favor of the Borrower or against or in payment of any or all of the Obligations.

15.18 Contribution and Indemnification among the Borrowers. Each Borrower is obligated to repay the Obligations as joint and several obligors under this Agreement. To the extent that any Borrower shall, under this Agreement as a joint and several obligor, repay any of the Obligations constituting Loans made to another Borrower hereunder or other Obligations incurred directly and primarily by any other Borrower (an "Accommodation Payment"), then the Borrower making such Accommodation Payment shall be entitled to contribution and indemnification from, and be reimbursed by, each of the other Borrowers in an amount, for each of such other Borrowers, equal to a fraction of such Accommodation Payment, the numerator of which fraction is such other Borrower's "Allocable Amount" (as defined below) and the denominator of which is the sum of the Allocable Amounts of all of the Borrowers. As of any date of determination, the "Allocable Amount" of each Borrower shall be equal to the maximum amount of liability for Accommodation Payments which could be asserted against such Borrower hereunder without (a) rendering such Borrower "insolvent" within the meaning of Section 101 (31) of the Bankruptcy Code, Section 2 of the Uniform Fraudulent Transfer Act ("UFTA") or Section 2 of the Uniform Fraudulent Conveyance Act ("UFCA"), (ii) leaving such Borrower with unreasonably small capital or assets, within the meaning of Section 548 of the Bankruptcy Code, Section 4 of the UFTA, or Section 5 of the UFCA, or (iii) leaving such Borrower unable to pay its debts as they become due within the meaning of Section 548 of the Bankruptcy Code or Section 4 of the UFTA, or Section 5 of the UFCA. All rights and claims of contribution,

indemnification and reimbursement under this section shall be subordinate in right of payment to the prior payment in full of the Obligations. The provisions of this section shall, to the extent expressly inconsistent with any provision in any Loan Document, supersede such inconsistent provision.

15.19 Agency of the Parent for each other Borrower. AMDISS hereby irrevocably appoints the Parent as its agent for all purposes relevant to this Agreement and each of the other Loan Documents, including the giving and receipt of notices and execution and delivery of all documents, instruments and certificates contemplated herein and all modifications hereto. Any acknowledgement, consent, direction, certification or other action which might otherwise be valid or effective only if given or taken by both of the Borrowers or each acting singly, shall be valid and effective if given or taken only by the Parent, whether or not AMDISS joins therein.

15.20 No Novation. This Agreement does not extinguish the obligations for the payment of money outstanding under the Original Agreement or discharge or release the obligations or the liens or priority of any mortgage, pledge, security agreement or any other security therefor. Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Original Agreement or instruments securing the same, which shall remain in full force and effect, except as modified hereby or by instruments executed concurrently herewith. Nothing expressed or implied in this Agreement shall be construed as a release or other discharge of Borrower or any guarantor from any of its obligations or liabilities under the Original Agreement or any of the security agreements, pledge agreements, mortgages, guaranties or other loan documents executed in connection therewith. Borrower hereby (i) confirms and agrees that each Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that on and after the Closing Date all references in any such Loan Document to "the Loan Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Original Agreement shall mean the Original Agreement as amended and restated by this Agreement; and (ii) confirms and agrees that to the extent that any such Loan Document purports to assign or pledge to the Agent, for the benefit of the Lenders, or to grant to the Agent, for the benefit of the Lenders a security interest in or lien on, any collateral as security for the Obligations of Borrower from time to time existing in respect of the Original Agreement, such pledge, assignment or grant of the security interest or lien is hereby ratified and confirmed in all respects.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties have entered into this Agreement on the date first above written.

"BORROWER"

ADVANCED MICRO DEVICES, INC.

By /S/ JOHN PATTERSON

Name: John Patterson

Title: Treasurer

AMD INTERNATIONAL SALES & SERVICE, LTD.

By /S/ JOHN PATTERSON

Name: John Patterson

Title: Treasurer

"AGENT"

BANK OF AMERICA, N.A., as the Agent

By /S/ JOHN MCNAMARA

Name: John McNamara

Title: Vice President

"LENDERS"

Commitment: $200,000,000
Pro Rata Share: 100%

BANK OF AMERICA, N.A., as a Lender

By /S/ JOHN MCNAMARA

Name: John McNamara

Title: Vice President

Exhibit 10.51

AMENDED AND RESTATED TERM LOAN AGREEMENT

Dated as of July 11, 2003

Among

THE FINANCIAL INSTITUTIONS NAMED HEREIN

as the Lenders,

GENERAL ELECTRIC CAPITAL CORPORATION

as the Agent

and

FASL LLC,

as the Borrower

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EXHIBITS AND SCHEDULES

AMENDED AND RESTATED TERM LOAN AGREEMENT

Amended and Restated Term Loan Agreement, dated as of July 11, 2003, among the financial institutions listed on the signature pages hereof (such financial institutions, together with their respective successors and assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (in its individual capacity, "GECC") with an office at 401 Merritt Seven, 2nd Floor, Norwalk, Connecticut 06856, as agent for the Lenders (in its capacity as agent for itself and the Lenders, together with its successors or affiliates in such capacity, the "Agent"), and FASL LLC, a Delaware limited liability company with an office at One AMD Place M/S 150, P.O. Box 3453, Sunnyvale, California 94086, as borrower (the "Borrower").

W I T N E S S E T H

WHEREAS, Advanced Micro Devices, Inc., a Delaware corporation ("AMD") and AMD International Sales & Service, Ltd., a Delaware corporation (previously referred to as AMD International Sales and Service, Ltd., "AMDISS"), as co-borrowers previously entered into that certain Term Loan and Security Agreement dated as of September 27, 2002 (the "Existing Loan Agreement") with the Agent, GECC Capital Markets Group, Inc., a Delaware corporation, as Sole Arranger and Syndication Agent, Bank of America, N.A. ("BofA"), in its individual capacity and as documentation agent, and GECC, BofA, and Merrill Lynch Capital (collectively, the "Lenders"), pursuant to which the Lenders have made term loans to AMD and AMDISS in an initial aggregate amount equal to $110,000,000 of which $89,375,000 is outstanding as of the date hereof (collectively, the "Existing Loans") secured by certain property, plant and equipment located at AMD's Fab 25 semiconductor manufacturing facility in Austin, Texas (the "Fab 25 Facility"), and certain accounts, inventory and other personal property;

WHEREAS, AMD desires to contribute and/or sell the Fab 25 Facility to the Borrower and assign all of the Existing Loans and other obligations of AMD and AMDISS under the Existing Loan Agreement to the Borrower;

WHEREAS, AMD and AMD (U.S.) Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of AMD ("AMD (U.S.) Holdings"), have entered into that certain Capital Contribution Agreement dated as of June 30, 2003, pursuant to which AMD has agreed to assign all of its right, title and interest in and to, among other things, the Fab 25 Facility, to AMD (U.S.) Holdings;

WHEREAS, AMD (U.S.) Holdings and AMD Investments, Inc., a Delaware corporation and wholly-owned subsidiary of AMD (U.S.) Holdings ("AMD Investments"), have entered into that certain Capital Contribution Agreement dated as of June 30, 2003, pursuant to which AMD (U.S.) Holdings has agreed to assign all of its right, title and interest in and to, among other things, the Fab 25 Facility, to AMD Investments;

WHEREAS, AMD, AMDISS, AMD (U.S.) Holdings, AMD Investments, and Borrower have entered into that certain Loan Assumption Agreement dated as of July 11, 2003 (the "Assignment Agreement") pursuant to which (i) AMD has assigned all of its rights and obligations under the Existing Loans to AMD (U.S.) Holdings, which in turn, has assigned all of its rights and obligations under the Existing Loans to AMD Investments, which in turn, has assigned all of its rights and obligations under the Existing Loans to the Borrower, and (ii) the Borrower has assumed all of Existing Loans and the obligations under the Existing Loans;

WHEREAS, the Borrower, AMD, AMD Investments, Fujitsu Limited, a corporation organized under the laws of Japan ("Fujitsu") and Fujitsu Microelectronics Holding, Inc., a Delaware corporation, have entered into that certain Contribution and Assumption Agreement dated as of June 30, 2003 (the "Contribution Agreement"), pursuant to which AMD Investments has agreed to, and AMD has agreed to cause AMD Investments to, among other things, (a) assign to the Borrower all of the Existing Loans and its obligations under the Existing Loan Agreement, and (b) convey to the Borrower by grant, bargain and sale deed all of its right, title and interest in the Fab 25 Facility, and the Borrower has agreed to accept the Existing Loans and the Fab 25 Facility.

WHEREAS, GECC, in its capacities as Agent and Lender under the Existing Loan Agreement, BofA, in its capacities as Documentation Agent and Lender under the Existing Loan Agreement, and Merrill Lynch Capital as Lender under the Existing Loan Agreement have all agreed to consent to the assignment and transfer of the Existing Loans and the contribution of the Fab 25 Facility to the Borrower on the conditions set forth in the Contribution Agreement and to concurrently amend and restate the Existing Loan Agreement on the terms set forth in this Agreement, including, among others, the execution and delivery by AMD and Fujitsu of guaranties to guaranty, on an individual and several basis in proportion to their respective 60% and 40% ownership interest in the Borrower, all of the obligations of the Borrower with respect to the Existing Loans and the Existing Loan Agreement, as amended and restated on the terms set forth in this Agreement and the continuation of the Liens evidenced by Article 6 of the Existing Loan Agreement in favor of the Agent for the benefit of the Lenders to secure AMD's obligations under its guaranty;

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, the Lenders, the Agent, and the Borrower hereby agree to amend and restate the Existing Loan Agreement to read as follows.

ARTICLE 1

INTERPRETATION OF THIS AGREEMENT

1.1 Definitions. As used herein:

"Accounts" means, in respect of the Borrower, all of the Borrower's now owned or hereafter acquired or arising accounts, and any other rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance.

"Account Debtor" means each Person obligated in any way on or in connection with an Account.

"Adjusted Net Earnings from Operations" means, with respect to any fiscal period of the Borrower, the Borrower's net income after provision for income taxes for such fiscal period, as determined on a consolidated basis in accordance with GAAP and reported on the Financial Statements for such period, excluding any and all of the following included in such net income: (a) gain arising from the sale of any capital assets; (b) gain arising from any write-up in the book value of any asset; (c) earnings of any Person, substantially all the assets of which have been acquired by the Borrower or any Subsidiary in any manner, to the extent realized by such other Person prior to the date of acquisition; (d) earnings of any Person in which the Borrower or any Subsidiary has an ownership interest unless (and only to the extent) such earnings shall actually have been received by the Borrower or any such Subsidiary in the form of cash distributions; (e) earnings of any Person to which assets of the Borrower or any Subsidiary shall have been sold, transferred or disposed of, or into which the Borrower or any Subsidiary shall have been merged, or which has been a party with the Borrower or any Subsidiary to any consolidation or other form of reorganization, prior to the date of such transaction; (f) gain arising from the acquisition of debt or equity securities of the Borrower or any Subsidiary or from cancellation or forgiveness of Debt; (g) gain arising from extraordinary items, as determined in accordance with GAAP, or from any other non-recurring transaction; (h) interest income; and (i) non-cash restructuring charges.

"Adjusted Tangible Assets" means all of the Borrower's assets, determined on a consolidated basis in accordance with GAAP, except: (a) deferred assets, other than prepaid insurance and prepaid taxes; (b) patents, copyrights, trademarks, trade names, franchises, goodwill, and other similar intangibles; and (c) unamortized debt discount and expense.

"Adjusted Tangible Net Worth" means, at any date: (a) the book value (after deducting related depreciation, obsolescence, amortization, valuation, and other proper reserves as determined in accordance with GAAP) at which the Adjusted Tangible Assets would be shown on a balance sheet of the Borrower at such date prepared on a consolidated basis in accordance with GAAP less (b) the amount at which the Borrower's liabilities would be shown on such consolidated balance sheet, including as liabilities all reserves for contingencies and other potential liabilities which would be required to be shown on such balance sheet.

"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 or which owns, directly or indirectly, ten percent (10%) or more of the outstanding equity interest of such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" has the meaning specified in the introductory paragraph.

"Agent's Liens" means the Liens in the Collateral granted to the Agent, for the benefit of the Lenders and the Agent, pursuant to this Agreement and the other Loan Documents.

"Agent-Related Persons" means each of the Agent (including any successor administrative agent), together with its Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Aggregate Term Loans Outstanding" means, at any time, the unpaid principal balance of the Loans.

"Agreement" means this Amended and Restated Term Loan Agreement.

"AMD" has the meaning specified in the recitals of this Agreement.

"AMD Guaranty" means the Secured Guaranty executed by AMD to guarantee the Obligations under this Agreement, in substantially the form of Exhibit A-1.

"AMD Investments" has the meaning specified in the recitals of this Agreement.

"AMD Security Agreement" means the Security Agreement dated as of even date herewith executed by AMD and AMDISS to secure AMD's obligations under the AMD Guaranty.

"AMDISS" has the meaning specified in the recitals of this Agreement.

"Anniversary Date" means each anniversary of the Closing Date.

"Applicable Margin" means (i) with respect to LIBOR Rate Loans, 4.00%, and (ii) with respect to Base Rate Loans, in the event of an automatic conversion as provided in Section 5.6, a percentage equal to (A)(1) the LIBOR Rate in effect immediately prior to such automatic conversion plus (2) 4.00% minus (B) the Base Rate in effect at the time of such automatic conversion.

"Assignee" has the meaning specified in Section 13.3(a).

"Assignment Agreement" has the meaning specified in the recitals of this Agreement.

"Assignment and Acceptance" has the meaning specified in Section 13.3(a).

"Assignment of Rents and Leases" means the Assignment of Rents and Leases entered into by AMD, in favor of the Agent for the benefit of the Lenders, dated as of September 27, 2002 and assigned to the Borrower pursuant to the Assignment Agreement, and amended as of the date hereof.

"Attorney Costs" means and includes all fees, expenses and disbursements of any law firm or other counsel engaged by the Agent.

"BofA" has the meaning specified in the recitals of this Agreement.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. § 101 et seq.).

"Base Rate" means, as of any date of determination, the rate for one-month nonfinancial commercial paper reported as being in effect on such day (unless such day is not a Business Day, in which event the next preceding Business Day will be used) by the Federal Reserve Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the quotations for one-month nonfinancial commercial paper of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (unless such day is not a Business Day, in which event the next preceding Business Day will be used) by the Agent from three negotiable commercial paper dealers of recognized standing selected by it.

"Base Rate Loan" means a Loan during any period in which it bears interest based on the Base Rate.

"Borrower" has the meaning specified in the introductory paragraph.

"Business Day" means (a) any day that is not a Saturday, Sunday, or a day on which banks in San Francisco, California or New York, New York are required or permitted to be closed, and (b) with respect to all notices, determinations, fundings and payments in connection with the LIBOR Rate or LIBOR Rate Loans, any day that is a Business Day pursuant to clause (a) above and that is also a day on which trading in Dollars is carried on by and between banks in the London 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 Expenditures" means all payments due (whether or not paid) in respect of the cost of any fixed asset or improvement, or replacement, substitution, or addition thereto, which has a useful life of more than one year, including those costs arising in connection with the direct or indirect acquisition of such asset by way of increased product or service charges or in connection with a Capital Lease.

"Capital Lease" means any lease of property by the Borrower or any Subsidiary which, in accordance with GAAP, should be reflected as a capital lease on the consolidated balance sheet of the Borrower.

"Change of Control" means

(a) 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 the power to elect, appoint or cause the election or appointment of at least a majority of the members of the Board of Managers of the Borrower; or

(b) any decrease in AMD's or Fujitsu's percentage ownership of, voting control over or economic rights in the Borrower after the Closing Date; provided, that no Change of Control shall have occurred if AMD or Fujitsu shall have transferred up to 10% of the aggregate membership interest in the Borrower to the other party so long as AMD and Fujitsu continue to own collectively 100% of the aggregate membership interests of the Borrower.

"Closing Date" has the meaning specified in Section 10.1.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, and regulations promulgated thereunder.

"Collateral" means, collectively, (i) the Fab 25 Facility, (ii) the Machinery & Equipment, and (iii) all other real and personal property now existing or hereafter acquired which may at any time be or become subject to a Lien in favor of the Agent or the Lenders pursuant to the Collateral Documents or otherwise, securing the payment and performance of the Obligations.

"Collateral Documents" means this Agreement, the Deed of Trust, the Assignment of Rents and Leases, the Environmental Indemnity, the Reciprocal Easement Agreement and any other agreement pursuant to which the Borrower or any other Person provides a Lien on its assets in favor of the Lenders or the Agent for the benefit of the Lenders to secure the Obligations and all financing statements, fixture filings, assignments, acknowledgments and other filings, documents and agreements made or delivered pursuant thereto.

"Commitment" means, at any time with respect to a Lender, the principal amount set forth beside such Lender's name under the heading "Commitment" on the signature pages of this Agreement or set forth in an Assignment and Acceptance delivered pursuant to Section 13.3, and "Commitments" means, collectively, the aggregate amount of the Commitments of all of the Lenders.

"Contaminant" means any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, asbestos in any form or condition, polychlorinated biphenyls ("PCBs"), radioactive substance, or any constituent of any such substance or waste.

"Contribution Agreement" has the meaning specified in the recitals of this Agreement.

"Debt" means all liabilities, obligations and indebtedness of the Borrower or any Subsidiary to any Person, of any kind or nature, now or hereafter owing, arising, due or payable, howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed or otherwise, and including, without in any way limiting the generality of the foregoing: (i) the Borrower's or any Subsidiary's liabilities and obligations to trade creditors; (ii) all Obligations; (iii) all obligations and liabilities of any Person secured by any Lien on the Borrower's or any Subsidiary's property, even though the Borrower or such Subsidiary shall not have assumed or become liable for the payment thereof; provided, however, that all such obligations and liabilities which are limited in recourse to such property shall be included in Debt only to the extent of the book value of such property as would be shown on a balance sheet of the Borrower prepared on a consolidated basis in accordance with GAAP; (iv) all obligations or liabilities created or arising under any Capital Lease or conditional sale or other title retention agreement with respect to property used or acquired by the Borrower or any Subsidiary, even if the rights and remedies of the lessor, seller or lender thereunder are limited to repossession of such property; provided, however, that all such obligations and liabilities which are limited in recourse to such property shall be included in Debt only to the extent of the book value of such property as would be shown on a balance sheet of the Borrower prepared on a consolidated basis in accordance with GAAP; and (v) all obligations and liabilities under Guaranties. Notwithstanding the foregoing, "Debt" shall exclude all accrued pension fund and other employee benefit plan obligations and liabilities, all deferred taxes and all obligations and liabilities in respect of Rate Protection Arrangements.

"Debt For Borrowed Money" means, as to any Person, Debt for borrowed money or as evidenced by notes, bonds, debentures or similar evidences of any such Debt of such Person, the deferred and unpaid purchase price of any property or business (other than trade accounts payable incurred in the ordinary course of business and constituting current liabilities) and all obligations under Capital Leases.

"Deed of Trust" means the Commercial Deed of Trust, Assignment of Rents and Leases, Security Agreement, Fixture Filing and Financing Statement from AMD, as trustor, to the trustee named therein and for the Agent, as beneficiary, dated September 27, 2002 and recorded in the real property records of Travis County, Texas as instrument number 2002181719, as amended, amended and restated, modified, supplemented or renewed and in effect from time to time, and assigned to the Borrower pursuant to the Assignment Agreement, and amended as of the date hereof.

"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.

"Defaulting Lender" has the meaning specified in Section 2.6(i).

"Default Rate" means a fluctuating per annum interest rate at all times equal to the sum of (a) the otherwise applicable Interest Rate plus (b) two percent (2%). Each Default Rate shall be adjusted simultaneously with any change in the applicable Interest Rate.

"Disposition" means the sale, lease, conveyance or other disposition of Machinery & Equipment permitted under Section 9.8.

"Distribution" means, in respect of any Person: (a) the payment or making of any dividend or other distribution of property in respect of capital stock (or any options or warrants for such stock) or membership interests of such Person, other than distributions in capital stock (or any options or warrants for such stock) or membership interests of the same class; or (b) the redemption or other acquisition by such Person of any capital stock (or any options or warrants for such stock) or membership interests of such Person.

"DOL" means the United States Department of Labor or any successor department or agency.

"Dollar" and "$" means dollars in the lawful currency of the United States.

"Domestic Cash" means, as of any date of determination, the amount on such date of all Dollar-denominated cash, cash equivalents and short-term investments (each determined in accordance with GAAP) of the Borrower and its U.S. Subsidiaries on deposit or otherwise located in the United States on such date, which cash and cash equivalents are not subject to any Liens (excluding Liens permitted under clause (h) of the definition of "Permitted Liens").

"EBITDA" means, with respect to the Borrower and its Subsidiaries on a consolidated basis for any period, Adjusted Net Earnings from Operations for such period plus, to the extent deducted in computing such Adjusted Net Earnings from Operations, the sum of (a) income tax expense, (b) interest expense, and (c) depreciation and amortization expense.

"Eligible Assignee" means (a) any Lender, any Affiliate of any Lender and, with respect to any Lender that is an investment fund that invests in commercial loans, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor, and (b) any commercial bank, savings and loan association or savings bank or any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act of 1933, as amended from time to time) which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial finance companies, in each case, which has a rating of BBB or higher from S&P and a rating of Baa2 or higher from Moody's at the date that it becomes a Lender and which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes; provided that no Person determined by Agent to be acting in the capacity of a vulture fund or distressed debt purchaser shall be an Eligible Assignee and no Person or Affiliate of such Person (other than a Person that is already a Lender) holding subordinated debt or stock issued by any Borrower shall be an Eligible Assignee.

"Enhanced Covenant Period" means any period of one or more days that Net Domestic Cash is less than the Target Cash Level.

"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 a Release or injury to the environment.

"Environmental Indemnity" means the Certificate and Indemnity Agreement Regarding Hazardous Substances entered into by the Borrower in favor of the Agent and the Lenders, in substantially the form of Exhibit B.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case relating to environmental, health, safety and land use matters.

"Environmental Lien" means a Lien in favor of any Governmental Authority for (a) any liability under Environmental Laws, or (b) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"Environmental Permits" has the meaning specified in Section 8.15(b).

"Environmental Property Transfer Act" means any applicable requirement of law that conditions, restricts, prohibits or requires any notification or disclosure triggered by the closure of any property or the transfer, sale or lease of any property or deed or title for any property for environmental reasons, including, but not limited to, any so-called "Environmental Cleanup Responsibility Acts" or "Responsible Property Transfer Acts."

"Equipment" means all of the Borrower's now owned and hereafter acquired machinery, equipment, furniture, furnishings, fixtures, and other tangible personal property (except Inventory), including motor vehicles with respect to which a certificate of title has been issued, aircraft, dies, tools, jigs, and office equipment, as well as all of such types of property leased by the Borrower and all of the Borrower's rights and interests with respect thereto under such leases (including options to purchase); together with all present and future additions and accessions thereto, replacements therefor, component and auxiliary parts and supplies used or to be used in connection therewith, and all substitutes for any of the foregoing, and all manuals, drawings, instructions, warranties and rights with respect thereto; located from time to time at the Fab 25 Facility.

"ERISA" means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower 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 Borrower 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 Borrower or any ERISA Affiliate from a Multi-employer Plan or notification that a Multi-employer 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 Multi-employer Plan; (e) the occurrence of an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multi-employer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

"Event of Default" has the meaning specified in Section 11.1.

"Event of Loss" means, with respect to all or any portion of the Machinery & Equipment and the Fab 25 Facility, 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, and regulations promulgated thereunder.

"Fab 25 Facility" means the Borrower's existing and after acquired real property and improvements at its Fab 25 integrated circuit manufacturing facility and ancillary facilities located in Austin, Texas as described in the Deed of Trust.

"FASL Japan" means Fujitsu AMD Semiconductor Limited, a Japanese corporation and wholly-owned subsidiary of the Borrower.

"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 (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"Financial Statements" means, according to the context in which it is used, the financial statements referred to in Section 8.6 or any other financial statements required to be given to the Agent or the Lenders pursuant to this Agreement.

"Fiscal Year" means the Borrower's fiscal year for financial accounting purposes. The current Fiscal Year of the Borrower will end on December 28, 2003.

"Fujitsu" has the meaning specified in the recitals of this Agreement.

"Fujitsu Guaranty" means the Guaranty executed by Fujitsu to guarantee the Obligations under this Agreement, in substantially the form of Exhibit A-2.

"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 Closing Date.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Grandfathering Rules" means that any actions taken by the Borrower or any of its Subsidiaries and any events or circumstances occurring or arising during any time that is not an Enhanced Covenant Period, which actions, events or circumstances were permitted under the terms of this Agreement at the time taken, occurring or arising, shall not constitute a breach of the applicable covenant referencing such Enhanced Covenant Period during any subsequent Enhanced Covenant Period notwithstanding that such actions, events or circumstances would not have been permitted under such covenant, or would have constituted such a breach, had such actions, events or circumstances been taken, occurred or arisen during such Enhanced Covenant Period.

"Guaranty" means, with respect to any Person, all obligations of such Person which in any manner directly or indirectly guarantee or assure, or in effect guarantee or assure, the payment or performance of any indebtedness, dividend or other obligations of any other Person (the "guaranteed obligations"), or assure or in effect assure the holder of the guaranteed obligations against loss in respect thereof, including any such obligations incurred through an agreement, contingent or otherwise: (a) to purchase the guaranteed obligations or any property constituting security therefor; (b) to advance or supply funds for the purchase or payment of the guaranteed obligations or to maintain a working capital or other balance sheet condition; or (c) to lease property or to purchase any debt or equity securities or other property or services.

"Intercreditor Agreement" means the Amended and Restated Intercreditor and Subordination Agreement of even date herewith between the Agent and the administrative agent for the lenders party to the Senior Credit Facility.

"Interest Rate" means each or any of the interest rates, including the Default Rate, set forth in Section 3.1.

"Inventory" means all of the Borrower's now owned and hereafter acquired inventory, goods and merchandise, wherever located, to be furnished under any contract of service or held for sale or lease, all returned goods, raw materials, other materials and supplies of any kind, nature or description which are or might be consumed in the Borrower's business or used in connection with the packing, shipping, advertising, selling or finishing of such goods, merchandise and such other personal property, and all documents of title or other documents representing them.

"Investments" has the meaning specified in the definition of Restricted Investments.

"IRS" means the Internal Revenue Service and any Governmental Authority succeeding to any of its principal functions under the Code.

"Latest Projections" means: (a) on the Closing Date and thereafter until the Agent receives new projections pursuant to Section 7.2(f), the projections for the period from July 1, 2003 through June 30, 2007 contained in pages 9-13 of the "AMD Board of Directors Newco Update" dated May 21, 2003, delivered to the Agent prior to the Closing Date; and (b) thereafter, the projections most recently received by the Agent pursuant to Section 7.2(f).

"Lender" and "Lenders" have the meanings specified in the introductory paragraph hereof.

"LIBOR Business Day" means a Business Day on which dealings in Dollar deposits are carried on in the London interbank market.

"LIBOR Period" means a period of 90 days.

"LIBOR Rate" means for each LIBOR Period, a rate of interest determined by the Agent equal to:

(a) the offered rate for deposits in Dollars for the applicable LIBOR Period that appears on Telerate Page 3750 as of 11:00 a.m.(London time) on the second full LIBOR Business Day next preceding the first day of such LIBOR Period (unless such date is not a Business Day, in which event the next succeeding Business Day will be used); divided by

(b) a number equal to 1.0 minus the aggregate (but without duplication)of the rates (expressed as a decimal fraction) of reserve requirements in effect on the day that is 2 LIBOR Business Days prior to the beginning of such LIBOR Period (including basic, supplemental, marginal and emergency reserves under any regulations of the Federal Reserve Board or other Governmental Authority having jurisdiction with respect thereto, as now and from time to time in effect) for Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Federal Reserve Board) that are required to be maintained by a member bank of the Federal Reserve System.

"LIBOR Rate Loan" means a Loan during any period in which it bears interest based on the LIBOR Rate.

"Lien" means: (a) any interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute, or contract, and including a security interest, charge, claim, or lien arising from a mortgage, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes; (b) to the extent not included under clause (a), any reservation, exception, encroachment, easement, right-of-way, covenant, condition, restriction, lease or other title exception or encumbrance affecting property; and (c) any contingent or other agreement to provide any of the foregoing.

"Loan Documents" means this Agreement, the Parent Guaranties, the AMD Security Agreement, the Collateral Documents, any other agreements, instruments, and documents heretofore, now or hereafter evidencing, securing, guaranteeing or otherwise relating to the Obligations, the Collateral, or any other aspect of the transactions contemplated by this Agreement.

"Loans" means the Existing Loans assigned to and assumed by the Borrower pursuant to the Assignment Agreement.

"Machinery & Equipment" means all of the existing and after acquired personal tangible assets, other than Inventory, now or hereafter located at the Fab 25 Facility.

"Machinery & Equipment Appraisal" has the meaning specified in Section 10.01(i)(vii).

"Majority Lenders" means at any time Lenders whose Pro Rata Shares aggregate 66 2/3% or more as such percentage is determined under the definition of Pro Rata Share set forth herein.

"Margin Stock" means "margin stock" as such term is defined in Regulation T, U or X of the Federal Reserve Board.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole or the Collateral taken as a whole; (b) a material impairment of the ability of the Borrower 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 Borrower of any Loan Document, or (ii) the perfection or priority of any portion of the Agent's Liens.

"Maximum Rate" has the meaning specified in Section 3.3.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Multi-employer Plan" means a "multi-employer plan" as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six (6) years contributed to by the Borrower or any ERISA Affiliate.

"Net Domestic Cash" means, at any time, Domestic Cash at such time minus restricted cash (determined in accordance with GAAP) (or any refinancing, renewal or extension thereof permitted under Section 9.12) at such time.

"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, and (b) sale, use or other transaction taxes, and income taxes, paid or reasonably expected to be payable by such Person as a direct result thereof. "Net Proceeds" shall also include proceeds paid on account of any Event of Loss, net of (i) all of the costs and expenses reasonably incurred in connection with the collection of such proceeds, award or other payments, and (ii) any amounts retained by or paid to parties having superior rights to such proceeds, awards or other payments.

"Note" means, each Amended and Restated Promissory Note executed by the Borrower pursuant to Section 2.1(c).

"Obligations" means all present and future loans, advances, liabilities, obligations, covenants, duties, and debts owing by the Borrower to the Agent and/or any Lender, arising under or pursuant to this Agreement or any of the other Loan Documents, whether or not evidenced by any note, or other instrument or document, whether arising from any extension of credit, issuance of any letter of credit, acceptance, loan, guaranty, indemnification or otherwise, whether direct or indirect (including those acquired by assignment from others, and any participation by the Agent and/or any Lender in the Borrower's debts owing to others), absolute or contingent, due or to become due, primary or secondary, as principal or guarantor, and including all principal, interest, charges, expenses, fees, attorneys' fees, filing fees and any other sums chargeable to the Borrower hereunder or under any of the other Loan Documents.

"Operating Agreement" means the Amended and Restated Limited Liability Company Operating Agreement of the Borrower dated as of June 30, 2003.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Parent Guaranties" means, collectively, the AMD Guaranty and the Fujitsu Guaranty.

"Parents" means, collectively, AMD and Fujitsu.

"Participant" means any Person who shall have been granted the right by any Lender to participate in the financing provided by such Lender under this Agreement, and who shall have entered into a participation agreement in form and substance satisfactory to such Lender.

"PBGC" means the Pension Benefit Guaranty Corporation or any Governmental Authority succeeding to the functions thereof.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Borrower sponsors, maintains, or to which it makes, is making, or is obligated to make contributions.

"Permitted Affiliate Investments" means Investments by the Borrower or any Subsidiary in the Borrower or any Subsidiary, provided that the amount of all such Permitted Affiliate Investments made by the Borrower or any U.S. Subsidiary during any Enhanced Covenant Period (but subject to the Grandfathering Rules) may not exceed $25,000,000 in the aggregate.

"Permitted Liens" means,:

(a) Liens for taxes not delinquent or statutory Liens for taxes provided that the payment of such taxes which are due and payable is being contested in good faith and by appropriate proceedings diligently pursued and as to which adequate financial reserves have been established on Borrower's books and records and a stay of enforcement of any such Lien is in effect;

(b) the Agent's Liens;

(c) Liens consisting of deposits made in the ordinary course of business in connection with, or to secure payment of, obligations under worker's compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than liens arising under ERISA or Environmental Liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds;

(d) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords and other like Persons, provided that if any such Lien arises from the nonpayment of such claims or demand when due, such claims or demands shall not result in a Material Adverse Effect;

(e) Liens constituting encumbrances in the nature of reservations, exceptions, encroachments, easements, rights of way, covenants running with the land, and other similar title exceptions or encumbrances affecting any Real Estate; provided that they do not in the aggregate materially detract from the value of the Real Estate or materially interfere with its use in the ordinary conduct of the Borrower's business;

(f) Liens arising from judgments and attachments in connection with court proceedings provided that the attachment or enforcement of such Liens would not result in an Event of Default hereunder and such Liens are being contested in good faith by appropriate proceedings, adequate reserves have been set aside and no material property is subject to a material risk of loss or forfeiture and the claims in respect of such Liens are fully covered by insurance (subject to ordinary and customary deductibles);

(g) Liens existing as of the Closing Date and set forth on Schedule 9.17.

(h) Liens arising solely by virtue of any statutory or common law provisions relating to banker's liens, rights of setoff 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 Borrower or any Restricted Subsidiary in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Borrower or any Restricted Subsidiary to provide collateral to the depository institution;

(i) Liens on property which is not Collateral in respect of conditional sales contracts or retention of title agreements in connection with the acquisition of property permitted under this Agreement, provided that any such Lien shall attach only to the property so acquired;

(j) Liens securing Debt permitted under clause (vii) of Section 9.12; provided that (i) such Liens do not at any time encumber any property other than the property financed by such Debt, (ii) the Indebtedness secured thereby does not exceed the cost or fair market value (determined at the time of incurrence of such Indebtedness), whichever is lower, of the property being acquired and (iii) the property financed by such Debt is not being affixed to the Fab 25 Facility in such a manner that the removal thereof would materially adversely affect the Fab 25 Facility and its operations;

(k) the renewal, extension or replacement of any Lien that was, at the time such Lien was incurred or assumed, permitted hereunder, provided that (i) any such renewal, extension or replacement Lien encumbers the same property as the Lien being renewed, extended or replaced and shall not extend to any additional property not encumbered by the prior Lien and (ii) the Debt secured by such renewal, extension or replacement Lien is then permitted hereunder;

(l) Liens permitted under the Grandfathering Rules under Section 9.17(b); and

(m) Liens securing Debt described in Section 9.12(ix) (but only to the extent of Liens on the property subject to the lease financing described therein), and Liens securing Debt described in Section 9.12(x) (but only to the extent of Liens on property other than the Collateral).

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, Governmental Authority, or any other entity.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Borrower sponsors or maintains or to which the Borrower makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Premises" means the land and all buildings, improvements, and fixtures thereon and all tenements, hereditaments, and appurtenances belonging or in any way appertaining thereto, which constitutes all of the real property in which the Borrower has any interest.

"Pro Rata Share" means, with respect to a Lender, a fraction (expressed as a percentage), the numerator of which is the amount of such Lender's Commitment and the denominator of which is the sum of the amounts of all of the Lenders' Commitments, or if no Commitments are outstanding, a fraction (expressed as a percentage), the numerator of which is the amount of Obligations owed to such Lender and the denominator of which is the aggregate amount of the Obligations owed to the Lenders.

"Rate Protection Arrangements" means (a) any and all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, or (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., or any other master agreement (any such master agreement, together with any related schedules, as amended, restated, extended, supplemented or otherwise modified in writing from time to time, a "Master Agreement), including but not limited to any such obligations or liabilities under any Master Agreement.

"Real Estate" means all of the present and future interests of the Borrower, as owner, lessee, or otherwise, in the Premises, including any interest arising from an option to purchase or lease the Premises or any portion thereof.

"Reciprocal Easement Agreement" means the Reciprocal Easement Agreement dated as of August 1, 1996, entered into by AMD and AMD Texas Properties, LLC, as amended, and assigned to the Borrower by AMD pursuant to the Assignment Agreement.

"Release" means a release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Contaminant into the indoor or outdoor environment or into or out of any Real Estate or other property, including the movement of Contaminants through or in the air, soil, surface water, groundwater or Real Estate or other property.

"Reportable Event" means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"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 chief financial officer of the Borrower, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants, the chief financial officer or the treasurer of the Borrower, or any other officer having substantially the same authority and responsibility.

"Restricted Investment" means, as to any Person, any acquisition of property by such Person in exchange for cash or other property, whether in the form of an acquisition of stock, debt, or other indebtedness or obligation, or the purchase or acquisition of any other property, or a loan, advance, capital contribution, or subscription (collectively, "Investments"), except the following: (a) acquisitions of Equipment in the ordinary course of business to be used in the business of the Borrower or its Subsidiaries; (b) acquisitions of Inventory and intellectual property in the ordinary course of business; (c) acquisitions of current assets acquired in the ordinary course of business of the Borrower or its Subsidiaries; (d) acquisitions of direct obligations of the United States of America, or any agency thereof, or obligations guaranteed by the United States of America, provided that such obligations mature within one year from the date of acquisition thereof; (e) acquisitions of certificates of deposit maturing within one year from the date of acquisition, bankers' acceptances, Eurodollar bank deposits, or overnight bank deposits, in each case issued by, created by, or with a bank or trust company organized under the laws of the United States or any state thereof having capital and surplus aggregating at least $100,000,000; (f) acquisitions of commercial paper given a rating of "A2" or better by Standard & Poor's Corporation or "P2" or better by Moody's Investors Service, Inc. and maturing not more than 90 days from the date of creation thereof; (g) Rate Protection Arrangements; (h) Permitted Affiliate Investments; (i) any Investment made as the result of the receipt of non-cash consideration from an asset sale permitted under Section 9.8; and (j) loans or advances to employees of the Borrower or any Restricted Subsidiary not to exceed $2,000,000 at any time outstanding, provided that such Investments shall not exceed (i) $50,000,000 in Fiscal Year 2003, (ii) $275,000,000 in Fiscal Year 2004 and (iii) $125,000,000 in Fiscal Year 2005, and provided further that to the extent any of the Investment baskets set forth in the immediately preceding clauses (i), (ii) and (iii) are not fully utilized, the unused amount may be carried over to subsequent Fiscal Years until utilized.

"Restricted Subsidiary" means any Subsidiary of the Borrower.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"Senior Credit Facility" means the Amended and Restated Loan and Security Agreement dated as of July 7, 2003, as amended, by and among AMD, AMDISS and the financial institutions party thereto as "Lenders" and Bank of America, N.A., as administrative agent (or any refinancing, renewal or extension thereof).

"Solvent" means when used with respect to any Person that at the time of determination:

(i) the assets of such Person, at a fair valuation, are in excess of the total amount of its debts (including contingent liabilities); and

(ii) the present fair saleable value of its assets is greater than its probable liability on its existing debts as such debts become absolute and matured; and

(iii) it is then able and expects to be able to pay its debts (including contingent debts and other commitments) as they mature; and

(iv) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

For purposes of determining whether a Person is Solvent, the amount of any contingent liability shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Stated Termination Date" means June 30, 2006.

"Subordinated Parent Debt" mean unsecured loans provided from time to time from either of the Parents or its Affiliates to the Borrower, which loans shall be subordinated to the Obligations pursuant to an instrument in writing satisfactory in form and substance to the Agent and the Majority Lenders and containing subordination provisions substantially in the form set forth in Exhibit C.

"Subsidiary" of a Person means any corporation, association, partnership, joint venture or other business entity of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Borrower.

"Swap Termination Value" means, in respect of any one or more Rate Protection Arrangements, after taking into account the effect of any legally enforceable netting agreement relating to such Rate Protection Arrangement, (a) for any date on or after the date such Rate Protection Arrangements 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 Rate Protection Arrangement, as determined by the Borrower based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Rate Protection Arrangements (which may include any of the Lenders).

"Target Cash Level" means, for any period, the applicable cash level set forth below for such period:

Period	Amount
Third quarter of fiscal year 2003	$130,000,000
Fourth quarter of fiscal year 2003	$130,000,000
First quarter of fiscal year 2004	$130,000,000
Second quarter of fiscal year 2004 through Full fiscal year 2005	$120,000,000
Full fiscal year 2006	$100,000,000

"Taxes" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Lender's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender or the Agent, as the case may be, is organized or maintains a lending office.

"UCC" means the Uniform Commercial Code (or any successor statute) of the State of New York or of any other state the laws of which are required by Division 9 thereof to be applied in connection with the issue of perfection of security interests.

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"U.S. Subsidiary" means any Subsidiary of the Borrower that is organized under the laws of the United States or any State thereof or that maintains its chief executive office in the United States.

"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 determination is being made, is owned, beneficially and of record, by the Borrower, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.2 Accounting Terms; UCC Terms. (a) Any accounting term used in this Agreement shall have, unless otherwise specifically provided herein, the meaning customarily given in accordance with GAAP, and all financial computations hereunder shall be computed, unless otherwise specifically provided herein, in accordance with GAAP as consistently applied and using the same method for inventory valuation as used in the preparation of the Financial Statements. (b) Subject to the preceding subsection (a), any term used herein which is defined in the UCC and which is not otherwise defined in this Agreement shall have the same meaning when used herein as is given to such term in the UCC. (c) If GAAP shall have been modified after the Closing Date and the application of such modified GAAP shall have a material effect on any financial computations hereunder (including the computations required for the purpose of determining compliance with the financial covenants set forth in Article 9), then such computations shall be made and the financial statements, certificates and reports due hereunder shall be prepared, and all accounting terms not otherwise defined herein shall be construed, in accordance with GAAP as in effect prior to such modification, unless and until the Majority Banks and the Borrower shall have agreed upon the terms of the application of such modified GAAP.

1.3 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) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(i) The term "including" is not limiting and means "including without limitation."

(ii) 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."

(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.

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Agent, the Borrower and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Lenders or the Agent merely because of the Agent's or Lenders' involvement in their preparation.

ARTICLE 2

TERM LOANS

2.1 Term Loans.

(a) Assignment of Loans. The obligations under the promissory notes evidencing the Existing Loans outstanding under the Existing Loan Agreement have been assigned from AMD and AMDISS to, and assumed by, the Borrower pursuant to the Assignment Agreement. The outstanding principal amount of such notes as of the Closing Date is set forth opposite each Lender's name on the signature pages of this Agreement.

(b) Notation. The Agent shall record on its books the principal amount of the Existing Loans owing to each Lender. In addition, each Lender is authorized, at such Lender's option, to note the date and amount of each payment or prepayment of principal of such Lender's Loans in its books and records, including computer records, such books and records constituting presumptive evidence, absent manifest error, of the accuracy of the information contained therein.

(c) Amended and Restated Notes. As additional evidence of the indebtedness of the Borrower to each Lender resulting from the Loans made by such Lender and assumed by the Borrower, the Borrower shall execute and deliver for account of each Lender an Amended and Restated Promissory Note, dated as of July 11, 2003, in the amount set forth opposite each Lender's name on the signature pages of this Agreement.

ARTICLE 3

INTEREST AND FEES

3.1 Interest.

(a) Interest Rates. All outstanding Obligations shall bear interest on the unpaid principal amount thereof (including, to the extent permitted by law, on interest thereon not paid when due) from the date made until paid in full in cash at a rate determined by reference to the Base Rate or the LIBOR Rate and Sections 3.1(a)(i) or (ii), as applicable, but not to exceed the Maximum Rate described in Section 3.3. Except as otherwise provided herein, the outstanding Obligations shall bear interest as follows:

(i) For all LIBOR Rate Loans and other Obligations (other than Base Rate Loans) at a fluctuating per annum rate equal to the LIBOR Rate plus the Applicable Margin; and

(ii) For all Base Rate Loans at a fluctuating per annum rate equal to the Base Rate plus the Applicable Margin.

Each change in the Base Rate shall be reflected in the interest rate described in clause (ii) above as of the effective date of such change. All interest charges shall be computed on the basis of a year of 360 days and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest accrued on all Loans will be payable in arrears on the last Business Day of each calendar quarter hereafter.

(b) Default Rate. If any Default or Event of Default occurs and is continuing and the Majority Lenders in their discretion so elect, then, while any such Default or Event of Default is outstanding, all of the Obligations shall bear interest at the Default Rate applicable thereto and such interest shall be payable upon demand from time to time.

3.2 [Reserved]

3.3 Maximum Interest Rate. In no event shall any interest rate provided for hereunder exceed the maximum rate legally chargeable by any Lender under applicable law for such Lender with respect to loans of the type provided for hereunder (the "Maximum Rate"). If, in any month, any interest rate, absent such limitation, would have exceeded the Maximum Rate, then the interest rate for that month shall be the Maximum Rate, and, if in future months, that interest rate would otherwise be less than the Maximum Rate, then that interest rate shall remain at the Maximum Rate until such time as the amount of interest paid hereunder equals the amount of interest which would have been paid if the same had not been limited by the Maximum Rate. In the event that, upon payment in full of the Obligations, the total amount of interest paid or accrued under the terms of this Agreement is less than the total amount of interest which would, but for this Section 3.3, have been paid or accrued if the interest rates otherwise set forth in this Agreement had at all times been in effect, then the Borrower shall, to the extent permitted by applicable law, pay the Agent, for the account of the Lenders, an amount equal to the excess of (a) the lesser of (i) the amount of interest which would have been charged if the Maximum Rate

had, at all times, been in effect or (ii) the amount of interest which would have accrued had the interest rates otherwise set forth in this Agreement, at all times, been in effect over (b) the amount of interest actually paid or accrued under this Agreement. In the event that a court of competent jurisdiction determines that the Agent and/or any Lender has received interest and other charges hereunder in excess of the Maximum Rate, such excess shall be deemed received on account of, and shall automatically be applied to reduce, the Obligations other than interest, in the inverse order of maturity, and if there are no Obligations outstanding, the Agent and/or such Lender shall refund to the Borrower such excess.

3.4 Fees. The Borrower agrees to pay to the Agent for the account of the Lenders a non-refundable amendment fee equal to $100,000 on the Closing Date, which fee shall be fully earned by the Lenders when paid on the Closing Date.

ARTICLE 4

PAYMENTS AND PREPAYMENTS

4.1 Loans. The Borrower shall repay to the Lenders the aggregate principal amount of the Loans in consecutive quarterly installments, commencing on September 30, 2003, with subsequent installments payable on the last Business Day of each calendar quarter thereafter to and including the Stated Termination Date, as more particularly set forth on Schedule A hereto; provided, however, that the last such installment shall be in the amount necessary to repay in full the aggregate unpaid principal amount of the Loans.

4.2 Termination of Facility.

(a) Effective from and after the Closing Date, the Borrower may terminate this Agreement upon at least fifteen (15) days' irrevocable written notice to the Agent and the Lenders, upon (i) the payment in full of all outstanding Loans, together with accrued interest thereon, (ii) the payment of the prepayment fee set forth in clause (c) below, (iii) the payment in full in cash of all other Obligations together with accrued interest thereon, and (iv) with respect to any LIBOR Rate Loans prepaid in connection with such termination prior to the expiration date of the LIBOR Period applicable thereto, the payment of the amounts described in Section 5.4.

(b) The Borrower may prepay the outstanding principal amount of the Loans in part upon at least five (5) Business Days' irrevocable written notice to the Agent and the Lenders specifying the principal amount of such prepayment and the Business Day on which such prepayment shall occur, upon (i) the payment of the prepayment fee set forth in clause (c) below, (ii) the payment of all accrued but unpaid interest in respect of the principal amount of the Loans prepaid and (iii) with respect to any LIBOR Rate Loans prepaid prior to the expiration date of the LIBOR Period applicable thereto, the payment of the amounts described in Section 5.4.

(c) If this Agreement is terminated at any time prior to the Stated Termination Date, whether pursuant to this Section or pursuant to Section 11.2, or if the Borrower prepays for any reason (whether voluntarily, pursuant to Section 4.8 or otherwise) any of the outstanding principal amount of the Loans prior to the scheduled date on which such principal amount falls due, the Borrower shall pay to the Agent, for the account of the Lenders, a prepayment fee determined in accordance with the following table:

Period during which early termination or prepayment occurs	Prepayment Fee
On or prior to September 27, 2003	3.0% of the principal amount of the Loans prepaid (or required to be prepaid)
After September 27, 2003 but on or prior to September 27, 2004	2.0% of the principal amount of the Loans prepaid (or required to be prepaid)
After September 27, 2004 but on or prior to September 27, 2005	1.0% of the principal amount of the Loans prepaid (or required to be prepaid)

(d) All partial prepayments of the Loans shall be applied to the principal installments then remaining in inverse order of maturity.

4.3 Payments by the Borrower.

(a) All payments to be made by the Borrower shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Borrower shall be made to the Agent for the account of the Lenders at the Agent's address set forth in Section 15.8, and shall be made in Dollars and in immediately available funds, no later than 1:00 p.m. (New York, New York time) on the date specified herein. Any payment received by the Agent later than 1:00 p.m. (New York, New York 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.

(c) Unless the Agent receives notice from the Borrower prior to the date on which any payment is due to the Lenders that the Borrower will not make such payment in full as and when required, the Agent may assume that the Borrower 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 Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower has not made such payment in full to the Agent, each Lender shall repay to the Agent on demand such amount distributed to such Lender, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Lender until the date repaid.

4.4 [Reserved]

4.5 Apportionment, Application and Reversal of Payments. Aggregate principal and interest payments shall be apportioned ratably among the Lenders (according to the unpaid principal balance of the Loans to which such payments relate held by each Lender) and payments of the fees shall, as applicable, be apportioned ratably among the Lenders. All payments shall be remitted to the Agent and all such payments not relating to principal or interest of specific Loans, or not constituting payment of specific fees, and all proceeds of Accounts or other Collateral received by the Agent, shall be applied, ratably, subject to the provisions of this Agreement, first, to pay any fees, indemnities or expense reimbursements then due to the Agent from the Borrower; second, to pay any fees or expense reimbursements then due to the Lenders from the Borrower; third, to pay interest due in respect of all Loans; fourth, to pay or prepay principal of the Loans; and fifth, to the payment of any other Obligations due to the Agent or any Lender by the Borrower. Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the Borrower, or unless an Event of Default is outstanding, neither the Agent nor any Lender shall apply any payments which it receives to any LIBOR Rate Loan, except (a) on the expiration date of the LIBOR Period applicable to any such LIBOR Rate Loan, or (b) in the event, and only to the extent, that there are no outstanding Base Rate Loans. The Agent shall promptly distribute to each Lender, pursuant to the applicable wire transfer instructions received from each Lender in writing, such funds as it may be entitled to receive. The Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Obligations.

4.6 Indemnity for Returned Payments. If, after receipt of any payment of, or proceeds applied to the payment of, all or any part of the Obligations, the Agent or any Lender is for any reason compelled to surrender such payment or proceeds to any Person, because such payment or application of proceeds is invalidated, declared fraudulent, set aside, determined to be void or voidable as a preference, impermissible setoff, or a diversion of trust funds, or for any other reason, then the Obligations or part thereof intended to be satisfied shall be revived and continue and this Agreement shall continue in full force as if such payment or proceeds had not been received by the Agent or such Lender, and the Borrower shall be liable to pay to the Agent, and hereby does indemnify the Agent and the Lenders and hold the Agent and the Lenders harmless for, the amount of such payment or proceeds surrendered. The provisions of this Section 4.6 shall be and remain effective notwithstanding any contrary action which may have been taken by the Agent or any Lender in reliance upon such payment or application of proceeds, and any such contrary action so taken shall be without prejudice to the Agent's and the Lenders' rights under this Agreement and shall be deemed to have been conditioned upon such payment or application of proceeds having become final and irrevocable. The provisions of this Section 4.6 shall survive the termination of this Agreement.

4.7 Agent's and Lenders' Books and Records; Monthly Statements. The Borrower agrees that the Agent's and each Lender's books and records showing the Obligations and the transactions pursuant to this Agreement and the other Loan Documents shall be admissible in any action or proceeding arising therefrom, and shall constitute rebuttably presumptive proof thereof, irrespective of whether any Obligation is also evidenced by a promissory note or other instrument. The Agent will provide to the Borrower a quarterly statement of Loans, payments, and other transactions pursuant to this Agreement. Such statement shall be deemed correct, accurate, and binding on the Borrower and an account stated (except for reversals and reapplications of payments made as provided in Section 4.5 and corrections of errors discovered by the Agent), unless the Borrower notifies the Agent in writing to the contrary within thirty (30) days after such statement is rendered. In the event a timely written notice of objections is given by the Borrower, only the items to which exception is expressly made will be considered to be disputed by the Borrower.

4.8 Mandatory Prepayments of Loans. If the Borrower or any Subsidiary shall at any time or from time to time make or agree to make a Disposition, or shall suffer an Event of Loss, then (i) the Borrower shall promptly notify the Agent of such proposed Disposition or Event of Loss (including the amount of the estimated Net Proceeds to be received by the Borrower or such Subsidiary in respect thereof) and (ii) promptly upon, and in no event later than one Business Day after, receipt by the Borrower or the Subsidiary of the Net Proceeds of such Disposition or Event of Loss, the Borrower shall prepay the Loans in an aggregate amount equal to the amount of such Net Proceeds; provided, however, that (a) the foregoing provisions of this Section 4.8 shall not apply to (i) Net Proceeds of less than $2,000,000 received by the Borrower or any Subsidiary in connection with any Disposition or Event of Loss, subject to a maximum of $10,000,000 of Net Proceeds received by the Borrower or any Subsidiary (on an aggregate basis) in any Fiscal Year, so long as such Net Proceeds are reinvested or otherwise applied in accordance with the following clauses (ii) and (iii), (ii) in the case of any Disposition of Machinery & Equipment, Net Proceeds actually applied within 180 calendar days after such Disposition to replace such Machinery & Equipment with other Machinery & Equipment, which shall be located at the Fab 25 Facility to be used in the ongoing operation of the Fab 25 Facility, or (iii) in the case of any Event of Loss, Net Proceeds actually applied within 180 days after the occurrence of such Event of Loss to repair or reconstruct the damaged property or property affected by the condemnation or taking; and (b) accumulated proceeds in cash, checks or other cash equivalent financial instruments in respect of any Disposition or Event of Loss at any time in excess of the individual or aggregate limits described in the preceding clause (a)(i) shall be delivered to the Agent to be held by the Agent as Collateral hereunder pending reinvestment of such proceeds or application of such proceeds to pay the Obligations, in each case, in accordance with this Agreement and the other Loan Documents. In the event that the Net Proceeds described in clause (a) above are not reinvested or otherwise applied within such 180-day period, the Borrower shall be obligated to immediately apply such Net Proceeds to prepay the Loans in accordance with this Section 4.8.

ARTICLE 5

TAXES, YIELD PROTECTION AND ILLEGALITY

5.1 Taxes.

(a) Any and all payments by the Borrower to each Lender 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 Borrower shall pay all Other Taxes.

(b) The Borrower agrees to indemnify and hold harmless each Lender and the Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Lender or the Agent and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Lender or the Agent makes written demand therefor.

(c) If the Borrower shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Lender 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 Lender or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Borrower shall make such deductions and withholdings;

(iii) the Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Borrower shall also pay to each Lender or the Agent for the account of such Lender, at the time interest is paid, all additional amounts which the respective Lender specifies as necessary to preserve the after-tax yield the Lender would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by the Borrower of Taxes or Other Taxes, the Borrower shall furnish the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.

(e) If the Borrower is required to pay additional amounts to any Lender or the Agent pursuant to subsection (c) of this Section, then such Lender 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 Borrower which may thereafter accrue, if such change in the judgment of such Lender is not otherwise disadvantageous to such Lender.

5.2 Illegality. If any Lender 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 Lender or its applicable lending office to make or maintain LIBOR Rate Loans, then, on notice thereof by the Lender to the Borrower through the Agent, any obligation of the Lenders to make or maintain LIBOR Rate Loans shall be suspended until the Lender notifies the Agent and the Borrower that the circumstances giving rise to such determination no longer exist.

5.3 Increased Costs and Reduction of Return.

(a) If any Lender determines that, due to either (i) the introduction of or any change in the interpretation of any law or regulation or (ii) the compliance by that Lender 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 Lender of agreeing to make or making, funding or maintaining any LIBOR Rate Loans, then the Borrower 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 Lender, additional amounts as are sufficient to compensate such Lender for such increased costs.

(b) If any Lender 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 Lender or any corporation or other entity controlling the Lender with any Capital Adequacy Regulation, affects or would affect the amount of capital required or expected to be maintained by the Lender or any corporation or other entity controlling the Lender and (taking into consideration such Lender's or such corporation's or other entity's policies with respect to capital adequacy and such Lender'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 Lender to the Borrower through the Agent, the Borrower shall pay to the Lender, from time to time as specified by the Lender, additional amounts sufficient to compensate the Lender for such increase.

5.4 Funding Losses. The Borrower shall reimburse each Lender and hold each Lender harmless from any loss or expense which the Lender may sustain or incur as a consequence of:

(a) the failure of the Borrower to make on a timely basis any payment of principal of or interest on any LIBOR Rate Loan;

(b) the failure of the Borrower to prepay any LIBOR Rate Loan after the Borrower has given a notice thereof in accordance herewith;

(c) the prepayment or other payment (including after acceleration thereof, by operation of law or otherwise) of a LIBOR Rate Loan, in whole or in part, on a day that is not the last day of the relevant LIBOR Period; or

(d) the automatic conversion of a LIBOR Rate Loan to a Base Rate Loan as provided in Section 5.6 on a day that is not the last day of the relevant LIBOR Period,

including any such loss or expense arising from the liquidation or reemployment of funds obtained by each such Lender to maintain its LIBOR Rate Loans or from fees payable to terminate the deposits from which such funds were obtained.

5.5 Inability to Determine Rates. If the Agent determines that for any reason adequate and reasonable means do not exist for determining the LIBOR Rate for any LIBOR Period, or that the LIBOR Rate for any LIBOR Period does not adequately and fairly reflect the cost to the Lenders of funding or maintaining the Loans, the Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBOR Rate Loans hereunder shall be suspended until the Agent revokes such notice in writing.

5.6 Automatic Conversion of LIBOR Rate Loans to Base Rate Loans. If the obligation of the Lenders to make or maintain LIBOR Rate Loans is at any time suspended pursuant to Section 5.2 or Section 5.5, then all LIBOR Rate Loans then outstanding shall immediately and automatically convert to Base Rate Loans without any further action by the parties. The Agent shall promptly notify the Borrower and the Lenders of any such automatic conversion to Base Rate Loans. From and after the date on which any such automatic conversion to Base Rate Loans occurs, the outstanding Loans shall continue to accrue interest as Base Rate Loans until such date as the Agent notifies the Borrower and the Lenders that the circumstances giving rise to such automatic conversion no longer exist, at which date the outstanding Loans shall automatically convert back to LIBOR Rate Loans having a LIBOR Period commencing on such date. The Borrower shall pay to the Lenders the amounts described in Section 5.4 in connection with the automatic conversion of the LIBOR Rate Loans to Base Rate Loans on a day that is not the last day of the relevant LIBOR Period.

5.7 Certificates of Lenders. Any Lender claiming reimbursement or compensation under this Article 5 shall deliver to the Borrower (with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to the Lender hereunder and such certificate shall be conclusive and binding on the Borrower in the absence of manifest error.

5.8 Survival. The agreements and obligations of the Borrower in this Article 5 shall survive the payment of all other Obligations.

ARTICLE 6

COLLATERAL

6.1 Perfection and Protection of Security Interest.

(a) The Borrower shall execute and deliver to the Agent concurrently with the execution of this Agreement, and the Borrower hereby authorizes the Agent to file (with or without the Borrower's signature), at any time and from time to time thereafter, all financing statements, continuation financing statements, termination statements, assignments, fixture filings, affidavits, reports, notices and other documents and instruments, in form satisfactory to the Agent, and take all other action, as the Agent may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the Agent's security interest in the Collateral and to accomplish the purposes of this Agreement. Without limiting the generality of the foregoing, the Borrower ratifies and authorizes the filing by the Agent of any financing statements filed prior to the date hereof.

6.2 Title to, Liens on, and Sale and Use of Collateral. The Borrower represents and warrants to the Agent and the Lenders and agrees with the Agent and the Lenders that: (a) all of the Collateral (except the Collateral under the AMD Security Agreement) is and will continue to be owned by the Borrower free and clear of all Liens whatsoever, except for Permitted Liens, (b) the Agent's Liens in the Collateral will not be subject to any prior Lien, except as contemplated by the Intercreditor Agreement; (c) the Borrower will use, store, and maintain the Collateral (except the Collateral under the AMD Security Agreement) with all reasonable care and will use such Collateral for lawful purposes only; and (d) the Borrower will not, without the Agent's prior written approval, sell, or dispose of or permit the sale or disposition of any of the Collateral of the Borrower except for, subject to Sections 4.8 and 9.8, the sale or disposition of the Machinery and Equipment. The inclusion of proceeds in the Collateral shall not be deemed to constitute the Agent's or any Lender's consent to any sale or other disposition of the Collateral except as expressly permitted herein.

6.3 Access and Examination; Confidentiality. The Agent, accompanied by any Lender which so elects, may, at Borrower's expense, at all reasonable times during regular business hours (and at any time when an Event of Default exists and is continuing) have access to, examine, audit, make extracts from or copies of and inspect any or all of the Borrower's records, files, and books of account and the Collateral of the Borrower, and discuss the Borrower's affairs with the Borrower's officers and management; provided that the Agent and the Lenders agree that, unless an Event of Default has occurred and is continuing, the Agent shall not conduct any such examination, audit or other inspection more than two times in any calendar year. The parties further agree that the Agent may conduct additional examinations, audits or other inspections, at the expense of the Agent and the Lenders, at all reasonable times during regular business hours, in addition to those contemplated above in this Section 6.3. The Borrower will deliver to the Agent any instrument necessary for the Agent to obtain records from any service bureau maintaining records for the Borrower. The Agent may, and at the direction of the Majority Lenders shall, at any time when a Default or Event of Default exists, and at the Borrower's expense, make copies of all of the Borrower's books and records relating to the Collateral of the Borrower and all relevant financial records, or require the Borrower to deliver such copies to the Agent.

ARTICLE 7

BOOKS AND RECORDS; FINANCIAL INFORMATION; NOTICES

7.1 Books and Records. The Borrower shall maintain, at all times, correct and complete books, records and accounts in which complete, correct and timely entries are made of its transactions in accordance with GAAP applied consistently with the audited Financial Statements required to be delivered pursuant to Section 7.2(a). The Borrower shall, by means of appropriate entries, reflect in such accounts and in all Financial Statements proper liabilities and reserves for all taxes and proper provision for depreciation and amortization of property and bad debts, all in accordance with GAAP. From and after the Closing Date, the Borrower shall maintain at all times books and records pertaining to the Collateral of the Borrower in such detail, form and scope as the Agent or any Lender shall reasonably require.

7.2 Financial Information. The Borrower shall promptly furnish to each Lender, all such financial information as the Agent or any Lender shall reasonably request, and notify its auditors and accountants that the Agent, on behalf of the Lenders, is authorized to obtain such information directly from them. Without limiting the foregoing, the Borrower will furnish to the Agent, in sufficient copies for distribution by the Agent to each Lender, in such detail as the Agent or the Lenders shall request, the following:

(a) As soon as available, but in any event not later than ninety (90) days after the close of each Fiscal Year, consolidated audited and consolidating audited balance sheets, and statements of income and expense, cash flow and of stockholders' equity for the Borrower and its Subsidiaries for such Fiscal Year, and the accompanying notes thereto, setting forth in each case in comparative form figures for the previous Fiscal Year, all in reasonable detail, fairly presenting the financial position and the results of operations of the Borrower and its consolidated Subsidiaries as at the date thereof and for the Fiscal Year then ended, and prepared in accordance with GAAP. Such statements shall be examined in accordance with generally accepted auditing standards by and, in the case of such statements performed on a consolidated basis, accompanied by a report thereon unqualified as to scope of independent certified public accountants selected by the Borrower and reasonably satisfactory to the Agent. The Borrower, simultaneously with retaining such independent public accountants to conduct such annual audit, shall send a letter to such accountants, with a copy to the Agent and the Lenders, notifying such accountants that one of the primary purposes for retaining such accountants' services and having audited financial statements prepared by them is for use by the Agent and the Lenders. The Borrower hereby authorizes the Agent, upon reasonable prior notice to the Borrower, to communicate directly with its certified public accountants and, by this provision, authorizes those accountants to disclose to the Agent any and all financial statements and other supporting financial documents and schedules relating to the Borrower or any of its Subsidiaries and to discuss directly with the Agent the finances and affairs of the Borrower or any of its Subsidiaries.

(b) As soon as available, but in any event not later than fifteen (15) days after the end of each month, consolidated and consolidating unaudited balance sheets of the Borrower and its consolidated Subsidiaries as at the end of such month, and consolidated and consolidating unaudited statements of income and expense for the Borrower and its consolidated Subsidiaries for such month and for the period from the beginning of the Fiscal Year to the end of such month, each in such form and detail as currently provided to management of the Borrower as of the date of this Agreement.

(c) As soon as available, but in any event not later than forty-five (45) days after the close of each fiscal quarter other than the fourth quarter of a Fiscal Year, consolidated and consolidating unaudited balance sheets of the Borrower and its consolidated Subsidiaries as at the end of such quarter, and consolidated and consolidating unaudited statements of income and expense and statement of cash flows for the Borrower and its Subsidiaries for such quarter and for the period from the beginning of the Fiscal Year to the end of such quarter, all in reasonable detail, fairly presenting the financial position and results of operation of the Borrower and its Subsidiaries as at the date thereof and for such periods, prepared in accordance with GAAP consistent with the audited Financial Statements required to be delivered pursuant to Section 7.2(a). The Borrower shall certify by a certificate signed by its chief financial officer that all such statements have been prepared in accordance with GAAP and present fairly, subject to normal year-end adjustments, the Borrower's financial position as at the dates thereof and its results of operations for the periods then ended.

(d) With each of the audited Financial Statements delivered pursuant to Section 7.2(a), a certificate of the independent certified public accountants that examined such statement to the effect that they have reviewed and are familiar with this Agreement and that, in examining such Financial Statements, they did not become aware of any fact or condition which then constituted a Default or Event of Default, except for those, if any, described in reasonable detail in such certificate.

(e) With each of the annual audited Financial Statements delivered pursuant to Section 7.2(a), and within forty-five (45) days after the end of each fiscal quarter, a certificate of the chief financial officer of the Borrower (i) setting forth in reasonable detail the calculations of the covenants set forth in Sections 9.19, 9.20 and 9.21 during the period covered in such Financial Statements and as at the end thereof and demonstrating compliance with such covenants, if required under the terms of this Agreement, and (ii) stating that, except as explained in reasonable detail in such certificate, (A) all of the representations and warranties of the Borrower contained in this Agreement and the other Loan Documents are correct and complete in all material respects as at the date of such certificate as if made at such time, except for those that speak as of a particular day, (B) the Borrower is, at the date of such certificate, in compliance in all material respects with all of its respective covenants and agreements in this Agreement and the other Loan Documents, (C) no Default or Event of Default then exists or existed during the period covered by such Financial Statements, (D) describing and analyzing in reasonable detail all material trends, changes, and developments in each and all Financial Statements; and (E) explaining the variances of the figures in the corresponding budgets and prior Fiscal Year financial statements. If such certificate discloses that a representation or warranty is not correct or complete, or that a covenant has not been complied with, or that a Default or Event of Default existed or exists, such certificate shall set forth what action the Borrower has taken or proposes to take with respect thereto.

(f) No sooner than sixty (60) days and not less than thirty (30) days prior to the beginning of each Fiscal Year, annual forecasts (to include forecasted consolidated and consolidating balance sheets, statements of income and expenses and statements of cash flow) for the Borrower and its Subsidiaries as at the end of and for each month of such Fiscal Year.

(g) Promptly after filing with the PBGC and the IRS, a copy of each annual report or other filing filed with respect to each Plan of the Borrower.

(h) Promptly upon the filing thereof, copies of all reports, if any, to or other documents filed by the Borrower or any of its Subsidiaries with the Securities and Exchange Commission under the Exchange Act, and all reports, notices, or statements sent or received by the Borrower or any of its Subsidiaries to or from the holders of any equity interests of the Borrower (other than routine non-material correspondence sent by shareholders of the Borrower to the Borrower) or any such Restricted Subsidiary or of any Debt for Borrowed Money of the Borrower or any of its Restricted Subsidiaries registered under the Securities Act of 1933 or to or from the trustee under any indenture under which the same is issued.

(i) As soon as available, but in any event not later than 15 days after the Borrower's receipt thereof, a copy of all management reports and management letters prepared for the Borrower by any independent certified public accountants of the Borrower.

(j) Promptly after their preparation, copies of any and all proxy statements, financial statements, and reports which the Borrower makes available to its shareholders.

(k) Promptly after filing with the IRS, a copy of each tax return filed by the Borrower or by any of its Restricted Subsidiaries.

(l) Such additional information as the Agent and/or any Lender may from time to time reasonably request regarding the financial and business affairs of the Borrower or any Restricted Subsidiary.

7.3 Notices to the Lenders. The Borrower shall notify the Agent and the Lenders, in writing of the following matters at the following times:

(a) Immediately after becoming aware of any Default or Event of Default.

(b) Immediately after becoming aware of the assertion by the holder of any Debt of the Borrower or any Restricted Subsidiary in excess of $1,000,000 in principal amount that a default exists with respect thereto or that the Borrower or such Restricted Subsidiary is not in compliance with the terms thereof, or the threat or commencement by such holder of any enforcement action because of such asserted default or non-compliance.

(c) Immediately after becoming aware of any material adverse change in the Borrower's or any Restricted Subsidiary's property, business, operations, or condition (financial or otherwise).

(d) Immediately after becoming aware of any pending or threatened action, suit, proceeding, or counterclaim by any Person, or any pending or threatened investigation by a Governmental Authority, which could reasonably be expected to materially and adversely affect the Collateral, the repayment of the Obligations, the Agent's or any Lender's rights under the Loan Documents, or the Borrower's or any Restricted Subsidiary's property, business, operations, or condition (financial or otherwise).

(e) Immediately after becoming aware of any pending or threatened strike, work stoppage, unfair labor practice claim, or other labor dispute affecting the Borrower or any of its Restricted Subsidiaries in a manner which could reasonably be expected to have a Material Adverse Effect.

(f) Immediately after becoming aware of any violation of any law, statute, regulation, or ordinance of a Governmental Authority affecting the Borrower or any Restricted Subsidiary which could reasonably be expected to have a Material Adverse Effect.

(g) Immediately after receipt of any notice of any violation by the Borrower or any of its Restricted Subsidiaries of any Environmental Law which could reasonably be expected to have a Material Adverse Effect or of the imposition of any Environmental Lien against any property of the Borrower or any of its Restricted Subsidiaries or that any Governmental Authority has asserted that the Borrower or any Restricted Subsidiary is not in compliance with any Environmental Law or is investigating the Borrower's or such Restricted Subsidiary's compliance therewith, in each case, which could reasonably be expected to have a Material Adverse Effect.

(h) Immediately after receipt of any written notice that the Borrower or any of its Restricted Subsidiaries is or may be liable to any Person as a result of the Release or threatened Release of any Contaminant or that the Borrower or any Restricted Subsidiary is subject to investigation by any Governmental Authority evaluating whether any remedial action is needed to respond to the Release or threatened Release of any Contaminant which, in either case, is reasonably likely to have a Material Adverse Effect.

(i) Any change in the Borrower's name, state of organization, or form of organization, in each case at least thirty (30) days prior thereto.

(j) Within ten (10) Business Days after the Borrower or any ERISA Affiliate knows or has reason to know, that an ERISA Event or a prohibited transaction (as defined in Sections 406 of ERISA and 4975 of the Code) has occurred, and, when known, any action taken or threatened by the IRS, the DOL or the PBGC with respect thereto.

(k) Upon request, copies of the following: (i) each annual report (form 5500 series), including Schedule B thereto, filed with the PBGC, the DOL or the IRS with respect to each Plan, (ii) a copy of each funding waiver request filed with the PBGC, the DOL or the IRS with respect to any Plan and all communications received by the Borrower or any ERISA Affiliate from the PBGC, the DOL or the IRS with respect to such request, and (iii) a copy of each other filing or notice filed with the PBGC, the DOL or the IRS, with respect to each Plan of either Borrower or any ERISA Affiliate.

(l) Of the occurrence of any of the following events affecting the Borrower or any ERISA Affiliate (but in no event more than 10 days after such event), together with 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 Borrower 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 Borrower 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; and

(m) Prior notice of any material change in accounting policies or financial reporting practices by the Borrower or any of its consolidated Subsidiaries.

Each notice given under this Section shall describe the subject matter thereof in reasonable detail, and shall set forth the action that the Borrower, its Subsidiary, or any ERISA Affiliate, as applicable, has taken or proposes to take with respect thereto.

ARTICLE 8

GENERAL WARRANTIES AND REPRESENTATIONS

The Borrower warrants and represents to the Agent and the Lenders that except as hereafter disclosed to and accepted by the Agent and the Majority Lenders in writing:

8.1 Authorization, Validity, and Enforceability of this Agreement and the Loan Documents. The Borrower has the corporate power and authority to execute, deliver and perform this Agreement and the other Loan Documents, to incur the Obligations, and to grant to the Agent Liens upon and security interests in the Collateral of the Borrower. The Borrower has taken all necessary corporate action (including obtaining approval of its stockholders if necessary) to authorize its execution, delivery, and performance of this Agreement and the other Loan Documents to which it is a party. This Agreement and the other Loan Documents have been duly executed and delivered by the Borrower, and constitute the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms without defense, setoff or counterclaim. The Borrower's execution, delivery, and performance of this Agreement and the other Loan Documents, including the grant or perfection of the Agent's Liens, do not and will not conflict with, or constitute a violation or breach of, or constitute a default under, or result in the creation or imposition of any Lien upon the property of the Borrower or any of its Restricted Subsidiaries by reason of the terms of (a) any contract, mortgage, Lien, lease, agreement, indenture, or instrument to which the Borrower is a party or which is binding upon it, (b) any Requirement of Law applicable to the Borrower or any of its Restricted Subsidiaries, or (c) the certificate or articles of incorporation or by-laws or other organizational document of the Borrower or any of its Restricted Subsidiaries.

8.2 Validity and Priority of Security Interest. The provisions of the Collateral Documents (other than the AMD Security Agreement) create legal and valid Liens on all the Collateral of the Borrower in favor of the Agent, for the ratable benefit of the Agent and the Lenders, and constitute first priority perfected and continuing Liens, having priority over all other Liens, in each case, securing all the Obligations, and enforceable against the Borrower and all third parties.

8.3 Organization and Qualification. The Borrower (a) is duly organized and validly existing in good standing under the laws of the state of its incorporation, (b) is qualified to do business and is in good standing in the jurisdictions set forth on Schedule 8.3 which are the only jurisdictions in which qualification is necessary in order for it to own or lease its property and conduct its business, and (c) has all requisite power and authority to conduct its business and to own its property.

8.4 Corporate Name; Prior Transactions. As of the Closing Date, the Borrower has not been known by or used any other fictitious name other than "FASL".

8.5 Subsidiaries and Affiliates. Schedule 8.5 is a correct and complete list of the name and relationship to the Borrower of each of the Borrower's Subsidiaries as of the Closing Date. Each Restricted Subsidiary is (a) duly incorporated and/or organized and validly existing in good standing under the laws of its state of incorporation or organization set forth on Schedule 8.5, and (b) qualified to do business as a foreign corporation, partnership or limited liability company and in good standing in each jurisdiction in which the failure to so qualify or be in good standing could reasonably be expected to have a material adverse effect on any such Restricted Subsidiary's business, operations, property, or condition (financial or otherwise) and (c) has all requisite power and authority to conduct its business and own its property.

8.6 Financial Statements and Projections.

(a) The Parents have delivered to the Agent and the Lenders an unaudited pro forma balance sheet for the Borrower and its consolidated Subsidiaries as of June 30, 2003. Such balance sheet has been prepared in accordance with GAAP and presents accurately and fairly the pro forma financial position of the Borrower and its consolidated Subsidiaries as at the date thereof.

(b) The Latest Projections when submitted to the Lenders as required herein represent the Borrower's good faith estimate of the future financial performance of the Borrower and its consolidated Subsidiaries for the periods set forth therein. The Latest Projections have been prepared on the basis of the assumptions set forth therein, which the Borrower believes are fair and reasonable in light of current and reasonably foreseeable business conditions at the time submitted to the Lender.

8.7 Solvency. The Borrower is Solvent prior to and after giving effect to the assumption of the Existing Loans.

8.8 Debt. As of the Closing Date, the Borrower and its Restricted Subsidiaries have no Debt, except (a) the Obligations, (b) Debt described on Schedule 8.8, (c) trade payables and other contractual obligations arising in the ordinary course of business, and (d) Subordinated Parent Debt.

8.9 Distributions. No Distribution has been declared, paid, or made upon or in respect of any capital stock or other securities of the Borrower as of the Closing Date, other than Distributions that are permitted pursuant to Section 9.9.

8.10 Title to Property. The Borrower has good and marketable title in fee simple to its real property, and except as specifically disclosed in Schedule 8.10, the Borrower has good, indefeasible, and merchantable title to all of its other property, and all of such property constituting Collateral is free of all Liens except Permitted Liens.

8.11 [Reserved]

8.12 Litigation. Except as specifically disclosed in Schedule 8.12, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the Borrower, 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 Borrower 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.

8.13 Restrictive Agreements. As of the Closing Date, neither the Borrower nor any of its Restricted Subsidiaries is a party to any contract or agreement, or subject to any charter or other corporate or similar restriction, or any Requirement of Law, which would in any respect reasonably be expected to cause a Material Adverse Effect.

8.14 Labor Disputes. As of the Closing Date, (a) there is no collective bargaining agreement or other labor contract covering employees of the Borrower or any of its Restricted Subsidiaries, (b) no such collective bargaining agreement or other labor contract is scheduled to expire during the term of this Agreement, (c) no union or other labor organization is seeking to organize, or to be recognized as, a collective bargaining unit of employees of the Borrower or any of its Restricted Subsidiaries or for any similar purpose, and (d) there is no pending or (to the best of the Borrower's knowledge) threatened, strike, work stoppage, material unfair labor practice claim, or other material labor dispute against or affecting the Borrower or its Restricted Subsidiaries or their employees.

8.15 Environmental Laws. Except as specifically disclosed on Schedule 8.15, as of the Closing Date:

(a) to the best of the Borrower's knowledge, the on-going operations of the Borrower 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 $25,000,000 in the aggregate.

(b) the Borrower 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 Borrower and each of its Restricted Subsidiaries are in compliance with all material terms and conditions of such Environmental Permits;

(c) none of the Borrower, any of its Restricted Subsidiaries or any of their respective present property or operations, is subject to any outstanding written order from or agreement with any Governmental Authority, nor subject to any judicial or docketed administrative proceeding, respecting any Environmental Law, Environmental Claim or Contaminant; and

(d) to the best of the Borrower's knowledge, there are no Contaminants or other conditions or circumstances existing with respect to any property of the Borrower or any Restricted Subsidiary, or arising from operations prior to the Closing Date of the Borrower or any of its Restricted Subsidiaries that would reasonably be expected to give rise to Environmental Claims with a potential liability of the Borrower and its Restricted Subsidiaries in excess of $25,000,000 in the aggregate for any such condition, circumstance or property and in addition, (i) neither the Borrower 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 Contaminants off-site, and (ii) the Borrower 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.

8.16 No Violation of Law. Neither the Borrower nor any of its Restricted Subsidiaries is in violation of any law, statute, regulation, ordinance, judgment, order, or decree applicable to it which violation could reasonably be expected to have a Material Adverse Effect.

8.17 No Default. Neither the Borrower nor any of its Restricted Subsidiaries is in default with respect to any note, indenture, loan agreement, mortgage, lease, deed, or other agreement to which the Borrower or such Restricted Subsidiary is a party or by which it is bound, which default could reasonably be expected to have a Material Adverse Effect.

8.18 ERISA Compliance. As of the Closing Date:

(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 is intended to qualify under Section 401(a) of the Code and to the best knowledge of the Borrower, nothing has occurred which would cause the loss of such qualification. The Borrower 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 Borrower, 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 Borrower 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 Borrower 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 Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

8.19 Taxes. The Borrower and its Restricted Subsidiaries have filed all federal and other tax returns and reports required to be filed, and have paid all federal and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable. There is no proposed tax assessment against the Borrower or any of its Restricted Subsidiaries that would, if made, have a Material Adverse Effect. For Federal income tax purposes, the Borrower is a partnership and not an association taxable as a corporation. Neither the execution and delivery of this Agreement, the other Loan Documents nor the consummation of any of the transactions contemplated hereby or thereby shall affect such status.

8.20 Regulated Entities. None of the Borrower, any Person controlling the Borrower, or any Subsidiary, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Borrower 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 law, or any other federal or state statute or regulation limiting its ability to incur indebtedness.

8.21 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for working capital or general corporate purposes, not in contravention of this Agreement, including any payments provided for in this Agreement. Neither the Borrower nor any Subsidiary is engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

8.22 Copyrights, Patents, Trademarks and Licenses, etc. To the best of the Borrower's knowledge, the Borrower or its Restricted Subsidiaries own or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, licenses, rights of way, authorizations and other rights that are reasonably necessary for the operation of its businesses, without conflict with the rights of any other Person. To the best knowledge of the Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Borrower or any Restricted Subsidiary infringes upon any rights held by any other Person. Except as specifically disclosed on Schedule 8.22, no claim or litigation regarding any of the foregoing is pending or, to the best of Borrower's knowledge, threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is, to the best of the Borrower's knowledge, pending or proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

8.23 No Material Adverse Change. No material adverse change has occurred in the Borrower's Property, business, operations, or conditions (financial or otherwise) since the date of the Financial Statements delivered to the Lender under Section 8.6(a).

8.24 Full Disclosure. None of the representations or warranties made by the Borrower 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 Borrower or any Subsidiary in connection with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of the Borrower to the Lenders prior to the Closing Date), 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 Borrower represent the Borrower's best estimates and assumptions as to future performance, which the Borrower 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).

8.25 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower or any of its Restricted Subsidiaries of this Agreement or any other Loan Document.

8.26 Insurance. The properties of the Borrower and its Restricted Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or each such Restricted Subsidiary operates.

ARTICLE 9

AFFIRMATIVE AND NEGATIVE COVENANTS

The Borrower covenants to the Agent and each Lender that, effective from and after the Closing Date, and for so long as any of the Obligations remains outstanding or this Agreement is in effect:

9.1 Taxes and Other Obligations. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, (a) file when due all tax returns and other reports which it is required to file; (b) pay, or provide for the payment, when due, of all taxes, fees, assessments and other governmental charges against it or upon its property, income and franchises, make all required withholding and other tax deposits, and establish adequate reserves for the payment of all such items, and provide to the Agent and the Lenders, upon reasonable request, satisfactory evidence of its timely compliance with the foregoing; and (c) pay when due all Debt owed by it, but subject to any subordination provisions contained in any instrument or agreement evidencing such Debt, and all claims of materialmen, mechanics, carriers, warehousemen, landlords, processors and other like Persons, and all other indebtedness owed by it and perform and discharge in a timely manner all other obligations undertaken by it; provided, however, neither the Borrower nor any of its Restricted Subsidiaries need pay any tax, fee, assessment, or governmental charge, that (i) it is contesting in good faith by appropriate proceedings diligently pursued, (ii) the Borrower or its Restricted Subsidiary, as the case may be, has established proper reserves for as provided in GAAP, and (iii) no Lien (other than a Permitted Lien) results from such non-payment.

9.2 Corporate Existence and Good Standing. The Borrower shall, and shall cause each of its Restricted Subsidiaries to (subject to the provisions of Section 9.8), maintain its corporate (or other legal form) existence and its qualification and good standing in all jurisdictions in which the failure to maintain such existence and qualification or good standing could reasonably be expected to have a material adverse effect on the Borrower's or such Restricted Subsidiary's property, business, operations or condition (financial or otherwise).

9.3 Compliance with Law and Agreements; Maintenance of Licenses. The Borrower 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 by appropriate proceedings diligently pursued. The Borrower shall, and shall cause each of its Subsidiaries to, obtain and maintain all licenses, permits, franchises, and governmental authorizations necessary to own its property and to conduct its business. The Borrower shall not modify, amend or alter its Certificate of Formation or Operating Agreement other than in a manner which does not adversely affect the rights of the Lenders or the Agent.

9.4 Maintenance of Property. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, maintain all of its property necessary and useful in the conduct of its business, in good operating condition and repair, ordinary wear and tear excepted, using the standard of care typical in the industry in the operation and maintenance of its facilities, and 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. The Borrower shall, and shall cause each Restricted Subsidiary to, use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill.

9.5 Insurance.

(a) The Borrower shall maintain, and shall cause each of its Restricted Subsidiaries to maintain, with financially sound and reputable insurers having a rating of at least A-VII or better by Best Rating Guide, insurance against loss or damage by fire with extended coverage; theft, burglary, pilferage and loss in transit; public liability and third party property damage; larceny, embezzlement or other criminal liability; business interruption; public liability and third party property damage; and such other hazards or of such other types as is customary for Persons engaged in the same or similar business.

(b) The Borrower shall cause the Agent, for the ratable benefit of the Agent and the Lenders, to be named (i) as secured party and sole loss payee in respect of each such policy insuring the Machinery & Equipment and the Fab 25 Facility, (ii) as secured party and loss payee, as its interests may appear, in respect of each such policy insuring any other Collateral and (iii) additional insured in respect of each such liability policy, in each case, in a manner acceptable to the Agent. Each policy of insurance shall contain a clause or endorsement requiring the insurer to give not less than thirty (30) days' prior written notice to the Agent in the event of cancellation, non-renewal or amendment of the policy for any reason whatsoever and a clause or endorsement stating that the interest of the Agent shall not be impaired or invalidated by any act or neglect of the Borrower or any of its Subsidiaries or the owner of any premises for purposes more hazardous than are permitted by such policy. All premiums for such insurance shall be paid by the Borrower when due, and certificates of insurance and, if requested by the Agent or any Lender, photocopies of the policies, shall be delivered to the Agent, in each case in sufficient quantity for distribution by the Agent to each of the Lenders. If the Borrower fails to procure such insurance or to pay the premiums therefor when due, the Agent may, and at the direction of the Majority Lenders shall, do so from the proceeds of Loans.

(c) The Borrower shall promptly notify the Agent and the Lenders of any loss, damage, or destruction to the Collateral of the Borrower in excess of $500,000, whether or not covered by insurance. During the existence of any Event of Default, the Agent is hereby authorized to collect all insurance proceeds in respect of Collateral of the Borrower directly, and to apply or remit them as follows: after deducting from such proceeds the reasonable expenses, if any, incurred by the Agent in the collection or handling thereof, ratably, to the reduction of the Obligations in the order provided for in Section 4.5.

9.6 Environmental Laws. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, conduct its business in compliance with all Environmental Laws applicable to it, including those relating to the generation, handling, use, storage, and disposal of any Contaminant. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, take prompt and appropriate action to respond to any non-compliance with Environmental Laws.

9.7 Compliance with ERISA. The Borrower 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; (c) make all required contributions to any Plan subject to Section 412 of the Code; (d) not engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan; and (e) not engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

9.8 Mergers, Consolidations or Sales. Neither the Borrower nor any of its Restricted Subsidiaries shall (a) windup, liquidate or dissolve or agree to do any of the foregoing, except for any winding-up, liquidation or dissolution of any Restricted Subsidiary, or any agreement to do so, in which the assets of such Restricted Subsidiary are distributed to the Borrower or another Restricted Subsidiary, provided, however, that the assets of any U.S. Subsidiary which is the subject of any such wind-up, liquidation or dissolution shall only be distributed to the Borrower or another U.S. Subsidiary, (b) during any Enhanced Covenant Period, but subject to the Grandfathering Rules, enter into any transaction of merger, reorganization, or consolidation, or transfer, sell, assign, lease, or otherwise dispose of all or any part of its property, or agree to do any of the foregoing, except (i) sales of Inventory in the ordinary course of its business; (ii) sales or other dispositions of Equipment (other than any Machinery & Equipment) in the ordinary course of business that is obsolete, worn-out or no longer useable by Borrower in its business; (iii) Permitted Affiliate Investments; (iv) [Reserved]; (v) sales of assets (other than any Collateral) having an aggregate book value of (A) not more than $7,500,000 for all such assets so sold in any Fiscal Year and (B) not more than $22,500,00 for all such assets so sold after the Closing Date, (vi) sales of manufacturing facilities and equipment which are made for fair market value, provided that (A) at the time of any such sale, no Event of Default shall exist or would result from such sale, (B) (1) 100% of the aggregate sales price in respect of such sale shall be paid in cash, in the case of Machinery & Equipment, and (2) 75% of the aggregate sales price in respect of such sale shall be paid in cash, in the case of all other manufacturing facilities and equipment, (C) (1) the proceeds of any such sale of Machinery & Equipment shall be either (x) reinvested within 180 days of such sale in replacement Machinery & Equipment, which shall be located at the Fab 25 Facility to be used in the ongoing operation of the Fab 25 Facility, or (y) used to repay the Loans in accordance with Section 4.8, and (2) the proceeds of any such sale of all other manufacturing facilities and equipment shall be reinvested within 24 months of such sale in replacement assets to be used in the ongoing operation of the Borrower's and its Restricted Subsidiaries' business, and, in each case, pending such reinvestment, the cash proceeds of any such sale shall be held by the Borrower in the form of cash or cash equivalents, and (D) (1) the fair market value of all Machinery & Equipment sold pursuant to this clause (vi) shall not exceed from and after the Closing Date $2,000,000 in any single transaction or $10,000,000 in the aggregate in any Fiscal Year, and (2) the aggregate book value of all other assets so sold pursuant to this clause (vi) by the Borrower and its Restricted Subsidiaries, together, shall not exceed $50,000,000 from and after the Closing Date; (vii) mergers or consolidations between the Borrower and any Restricted Subsidiary and between any Restricted

Subsidiary and any other Restricted Subsidiary, provided that, with respect to any such transaction involving the Borrower, the Borrower shall be the continuing or surviving entity; (viii) transfers of Equipment and Inventory between the Borrower and its Restricted Subsidiaries, and among Restricted Subsidiaries, permitted under Section 9.14(a); and (ix) transactions permitted under Section 9.9 below. Notwithstanding anything to the contrary in this Section 9.8 or elsewhere in this Agreement, and whether or not an Enhanced Covenant Period then exists, (1) the sale or other disposition of Accounts shall not be permitted at any time hereunder, (2) the Borrower shall not at any time consolidate or merge with or into, 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 except as permitted under the preceding clause (vii), (3) the sale or other disposition of the Machinery & Equipment, or the removal of the Machinery & Equipment from the Fab 25 Facility, shall not be permitted at any time, except as otherwise provided in the preceding clause (vi), and (4) the sale or other disposition of the Fab 25 Facility shall not be permitted at any time.

9.9 Distributions; Capital Change; Restricted Investments. Neither the Borrower nor any of its Restricted Subsidiaries shall (a) directly or indirectly declare or make, or incur any liability to make, any Distributions more frequently than after the end of each fiscal quarter to the extent that no Default or Event of Default would occur after giving effect to any such payments, and (b) during any Enhanced Covenant Period, but subject to the Grandfathering Rules (i) directly or indirectly declare or make, or incur any liability to make, any Distribution, except (A) Distributions to the Borrower by its Restricted Subsidiaries, (B) Distributions by any Wholly-Owned Subsidiary to the Borrower or any other Wholly-Owned Subsidiary, (C) redemptions, repurchases, retirements or other acquisitions of any equity interests of the Borrower (1) in exchange for other equity interests of the Borrower upon the conversion of such equity interests into such other equity interests of the Borrower, or (2) out of the proceeds of the substantially concurrent sale (other than to a Subsidiary) of other equity interests of the Borrower, and (D) Distributions by the Borrower to the Parents for "Tax Liability Distributions" contemplated in Section 5.1.1 of the Operating Agreement; (ii) make any change in its capital structure which could have a Material Adverse Effect; or (iii) make any Restricted Investment.

9.10 Transactions Affecting Collateral or Obligations. Neither the Borrower nor any of its Restricted Subsidiaries shall enter into any transaction which would be reasonably expected to have a Material Adverse Effect.

9.11 Guaranties. Neither the Borrower nor any of its Restricted Subsidiaries shall during any Enhanced Covenant Period, but subject to the Grandfathering Rules, make, issue, become liable on or pay any Guaranty, except (i) Guaranties of the Obligations in favor of the Agent, (ii) other Guaranties existing on the Closing Date and described on Schedule 9.11, and (iii) Guaranties by the Borrower or any Restricted Subsidiary guarantying Debt of the Borrower or any Restricted Subsidiary permitted under Section 9.12.

9.12 Debt. Neither the Borrower nor any of its Restricted Subsidiaries shall during any Enhanced Covenant Period, but subject to the Grandfathering Rules, incur any Debt, other than: (i) the Obligations; (ii) trade payables and contractual obligations to suppliers and customers arising in the ordinary course of business; (iii) Debt described on Schedule 8.8; (iv) Debt

constituting Permitted Affiliate Investments; (v) any refinancing, renewal or extension of any Debt the incurrence of which was permitted hereunder at the time such Debt was so incurred so long as the principal amount thereof is not increased and such refinancing, renewal or extension is on substantially the same or more favorable terms (from the perspective of the Borrower and its Restricted Subsidiaries) as the terms of the Debt being refinanced, renewed or extended, (vi) Guaranties permitted under Section 9.11, (vii) Debt in respect of capital leases, synthetic lease obligations and purchase money obligations for fixed or capital assets within the limitations set forth in clause (j) of the definition of "Permitted Liens," (viii) Subordinated Parent Debt, (ix) up to $115,000,000 of lease financing; and (x) up to $150,000,000 of revolving credit secured by property other than the Collateral.

9.13 Prepayment. Neither the Borrower nor any of its Restricted Subsidiaries shall during any Enhanced Covenant Period, but subject to the Grandfathering Rules, voluntarily prepay any Debt, except (i) the Obligations in accordance with the terms of this Agreement and (ii) the prepayment of Debt in connection with a refinancing thereof permitted under clause (v) of Section 9.12.

9.14 Transactions with Affiliates.

(a) Except as set forth in Schedule 9.14 and below, neither the Borrower nor any of its Restricted Subsidiaries shall, sell, transfer, distribute, or pay any money or property, including, but not limited to, any fees or expenses of any nature (including, but not limited to, any fees or expenses for management services), to any Affiliate, or lend or advance money or property to any Affiliate, or invest in (by capital contribution or otherwise) or purchase or repurchase any stock or indebtedness, or any property, of any Affiliate, or become liable on any Guaranty of the indebtedness, dividends, or other obligations of any Affiliate. Notwithstanding the foregoing, the Borrower and its Restricted Subsidiaries may (i) execute, deliver and perform its obligations under, and consummate the transactions contemplated by, the Operating Agreement and the Contribution Agreement and the agreements contemplated under such agreements, and (ii) engage in other transactions with Affiliates, including the Permitted Affiliate Investments; provided that the terms of any such transactions described in this subsection (ii) shall be no less favorable to the Borrower and its Restricted Subsidiaries than would be obtained in a comparable arms'-length transaction with a third party who is not an Affiliate. The Borrower shall fully disclose to the Agent and the Lenders the amounts and terms of any such Affiliate transaction to the extent such transaction is not entered into in the ordinary course of the Borrower's business or to the extent involving consideration in excess of $10,000,000. The parties acknowledge that the Borrower and its Restricted Subsidiaries from time to time engage in transfers among each other of inventory and equipment on an arms-length basis in the ordinary course of business, and no further disclosure is required under this Section 9.14(a) in that regard. Without limiting the operation of the foregoing provisions of this Section 9.14(a), the parties further acknowledge that (A) pursuant to the Sales and Purchase Agreement of FASL (Japan) Products among AMD, Fujitsu and FASL Japan dated as of September 8, 1995 as amended, and related agreements (copies of which have been provided to the Agent), FASL Japan engages and will engage in transactions with AMD and AMDISS for the sale of wafers and the joint development of technology, and certain joint licenses and cross licenses and other agreements in connection therewith, and (B) pursuant to the Operating Agreement and the Contribution Agreement and the agreements contemplated under such agreements, the Borrower engages and will engage in transactions with AMD and AMDISS and in each such case, no further disclosure is required under this Section 9.14(a) in that regard.

(b) Borrower shall not enter into any lending or borrowing transaction with any employees of Borrower, except loans to its respective employees, officers and directors on an arms'-length basis in the ordinary course of business consistent with past practices for travel and entertainment expenses, relocation costs and similar purposes up to a maximum of $100,000 to any individual and up to a maximum of $2,000,000 in the aggregate at any one time outstanding.

9.15 Investment Banking and Finder's Fees. Neither the Borrower nor any of its Subsidiaries shall pay or agree to pay, or reimburse any other party with respect to, any investment banking or similar or related fee, underwriter's fee, finder's fee, or broker's fee to any Person in connection with this Agreement. The Borrower shall defend and indemnify the Agent and the Lenders against and hold them harmless from all claims of any Person that the Borrower is obligated to pay for any such fees, and all costs and expenses (including attorneys' fees) incurred by the Agent and/or any Lender in connection therewith.

9.16 Business Conducted. The Borrower shall not and shall not permit any of its Subsidiaries to, engage directly or indirectly, in any material line of business substantially different from those lines of business in which the Borrower and its Subsidiaries are engaged on the Closing Date.

9.17 Liens.

(a) Collateral. Neither the Borrower nor any of its Subsidiaries shall create, incur, assume, or permit to exist any Lien on any property constituting Collateral now owned or hereafter acquired by any of them, except Permitted Liens.

(b) Non-Collateral. Neither the Borrower nor any of its Restricted Subsidiaries shall during any Enhanced Covenant Period, but subject to the Grandfathering Rules, create, incur, or assume any Lien, or permit to exist any nonconsensual Lien, on any property not constituting Collateral now owned or hereafter acquired by any of them, except Permitted Liens.

9.18 Fiscal Year. The Borrower shall not change its Fiscal Year.

9.19 Adjusted Tangible Net Worth. At any time that Net Domestic Cash is less than the Target Cash Level, the Borrower will maintain Adjusted Tangible Net Worth, determined as of the last day of each fiscal quarter, of not less than $850,000,000.

9.20 EBITDA. At any time that Net Domestic Cash is less than the Target Cash Level, the Borrower will maintain EBITDA as of the last day of each fiscal period set forth below of not less than the amount set forth below opposite such fiscal period:

Period	Amount
Quarter ending September 2003	$ (40,000,000)
For the six months ending December 2003	$ 75,000,000
For the nine months ending March 2004	$170,000,000
For the four quarters ending June 2004	$285,000,000
For the four quarters ending September 2004	$475,000,000
For the four quarters ending December 2004	$550,000,000
For the four quarters ending in 2005	$640,000,000
For the four quarters ending in 2006	$800,000,000

9.21 Fixed Charge Coverage Ratio. At any time that Net Domestic Cash is less than the Target Cash Level, the Borrower shall not permit, as of the last day of any fiscal quarter, the ratio of (a) EBITDA for the period of the last four fiscal quarters ended on such date to (b) the sum of (i) interest expense for such period plus (ii) scheduled amortization of Debt For Borrowed Money for such period plus (iii) Capital Expenditures for such period, in each case, of the Borrower and its Subsidiaries, as determined on a consolidated basis in accordance with GAAP, to be less than (1) –0.6 to 1.00 for the third fiscal quarter of 2003, (2) 0.2 to 1.00 for the fourth fiscal quarter of 2003, (3) 0.25 to 1.00 for the first fiscal quarter of 2004, (4) 0.4 to 1.0 for the period ending June 2004, (5) 0.8 to 1.00 for the period ending September 2004, (6) 1.0 to 1.00 for the period ending December 2004, (7) 1.0 to 1.00 for the full fiscal year 2005, and (8) 0.9 to 1.00 for the full fiscal year 2006.

9.22 Use of Proceeds. The Borrower shall use the proceeds of the Loans for working capital and other general business purposes not in contravention of any Requirement of Law or of any Loan Document. The Borrower 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 Borrower 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.

9.23 Interest Rate Protection. Within thirty (30) days of receipt of a written notice from the Agent regarding concerns over interest rate and currency fluctuation protection and at all times thereafter through the Stated Termination Date, the Borrower shall enter into and maintain one or more Rate Protection Arrangements, which shall be on terms, for periods and with counterparties acceptable to the Agent, and by which the Borrower is protected against increases in interest rates from and after the date of such contracts as to a notional amount of not less than fifty percent (50%) (or such lower percentage as shall be acceptable to the Agent) of the aggregate outstanding balances of the Loans at all such times.

9.24 Further Assurances.

(a) The Borrower shall execute and deliver, or cause to be executed and delivered, to the Agent and/or the Lenders such documents and agreements, and shall take or cause to be taken such actions, as the Agent or any Lender may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents. Without limiting the generality of the preceding sentence, promptly upon request by the Agent or the Majority Lenders, the Borrower 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, control agreements, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments the Agent or such Lenders, 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 Loan Documents any of the properties, rights or interests covered by any of the Loan Documents, (iii) to perfect and maintain the validity, effectiveness and priority of any of the Loan 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 Lenders the rights granted or now or hereafter intended to be granted to the Agent and the Lenders under any Loan Document or under any other document executed in connection therewith.

(b) The Borrower shall ensure that all written information, exhibits and reports furnished to the Agent or the Lenders 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 Lenders and correct any defect or error that may be discovered therein or in any Loan Document or in the execution, acknowledgement or recordation thereof.

9.25 Impairment of Intercompany Transfers. Borrower shall not directly or indirectly enter into or become bound by any agreement, instrument, indenture or other obligation (other than this Agreement and the other Loan Documents) that could directly or indirectly restrict, prohibit or require the consent of any Person with respect to the payment of dividends or distributions or the making or repayment of intercompany loans by a Restricted Subsidiary to Borrower.

9.26 No Speculative Transactions. Borrower shall not engage in any transaction involving commodity options, futures contracts or similar transactions, except solely to hedge against fluctuations in the prices of commodities owned or purchased by it and the values of foreign currencies receivable or payable by it and interest swaps, caps or collars.

ARTICLE 10

CONDITIONS PRECEDENT

10.1 Conditions to Effectiveness. The effectiveness of this Agreement and the obligation of the Lenders to consent to the assignment of the Existing Loans from AMD and AMDISS to the Borrower is subject to the following conditions precedent having been satisfied in a manner satisfactory to the Agent and each Lender (such date on which all of the following conditions are and remain satisfied, the "Closing Date"):

(a) This Agreement, the Parent Guaranties, the AMD Security Agreement and the other Loan Documents shall have been executed by each party thereto and/or assigned to the Borrower as contemplated in the Assignment Agreement.

(b) The Parents or the Borrower shall have paid all fees due and payable to GECC and the Lenders as of the Closing Date, which fees shall be nonrefundable, and all fees and expenses of the Agent and the reasonable Attorney Costs incurred in connection with any of the Loan Documents and the transactions contemplated thereby to the extent invoiced.

(c) The Agent shall have received:

(i) Copies of the resolutions of the Board of Managers of the Borrower authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary or an Assistant Secretary of the Borrower;

(ii) A certificate of the Secretary or Assistant Secretary of the Borrower, dated the Closing Date, certifying the names, titles and true signatures of the officer or officers of the Borrower authorized to execute, deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered by it hereunder; and

(iii) the Certificate of Formation and the Operating Agreement, certified by the Secretary or Assistant Secretary of the Borrower as of the Closing Date.

(d) All representations and warranties made hereunder and in the other Loan Documents shall be true and correct as of the Closing Date as if made on such date.

(e) No Default or Event of Default shall exist on the Closing Date, or would exist after giving effect to the assumption of the Existing Loans.

(f) A certificate signed by a Responsible Officer of the Borrower, dated as of the Closing Date, stating that: (A) the representations and warranties contained in Article VIII are true and correct on and as of such date, (B) no Default or Event of Default exists, and (C) since December 29, 2002, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(g) All material conditions precedent to the closing of the transactions under the Contribution Agreement shall have been satisfied;

(h) The Agent and the Lenders shall have received such opinions of counsel for the Borrower as the Agent or any Lender shall request, each such opinion to be in a form, scope, and substance satisfactory to the Agent, the Lenders, and their respective counsel.

(i) The Agent shall have received, in form and substance satisfactory to it:

(i) evidence that all filings, registrations and recordings have been made in the appropriate governmental offices, and all other action has been taken, which shall be necessary to create and/or continue, in favor of the Agent on behalf of the Lenders, a perfected first priority Lien on the Collateral (subject only to Permitted Liens) and a second priority Lien on the collateral granted pursuant to the AMD Security Agreement, including evidence of recordation of an amendment to the Deed of Trust (which may consist of a written or telephonic confirmation from the title insurance company), and amendments to UCC financing statements filed in connection with the Existing Loan Agreement, in each case in the appropriate governmental offices;

(ii) evidence that the Liens on the Collateral granted to the Agent on behalf of the Lenders are subject only to Permitted Liens, including the results of searches conducted in the UCC filing records in each of the governmental offices in which UCC-1 financing statements shall have been filed;

(iii) an endorsement to the title insurance policy (or a binding commitment therefor) for the Deed of Trust (A) issued by a title insurance company of recognized standing satisfactory to the Agent, (B) on an ALTA lender's extended coverage policy, in an amount and form satisfactory to the Agent, (C) naming the Agent, for the ratable benefit of the Lenders, as the insured thereunder, (D) insuring that the Deed of Trust insured thereby as assigned by AMD to the Borrower continues to creates a valid first priority Lien on the property covered by such Deed of Trust, subject to no other Liens, other than Permitted Liens, and to no other exceptions, other than those satisfactory to the Agent, and (E) containing such endorsements and affirmative coverage as the Agent or any Lender (through the Agent) may reasonably request;

(iv) such surveys, appraisals, consents of landlords, estoppels from landlords, tenant subordination agreements and other documents and instruments in connection with assignment of the Deed of Trust pursuant to the Contribution Agreement as shall reasonably be deemed necessary by the Agent or any Lender; and

(v) evidence that all insurance required under this Agreement and the Collateral Documents is in full force and effect;

(j) [Reserved]

(k) The Agent shall have received a good standing and tax good standing certificate for the Borrower and AMD 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 Closing Date, if requested by the Agent;

(l) The Borrower shall have delivered to the Agent the completed Schedules to this Agreement in form and substance reasonably satisfactory to the Agent; and

(m) All proceedings taken in connection with the execution of this Agreement, all other Loan Documents and all documents and papers relating thereto shall be reasonably satisfactory in form, scope, and substance to the Agent and the Lenders.

The acceptance and assumption by the Borrower of the Existing Loans shall be deemed to be (i) a representation and warranty made by the Borrower to the effect that all of the conditions precedent to the assumption of such Existing Loans have been satisfied, and (ii) a reaffirmation of the granting and continuance of Agent's Liens, on behalf of itself and the Lenders, pursuant to the Collateral Documents, in each case with the same effect as delivery to the Agent and the Lenders of a certificate signed by a Responsible Officer of the Borrower, dated such date, to such effect.

Execution and delivery to the Agent by a Lender of a counterpart of this Agreement shall be deemed confirmation by such Lender that (i) all conditions precedent in this Section 10.1 have been fulfilled to the satisfaction of such Lender and (ii) the decision of such Lender to execute and deliver to the Agent an executed counterpart of this Agreement was made by such Lender independently and without reliance on the Agent or any other Lender as to the satisfaction of any condition precedent set forth in this Section 10.1.

ARTICLE 11

DEFAULT; REMEDIES

11.1 Events of Default. It shall constitute an event of default ("Event of Default") if any one or more of the following shall occur for any reason:

(a) any failure by the Borrower to pay (i) when due, the principal of any of the Obligations or (ii) within three days after the same becomes due whether upon demand or otherwise, any interest or premium on any of the Obligations or any fee or other amount owing hereunder or under any of the other Loan Documents;

(b) any representation or warranty made or deemed made by the Borrower in this Agreement or by the Borrower or any of its Subsidiaries in any of the other Loan Documents, any Financial Statement, or any certificate furnished by the Borrower or any of its Subsidiaries at any time to the Agent or any Lender is incorrect in any material respect as of the date on which made, deemed made, or furnished;

(c) (i) any default shall occur in the observance or performance of any of the covenants and agreements contained in Sections 9.2 (as to the Borrower), 9.3, 9.7, 9.8, 9.9, 9.11 through 9.23; or (ii) any default shall occur in the observance or performance of any of the covenants and agreements contained in Sections 7.2 and 7.3 and such default shall continue unremedied for a period of 10 days after the earlier of (A) the date upon which a Responsible Officer knew or reasonably should have known of such default or (B) the date upon which written notice thereof is given to the Borrower by the Agent or any Lender; or (iii) any default shall occur in the observance or performance of any of the other covenants and agreements contained in this Agreement, any other Loan Documents, or any other agreement entered into at any time to which the Borrower or any Subsidiary and the Agent or any Lender are party, and such default shall continue unremedied for a period of 30 days after the earlier of (A) the date upon which a Responsible Officer knew or reasonably should have known of such default or (B) the date upon which written notice thereof is given to the Borrower by the Agent or any Lender), or if any such agreement or document shall terminate (other than in accordance with its terms or the terms hereof or with the written consent of the Agent and the Majority Lenders) or become void or unenforceable, without the written consent of the Agent and the Majority Lenders;

(d) any default shall occur with respect to any Debt For Borrowed Money of the Borrower or any of its Restricted Subsidiaries (other than the Obligations and Subordinated Parent Debt) in an outstanding principal amount which exceeds $2,500,000, or under any agreement or instrument under or pursuant to which any such Debt For Borrowed Money may have been issued, created, assumed, or guaranteed by the Borrower or any of its Restricted Subsidiaries, and such default shall continue for more than the period of grace, if any, therein specified, if the effect thereof (with or without the giving of notice or further lapse of time or both) is to accelerate, or to permit the holders of any such Debt For Borrowed Money to accelerate, the maturity of any such Debt For Borrowed Money; or any such Debt For Borrowed Money shall be declared due and payable or be required to be prepaid (other than by a regularly

scheduled required prepayment) prior to the stated maturity thereof; or there occurs under any Rate Protection Arrangement an Early Termination Date (as defined in such Rate Protection Arrangement) resulting from (1) any event of default under such Rate Protection Arrangement as to which the Borrower or any Restricted Subsidiary is the Defaulting Party (as defined in such Rate Protection Arrangement) or (2) any Termination Event (as so defined) as to which the Borrower or any Restricted Subsidiary is an Affected Party (as so defined), and, in either event, the Swap Termination Value owed by the Borrower or such Restricted Subsidiary as a result thereof is greater than $2,500,000;

(e) the Borrower or any of its Restricted Subsidiaries shall (i) file a voluntary petition in bankruptcy or file a voluntary petition or an answer or otherwise commence any action or proceeding seeking reorganization, arrangement or readjustment of its debts or for any other relief under the federal Bankruptcy Code, as amended, or under any other bankruptcy or insolvency act or law, state or federal, now or hereafter existing, or consent to, approve of, or acquiesce in, any such petition, action or proceeding; (ii) apply for or acquiesce in the appointment of a receiver, assignee, liquidator, sequestrator, custodian, monitor, trustee or similar officer for it or for all or any part of its property; (iii) make an assignment for the benefit of creditors; or (iv) be unable generally to pay its debts as they become due;

(f) an involuntary petition or proposal shall be filed or an action or proceeding otherwise commenced seeking reorganization, arrangement, consolidation or readjustment of the debts of the Borrower or any of its Restricted Subsidiaries or for any other relief under the federal Bankruptcy Code, as amended, or under any other bankruptcy or insolvency act or law, state or federal, now or hereafter existing and either (i) such petition, proposal, action or proceeding shall not have been dismissed within a period of sixty (60) days after its commencement or (ii) an order for relief against the Borrower or such Restricted Subsidiary shall have been entered in such proceeding;

(g) a receiver, assignee, liquidator, sequestrator, custodian, monitor, trustee or similar officer for the Borrower or any of its Restricted Subsidiaries or for all or any part of its property shall be appointed or a warrant of attachment, execution or similar process shall be issued against any part of the property of the Borrower or any of its Restricted Subsidiaries;

(h) the Borrower or any of its Restricted Subsidiaries shall file a certificate of dissolution under applicable state law or shall be liquidated, dissolved or wound-up or shall commence or have commenced against it any action or proceeding for dissolution, winding-up or liquidation, or shall take any corporate action in furtherance thereof;

(i) all or any material part of the property of the Borrower or any of its Restricted Subsidiaries shall be nationalized, expropriated or condemned, seized or otherwise appropriated, or custody or control of such property or of the Borrower or such Restricted Subsidiary shall be assumed by any Governmental Authority or any court of competent jurisdiction at the instance of any Governmental Authority, except where contested in good faith by proper proceedings diligently pursued where a stay of enforcement is in effect;

(j) any Parent Guaranty or other guaranty of the Obligations shall be terminated, revoked or declared void or invalid;

(k) one or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Borrower or any Restricted Subsidiary involving in the aggregate 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 $2,500,000 or more, and the same shall remain unsatisfied or unvacated and unstayed pending appeal for a period of 30 days after the entry thereof;

(l) any loss, theft, damage or destruction of any item or items of (i) Collateral or (ii) other property of the Borrower or any Restricted Subsidiary occurs which materially and adversely affects the property, business, operation or condition of the Borrower and its Restricted Subsidiaries taken as a whole and is not adequately covered by insurance;

(m) there occurs a Material Adverse Effect;

(n) for any reason other than the failure of the Agent to take any action available to it to maintain perfection of the Agent's Liens, pursuant to the Loan Documents, any Loan Document ceases to be in full force and effect or any Lien with respect to any material portion of the Collateral intended to be secured thereby ceases to be, or is not, valid, perfected and prior to all other Liens (other than Permitted Liens which are expressly permitted hereunder to be prior to the Agent's Liens) or is terminated, revoked or declared void;

(o) (i) an ERISA Event shall occur with respect to a Pension Plan or Multi-employer Plan which has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multi-employer Plan or the PBGC in an aggregate amount in excess of 5% of Adjusted Tangible Net Worth; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds 5% of Adjusted Tangible Net Worth; or (iii) the Borrower 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 Multi-employer Plan in an aggregate amount in excess of 5% of Adjusted Tangible Net Worth; or

(p) there occurs a Change of Control; or

(q) there occurs and is continuing an Event of Default under and as defined in any of the Parent Guaranties, the Deed of Trust or any other Collateral Document.

11.2 Remedies.

(a) If an Event of Default exists, the Agent shall, at the direction of the Majority Lenders, do one or more of the following, at any time or times and in any order, without notice to or demand on the Borrower: (A) terminate this Agreement; (B) declare any or all Obligations to be immediately due and payable; provided, however, that upon the occurrence of any Event of Default described in Sections 11.1(e), 11.1(f), 11.1(g), or 11.1(h), the Commitments shall automatically and immediately expire and all Obligations shall automatically become immediately due and payable without notice or demand of any kind; and (C) pursue its other rights and remedies under the Loan Documents and applicable law.

(b) If an Event of Default has occurred and is continuing: (i) the Agent shall have for the benefit of the Lenders, in addition to all other rights of the Agent and the Lenders, the rights and remedies of a secured party under the UCC; (ii) the Agent may, at any time, take possession of the Collateral and keep it on the Borrower's premises, at no cost to the Agent or any Lender, or remove any part of it to such other place or places as the Agent may desire, or the Borrower shall, upon the Agent's demand, at the Borrower's cost, assemble the Collateral of the Borrower and make it available to the Agent at a place reasonably convenient to the Agent; and (iii) the Agent may sell and deliver any Collateral at public or private sales, for cash, upon credit or otherwise, at such prices and upon such terms as the Agent deems advisable, in its sole discretion, and may, if the Agent deems it reasonable, postpone or adjourn any sale of the Collateral by an announcement at the time and place of sale or of such postponed or adjourned sale without giving a new notice of sale. Without in any way requiring notice to be given in the following manner, the Borrower agrees that any notice by the Agent of sale, disposition or other intended action hereunder or in connection herewith, whether required by the UCC or otherwise, shall constitute reasonable notice to the Borrower if such notice is mailed by registered or certified mail, return receipt requested, postage prepaid, or is delivered personally against receipt, at least five (5) Business Days prior to such action to the Borrower's address specified in or pursuant to Section 15.8. If any Collateral is sold on terms other than payment in full at the time of sale, no credit shall be given against the Obligations until the Agent or the Lenders receive payment, and if the buyer defaults in payment, the Agent may resell the Collateral without further notice to the Borrower. In the event the Agent seeks to take possession of all or any portion of the Collateral by judicial process, the Borrower irrevocably waives: (A) the posting of any bond, surety or security with respect thereto which might otherwise be required; (B) any demand for possession prior to the commencement of any suit or action to recover the Collateral; and (C) any requirement that the Agent retain possession and not dispose of any Collateral until after trial or final judgment. The Borrower agrees that the Agent has no obligation to preserve rights to the Collateral or marshal any Collateral for the benefit of any Person. To the maximum extent permitted by applicable law and by any applicable contract governing the usage thereof, the Agent is hereby granted a license or other right to use, without charge, the Borrower's labels, patents, copyrights, name, trade secrets, trade names, trademarks (subject to the Borrower's right to police the proper usage of trademarks and the maintenance of product quality associated therewith), and advertising matter, or any similar property, in completing production of any Collateral that is work-in-process, advertising or selling any Collateral, and the Borrower's rights under all licenses and all franchise agreements shall inure to the Agent's benefit for such purpose. The proceeds of sale shall be applied first to all expenses of sale, including attorneys' fees, and then to the Obligations. The Agent will return any excess to the Borrower and the Borrower shall remain liable for any deficiency.

(c) If an Event of Default occurs, the Borrower hereby waives all rights to notice and hearing prior to the exercise by the Agent of the Agent's rights to repossess the Collateral without judicial process or to reply, attach or levy upon the Collateral without notice or hearing.

ARTICLE 12

TERM AND TERMINATION

12.1 Term and Termination. The term of this Agreement shall end on the Stated Termination Date, or on such earlier date as provided in this Section 12.1. This Agreement shall automatically terminate without any further action of the parties if the Closing Date shall not have occurred on or prior to the Term Expiry Date. The Agent upon direction from the Majority Lenders may terminate this Agreement at any time after the Closing Date without notice upon the occurrence of an Event of Default. Subject to Section 4.2, Borrower may terminate this Agreement at any time after the Closing Date, subject to payment and satisfaction of all Obligations (including all unpaid principal, accrued interest and any early termination or prepayment fees or penalties). Upon the effective date of termination of this Agreement for any reason whatsoever, all Obligations (including all unpaid principal, accrued interest and any early termination or prepayment fees or penalties) shall become immediately due and payable. Notwithstanding the termination of this Agreement, until all Obligations are indefeasibly paid and performed in full in cash, the Borrower shall remain bound by the terms of this Agreement and the other Loan Documents and shall not be relieved of any of its Obligations, and the Agent and the Lenders shall retain all their rights and remedies (including the Agent's Liens in and all rights and remedies with respect to all then existing and after-arising Collateral).

12.2 Termination of Existing Loan Agreement and Mutual Release. Effective as of the Closing Date, the Existing Loan Agreement shall be terminated and superseded by this Agreement except for the provisions and liabilities which by their terms are intended to survive such termination, including Section 4.6, Article 5, Section 14.7, and Section 15.11. Subject to the surviving obligations and AMD's obligations under the AMD Guaranty, AMD and AMDISS shall be released from all obligations and further liability under the Existing Loan Agreement. In consideration for such release, each of AMD and AMDISS acknowledges that it does not have, and hereby irrevocably waives, any claims against the Agent or any Lender under the Existing Loan Agreement and agrees that the Agent and each of the Lenders shall, as between AMD and AMDISS, be released from all obligations and further liability under the Existing Loan Agreement as of the Closing Date.

ARTICLE 13

AMENDMENTS; WAIVER; PARTICIPATIONS; ASSIGNMENTS; SUCCESSORS

13.1 No Waivers; Cumulative Remedies. No failure by the Agent or any Lender to exercise any right, remedy, or option under this Agreement or any present or future supplement thereto, or in any other agreement between or among the Borrower and the Agent and/or any Lender, or delay by the Agent or any Lender in exercising the same, will operate as a waiver thereof. No waiver by the Agent or any Lender will be effective unless it is in writing, and then only to the extent specifically stated. No waiver by the Agent or the Lenders on any occasion shall affect or diminish the Agent's and each Lender's rights thereafter to require strict performance by the Borrower of any provision of this Agreement. The Agent's and each Lender's rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy which the Agent or any Lender may have.

13.2 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 Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Majority Lenders (or by the Agent at the written request of the Majority Lenders) and the Borrower 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 Lenders and the Borrower and acknowledged by the Agent, do any of the following:

(a) increase or extend the Commitment of any Lender;

(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 Lenders (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 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 Lenders or any of them to take any action hereunder;

(e) amend this Section or any provision of the Agreement providing for consent or other action by all Lenders;

(f) release Collateral other than as permitted by Section 14.11; or

(g) change the definitions of "Majority Lenders"

and, provided further, that no amendment, waiver or consent shall, unless in writing and signed by the Agent, affect the rights or duties of the Agent under this Agreement or any other Loan Document.

13.3 Assignments; Participations.

(a) Any Lender may, with the written consent of the Agent (which consent shall not be unreasonably withheld), after consultation with the Borrower, assign and delegate to one or more Eligible Assignees (provided that no written consent of the Agent shall be required in connection with any assignment and delegation by a Lender to an Affiliate of such Lender) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitments and the other rights and obligations of such Lender hereunder, in a minimum amount of $5,000,000 (provided that, unless an assignor Lender has assigned and delegated all of its Loans and Commitments no such assignment and/or delegation shall be permitted unless, after giving effect thereto, such assignor Lender retains a Commitment in a minimum amount of $5,000,000); provided, however, that the Borrower and the Agent may continue to deal solely and directly with such Lender in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrower and the Agent by such Lender and the Assignee; (ii) such Lender and its Assignee shall have delivered to the Borrower and the Agent an Assignment and Acceptance in the form of Exhibit A ("Assignment and Acceptance") and (iii) the assignor Lender or Assignee has paid to the Agent a processing fee in the amount of $4,000.

(b) From and after the date that the Agent notifies the assignor Lender that it has received 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 have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender under the Loan Documents, and (ii) the assignor Lender 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 this Agreement (and in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the Assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto or the attachment, perfection, or priority of any Lien granted by the Borrower to the Agent or any Lender in the Collateral; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto; (iii) such Assignee confirms that it has received a copy of this Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such Assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such Assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers, including the discretionary rights and incidental power, as are reasonably incidental thereto; and (vi) such Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Lender pro tanto.

(e) Any Lender may at any time sell to one or more commercial banks, financial institutions, or other Persons not Affiliates of the Borrower (a "Participant") participating interests in any Loans, the Commitment of that Lender and the other interests of that Lender (the "originating Lender") hereunder and under the other Loan Documents; provided, however, that (i) the originating Lender's obligations under this Agreement shall remain unchanged, (ii) the originating Lender shall remain solely responsible for the performance of such obligations, (iii) the Borrower and the Agent shall continue to deal solely and directly with the originating Lender in connection with the originating Lender's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Lender 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, and all amounts payable by the Borrower hereunder shall be determined as if such Lender 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 and subject to the same limitation as if the amount of its participating interest were owing directly to it as a Lender under this Agreement.

(f) Notwithstanding any other provision in this Agreement, any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

ARTICLE 14
THE AGENT

14.1 Appointment and Authorization. Each Lender hereby designates and appoints GECC as its Agent under this Agreement and the other Loan Documents and each Lender hereby irrevocably 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. The Agent agrees to act as such on the express conditions contained in this Article 14. The provisions of this Article 14 are solely for the benefit of the Agent, the Agent-Related Persons and the Lenders and the Borrower shall have no rights as a third party beneficiary of any of the provisions contained herein. 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 Lender, 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. Except as expressly otherwise provided in this Agreement, the Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions which the Agent is expressly entitled to take or assert under this Agreement and the other Loan Documents, including the exercise of remedies pursuant to Section 11.2, and any action so taken or not taken shall be deemed consented to by the Lenders.

14.2 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 as long as such selection was made without gross negligence or willful misconduct.

14.3 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 bad faith, gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by the Borrower or any Subsidiary or Affiliate of the Borrower, 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 the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Borrower 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 Lender 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 Borrower or any of the Borrower's Subsidiaries or Affiliates.

14.4 Reliance by Agent-Related Persons.

(a) The Agent-Related Persons 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 Borrower), independent accountants and other experts selected by the Agent-Related Persons. Each Agent-Related Person 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 Lenders as it deems appropriate and, if it so requests, it shall first be

indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Agent-Related Person 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 Lenders (or all Lenders if so required by Section 13.2) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Article 10, each Lender 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 either sent by any Agent-Related Person to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender.

14.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, unless the Agent shall have received written notice from a Lender or the Borrower 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 Lenders 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 Lenders in accordance with Section 11; 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.

14.6 Credit Decision. Each Lender acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by any Agent-Related Person hereinafter taken, including any review of the affairs of the Borrower and its Affiliates, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender. Each Lender represents to each Agent-Related Person 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 Borrower and its Affiliates, 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 Borrower. Each Lender 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 Borrower. Except for notices, reports and other documents expressly herein required to be furnished to the Lenders by the Agent, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrower which may come into the possession of any of the Agent-Related Persons.

14.7 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), pro rata, from and against any and all Indemnified Liabilities as such term is defined in Section 15.11; provided, however, that no Lender 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 Lender 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 Borrower. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

14.8 Agent in Individual Capacity. GECC 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 Borrower and its Subsidiaries and Affiliates as though GECC was not the Agent hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, GECC and its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Subsidiary) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, GECC shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it was not the Agent, and the terms "Lender" and "Lenders" include GECC in its individual capacity.

14.9 Successor Agent. The Agent may resign as Agent upon 30 days' notice to the Lenders and the Borrower, such resignation to be effective upon the acceptance of a successor agent to its appointment as Agent. In the event the GECC sells all of its Commitment and Loans as part of a sale, transfer or other disposition by GECC of substantially all of its loan portfolio, GECC shall resign as Agent and such purchaser or transferee shall become the successor Agent hereunder. If the Agent resigns under this Agreement, subject to the proviso in the preceding sentence, the Majority Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be reasonably satisfactory to the Borrower. 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 Lenders and the Borrower, a successor agent from among the Lenders, which successor agent shall be reasonably satisfactory to the Borrower. 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 Section 14 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

14.10 Withholding Tax. Each Lender organized under the laws of a jurisdiction outside the United States (a "Foreign Lender") as to which payments to be made under this Agreement or under any promissory note delivered hereunder are exempt from United States withholding tax under an applicable statute or tax treaty shall provide to Borrower and Agent a properly completed and executed IRS Form W-8ECI or Form W-8BEN or other applicable form, certificate or document prescribed by the IRS or the United States certifying as to such Foreign Lender's entitlement to such exemption (a "Certificate of Exemption"). Any foreign Person that seeks to become a Lender under this Agreement shall provide a Certificate of Exemption to Borrower and Agent prior to becoming a Lender hereunder. No foreign Person may become a Lender hereunder if such Person fails to deliver a Certificate of Exemption in advance of becoming a Lender.

14.11 Collateral Matters.

(a) The Lenders hereby irrevocably authorize the Agent, at its option and in its sole discretion, to release any Agent's Lien upon any Collateral (i) upon the termination of the Commitments and payment and satisfaction in full by Borrower of all Loans and all other Obligations; (ii) constituting property being sold or disposed of (including in connection with a sale-leaseback transaction) in accordance with Section 9.8 if the Borrower certifies to the Agent that the sale or disposition is made in compliance with Section 9.8 (and the Agent may rely conclusively on any such certificate, without further inquiry); (iii) constituting property in which the Borrower owned no interest at the time the Lien was granted or at any time thereafter; (iv) constituting property leased to the Borrower pursuant to a lease permitted hereunder if the Borrower certifies to the Agent that such lease is permitted hereunder (and the Agent may rely conclusively on any such certificate, without further inquiry); or (v) constituting property acquired after the Closing Date and financed pursuant to Section 9.12(vii) if the Borrower certifies to the Agent that such financing is made in compliance with Section 9.12(vii) (and the Agent may rely conclusively on any such certificate, without further inquiry). Except as provided above, the Agent will not release any of the Agent's Liens without the prior written authorization of the Lenders; provided that the Agent may, in its discretion, release the Agent's Liens on Collateral valued in the aggregate not in excess of $10,000,000 during any one year period without the prior written authorization of the Lenders. Upon request by the Agent or the Borrower at any time, the Lenders will confirm in writing the Agent's authority to release any Agent's Liens upon particular types or items of Collateral pursuant to this Section 14.11.

(b) Upon receipt by the Agent of any authorization required pursuant to Section 14.11(a) from the Lenders of the Agent's authority to release any Agent's Liens upon particular types or items of Collateral, and upon at least five (5) Business Days' prior written request by the Borrower, the Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Agent's Liens upon such Collateral; provided, however, that (i) the Agent shall not be required to execute any such document on terms which, in the Agent's opinion, would expose the Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Borrower in respect of) all interests retained by the Borrower, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral.

(c) The Agent shall have no obligation whatsoever to any of the Lenders to assure that the Collateral exists or is owned by the Borrower or is cared for, protected or insured or has been encumbered, or that the Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to the Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Agent may act in any manner it may deem appropriate, in its sole discretion given the Agent's own interest in the Collateral in its capacity as one of the Lenders and that the Agent shall have no other duty or liability whatsoever to any Lender as to any of the foregoing.

(d) The Agent is authorized on behalf of all the Lenders, without the necessity of any notice to or further consent from the Lenders, to execute and deliver the Intercreditor Agreement.

14.12 Restrictions on Actions by Lenders; Sharing of Payments. Each of the Lenders agrees that it shall not, without the express consent of all Lenders, and that it shall, to the extent it is lawfully entitled to do so, upon the request of all Lenders, set off against the Obligations, any amounts owing by such Lender to the Borrower or any accounts of the Borrower now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so by the Agent, take or cause to be taken any action to enforce its rights under this Agreement or against the Borrower, including the commencement of any legal or equitable proceedings, to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) If at any time or times any Lender shall receive (i) by payment, foreclosure, setoff or otherwise, any proceeds of Collateral or any payments with respect to the Obligations of the Borrower to such Lender arising under, or relating to, this Agreement or the other Loan Documents, except for any such proceeds or payments received by such Lender from the Agent pursuant to the terms of this Agreement, or (ii) payments from the Agent in excess of such Lender's ratable portion of all such distributions by the Agent, such Lender shall promptly (1) turn the same over to the Agent, in kind, and with such endorsements as may be required to negotiate the same to the Agent, or in same day funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (2) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their Pro Rata Shares; provided, however, that if all or part of such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

14.13 Agency for Perfection. Each Lender hereby appoints each other Lender as agent for the purpose of perfecting the Lenders' security interest in assets which, in accordance with Article 9 of the UCC can be perfected only by possession. Should any Lender (other than the Agent) obtain possession of any such Collateral, such Lender shall notify the Agent thereof, and, promptly upon the Agent's request therefor shall deliver such Collateral to the Agent or in accordance with the Agent's instructions.

14.14 Payments by Agent to Lenders. All payments to be made by the Agent to the Lenders shall be made by bank wire transfer or internal transfer of immediately available funds to each Lender pursuant to wire transfer instructions delivered in writing to the Agent on or prior to the Closing Date (or if such Lender is an Assignee, on the applicable Assignment and Acceptance), or pursuant to such other wire transfer instructions as each party may designate for itself by written notice to the Agent. Concurrently with each such payment, the Agent shall identify whether such payment (or any portion thereof) represents principal, premium or interest on the Loans or otherwise.

14.15 Concerning the Collateral and the Related Loan Documents. Each Lender authorizes and directs the Agent to enter into this Agreement and the other Loan Documents relating to the Collateral, for the ratable benefit of the Agent and the Lenders. Each Lender agrees that any action taken by the Agent or Majority Lenders, as applicable, in accordance with the terms of this Agreement or the other Loan Documents relating to the Collateral, and the exercise by the Agent or the Majority Lenders, as applicable, of their respective powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

14.16 [Reserved]Relation Among Lenders. The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Agent) authorized to act for, any other Lender.

14.18 Other Agents. None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "co-agent," "sole arranger" or "syndication agent" (each, an "Other Agent") shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those expressly set forth herein or otherwise applicable to all Lenders as such. Without limiting the foregoing, (i) any Other Agent (other than the Agent) may at any time resign as an Other Agent hereunder, and (ii) none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE 15

MISCELLANEOUS

15.1 Cumulative Remedies; No Prior Recourse to Collateral. The enumeration herein of the Agent's and each Lender's rights and remedies is not intended to be exclusive, and such rights and remedies are in addition to and not by way of limitation of any other rights or remedies that the Agent and the Lenders may have under the UCC or other applicable law. The Agent and the Lenders shall have the right, in their sole discretion, to determine which rights and remedies are to be exercised and in which order. The exercise of one right or remedy shall not preclude the exercise of any others, all of which shall be cumulative. The Agent and the Lenders may, without limitation, proceed directly against the Borrower to collect the Obligations without any prior recourse to the Collateral. No failure to exercise and no delay in exercising, on the part of the Agent or any Lender, 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.

15.2 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.

15.3 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

(a) THIS AGREEMENT SHALL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICT OF LAWS PROVISIONS PROVIDED THAT PERFECTION ISSUES WITH RESPECT TO ARTICLE 9 OF THE UCC MAY GIVE EFFECT TO APPLICABLE CHOICE OR CONFLICT OF LAW RULES SET FORTH IN ARTICLE 9 OF THE UCC) OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT AND THE LENDERS 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 BORROWER, THE AGENT AND THE LENDERS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE BORROWER, THE AGENT AND THE LENDERS 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.

NOTWITHSTANDING THE FOREGOING: (1) THE AGENT AND THE LENDERS SHALL HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST THE BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION THE AGENT OR THE LENDERS DEEM NECESSARY OR APPROPRIATE IN ORDER TO REALIZE ON THE COLLATERAL OR OTHER SECURITY FOR THE OBLIGATIONS AND (2) EACH OF THE PARTIES HERETO ACKNOWLEDGES THAT ANY APPEALS FROM THE COURTS DESCRIBED IN THE IMMEDIATELY PRECEDING SENTENCE MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE THOSE JURISDICTIONS.

(c) THE BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL (RETURN RECEIPT REQUESTED) DIRECTED TO THE BORROWER AT ITS ADDRESS SET FORTH IN SECTION 15.8 AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO DEPOSITED IN THE U.S. MAILS. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF AGENT OR THE LENDERS TO SERVE LEGAL PROCESS BY ANY OTHER MANNER PERMITTED BY LAW.

15.4 WAIVER OF JURY TRIAL. THE BORROWER, THE LENDERS 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 BORROWER, THE LENDERS 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.

15.5 Survival of Representations and Warranties. All of the Borrower's representations and warranties contained in this Agreement shall survive the execution, delivery, and acceptance thereof by the parties, notwithstanding any investigation by the Agent or the Lenders or their respective agents.

15.6 Other Security and Guaranties. The Agent, may, without notice or demand and without affecting the Borrower's obligations hereunder, from time to time: (a) take from any Person and hold collateral for the payment of all or any part of the Obligations and exchange, enforce or release such collateral or any part thereof; and (b) accept and hold any endorsement or guaranty of payment of all or any part of the Obligations and release or substitute any such endorser or guarantor, or any Person who has given any Lien in any other collateral as security for the payment of all or any part of the Obligations, or any other Person in any way obligated to pay all or any part of the Obligations.

15.7 Fees and Expenses. The Borrower agrees to pay to the Agent, for its benefit, on demand, all costs and expenses that Agent pays or incurs in connection with the negotiation, preparation, syndication, consummation, administration, enforcement, and termination of this Agreement or any of the other Loan Documents, including: (a) reasonable Attorney Costs; (b) costs and reasonable expenses (including attorneys' and paralegals' fees and disbursements) for any amendment, supplement, waiver, consent, or subsequent closing in connection with the Loan Documents and the transactions contemplated thereby; (c) costs and reasonable expenses of lien and title searches and title insurance; (d) taxes, fees and other charges for filing financing statements and continuations, and other actions to perfect, protect, and continue the Agent's Liens (including costs and reasonable expenses paid or incurred by the Agent in connection with the consummation of Agreement); (e) sums paid or incurred to pay any amount or take any action required of the Borrower under the Loan Documents that the Borrower fails to pay or take; (f) costs of appraisals, inspections, and verifications of the Collateral, including travel, lodging, and meals for inspections of the Collateral and the Borrower's operations by the Agent plus the Agent's then customary charge for field examinations and audits and the preparation of reports thereof (such charge is currently $750 per day (or portion thereof) for each agent or employee of the Agent with respect to each field examination or audit); (g) costs and reasonable expenses of forwarding loan proceeds, collecting checks and other items of payment, and establishing and maintaining any blocked accounts and lock boxes; (h) costs and reasonable expenses of preserving and protecting the Collateral; and (i) costs and reasonable expenses (including attorneys' and paralegals' fees and disbursements which shall include the allocated cost of Agent's in-house counsel fees and disbursements) paid or incurred to obtain payment of the Obligations, enforce the Agent's Liens, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions of the Loan Documents, or to defend any claims made or threatened against the Agent arising out of the transactions contemplated hereby (including preparations for and consultations concerning any such matters). The foregoing shall not be construed to limit any other provisions of the Loan Documents regarding costs and expenses to be paid by the Borrower.

15.8 Notices. Except as otherwise provided herein, all notices, demands and requests that any party is required or elects to give to any other shall be in writing, or by a telecommunications device capable of creating a written record, and any such notice shall become effective (a) upon personal delivery thereof, including, but not limited to, delivery by overnight mail and courier service, (b) four (4) days after it shall have been mailed by United States mail, first class, certified or registered, with postage prepaid, or (c) in the case of notice by such a telecommunications device, when properly transmitted, in each case addressed to the party to be notified as follows:

If to the Agent:

General Electric Capital Corporation/Capital Funding Inc.
401 Merritt Seven, 2nd Floor
Norwalk, Connecticut 06856
Attention: Dennis Bickerstaff, Senior Risk Manager
Telecopier No.: (203) 229-1928
Telephone No.: (203) 229-1989

and

General Electric Capital Corporation/Capital Funding, Inc.
2400 E. Katella Avenue, Suite 800
Anaheim, CA 92806
Attention: Nicholas DeCorso
Telecopier No.: (714) 456-9411
Telephone No.: (714) 456-9403

If to the Borrower:

FASL LLC
Attention: General Counsel
One AMD Place M/S 150
P.O. Box 3453
Sunnyvale, California 94086
U.S.A.
Facsimile: (408) 774-7399

with copies to:

Advanced Micro Devices, Inc.
One AMD Place
Mailstop 150
Sunnyvale, CA 94088
Attention: General Counsel

or to such other address as each party may designate for itself by like notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated above to receive copies shall not adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

15.9 Waiver of Notices. Unless otherwise expressly provided herein, the Borrower waives presentment, protest and notice of demand or dishonor and protest as to any instrument, notice of intent to accelerate the Obligations and notice of acceleration of the Obligations, as well as any and all other notices to which it might otherwise be entitled. No notice to or demand on the Borrower which the Agent or any Lender may elect to give shall entitle the Borrower to any or further notice or demand in the same, similar or other circumstances.

15.10 Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective representatives, successors, and assigns of the parties hereto; provided, however, that no interest herein may be assigned by the Borrower without prior written consent of the Agent and each Lender. The rights and benefits of the Agent and the Lenders hereunder shall, if such Persons so agree, inure to any party acquiring any interest in the Obligations or any part thereof.

15.11 Indemnity of the Agent-Related Persons and the Lenders by the Borrower. The Borrower agrees to defend, indemnify and hold the Agent-Related Persons, and each Lender 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 reasonable Attorney Costs of counsel mutually acceptable to the Borrower and the applicable Indemnified Person) 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 Lender) 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, any other Loan Document, 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 Borrower shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting solely from the bad faith, gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section shall survive payment of all other Obligations.

15.12 Limitation of Liability. No claim may be made by the Borrower, any Lender or other Person against the Agent, any Lender, or the affiliates, directors, officers, officers, employees, or agents of any of them for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any other Loan Document, or any act, omission or event occurring in connection therewith, and the Borrower and each Lender hereby waive, release and agree not to sue upon any claim for such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

15.13 Final Agreement. This Agreement and the other Loan Documents are intended by the Borrower, the Agent and the Lenders to be the final, complete, and exclusive expression of the agreement between them. This Agreement and the other Loan Documents supersede any and all prior oral or written agreements relating to the subject matter hereof or thereof. No modification, rescission, waiver, release, or amendment of any provision of this Agreement or any other Loan Document shall be made, except by a written agreement signed by the Borrower and a duly authorized officer of each of the Agent and the requisite Lenders.

15.14 Counterparts. This Agreement may be executed in any number of counterparts, and by the Agent, each Lender and the Borrower in separate counterparts, each of which shall be an original, but all of which shall together constitute one and the same agreement; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

15.15 Captions. The captions contained in this Agreement are for convenience of reference only, are without substantive meaning and should not be construed to modify, enlarge, or restrict any provision.

15.16 Right of Setoff. In addition to any rights and remedies of the Lenders provided by law, if an Event of Default exists or the Loans have been accelerated, each Lender is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being waived by the Borrower 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 Lender to or for the credit or the account of the Borrower against any and all Obligations owing to such Lender, now or hereafter existing, irrespective of whether or not the Agent or such Lender shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Lender agrees promptly to notify the Borrower and the Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties have entered into this Agreement on the date first above written.

"BORROWER"

FASL LLC

By /s/ THOMAS M. MCCOY

Name: Thomas M. McCoy

Title: Manager

"AGENT"

GENERAL ELECTRIC CAPITAL CORPORATION, as the Agent

By /s/ JAMES H. KAUFMAN

Name: James H. Kaufman

Title: Senior Risk Manager

"LENDERS"

Existing Term Loans:

Commitment: $40,625,000

BANK OF AMERICA, N.A., as a Lender

By /s/ JOHN MCNAMARA

Name: John McNamara

Title: Vice President

Existing Term Loans:

Commitment: $40,625,000

GENERAL ELECTRIC CAPITAL CORPORATION, as a Lender

By /s/ JAMES H. KAUFMAN

Name: James H. Kaufman

Title: Senior Risk Manager

Existing Term Loans:

Commitment: $8,125,000

MERRILL LYNCH CAPITAL, a Division of Merrill Lynch Business Financial Services Inc., as a Lender

By /s/ STEVE COLBY

Name: Steve Colby

Title: VP-Group Credit Manager

EXHIBIT 10.52

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY

OPERATING AGREEMENT

OF

FASL LLC

a Delaware Limited Liability Company

MEMBERSHIP INTERESTS IN FASL LLC, A DELAWARE LIMITED LIABILITY COMPANY, HAVE NOT BEEN REGISTERED WITH OR QUALIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE. THE INTERESTS ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM SUCH REGISTRATION OR QUALIFICATION REQUIREMENTS. THE INTERESTS CANNOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE RESTRICTIONS ON TRANSFERABILITY CONTAINED IN THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF FASL LLC AND APPLICABLE FEDERAL AND STATE SECURITIES LAWS.

Dated as of June 30, 2003

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of the exhibit has been filed separately with the Securities and Exchange Commission.*

TABLE OF CONTENTS

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EXHIBIT & SCHEDULES

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AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
FASL LLC

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this **"Agreement"**) is made and entered into as of the 30th day of June, 2003 (the **"Launch Date"**), by and between AMD Investments, Inc., a Delaware corporation (**"AMD Member"**), and Fujitsu Microelectronics Holding, Inc., a Delaware corporation (**"Fujitsu Member"**), for the purpose of amending and restating the terms of the Limited Liability Company Operating Agreement dated May 15, 2003 (the **"Original Agreement"**) of FASL LLC (the **"Company"**), a limited liability company organized under the Delaware Limited Liability Company Act, as amended from time to time (the **"Act"**). In addition, Advanced Micro Devices, Inc., a Delaware corporation (**"AMD"**), and Fujitsu Limited, a corporation organized under the laws of Japan (**"Fujitsu"**), are entering into this Agreement as of the date first set forth above and are parties hereto not in the capacity of Members of the Company but in order to receive the benefit of and be bound by the applicable provisions hereof.

ARTICLE 1.
ORGANIZATIONAL MATTERS

1.1 Continuation

The Company was formed under the Act on April 15, 2003 by filing a Certificate of Formation of the Company (the **"Certificate"**) in the Office of the Secretary of State of the State of Delaware as required by the Act. The Members hereby continue the Company under the Act for the purposes and upon the terms and conditions hereinafter set forth and amend and restate the Original Agreement as set forth herein. AMD Member hereby continues as a Member of the Company, and Fujitsu Member is admitted to the Company as a Member upon its execution of this Agreement. The rights and liabilities of the Members shall be as provided in the Act, except as otherwise expressly provided herein. In the event of any inconsistency between any terms and conditions contained in this Agreement and any non-mandatory provisions of the Act, the terms and conditions contained in this Agreement shall govern. If any provision of this Agreement is prohibited or ineffective under the Act, this Agreement will be considered amended to the smallest degree possible in order to make such provision effective under the Act. Subject to the provisions hereof, the Board of Managers may execute and file, or cause an Officer of the Company to file, any duly authorized amendments to the Certificate from time to time in a form prescribed by the Act. The Board of Managers shall also cause to be made, on behalf of the Company, such additional filings and recordings as the Board of Managers shall deem necessary or advisable.

1.2 Name

The name of the Company shall be FASL LLC. The Company may also conduct business at the same time under one or more fictitious names if the Board of Managers determine that such is in the best interests of the Company. The Board of Managers, including by a Special

Vote for so long as Fujitsu Member's Percentage Interest is greater than twenty percent (20%), may change the name of the Company, from time to time, in accordance with Applicable Law.

1.3 Principal Place of Business; Other Places of Business

The principal place of business of the Company is located in Sunnyvale, California or may be such other place within or outside the State of Delaware as the Board of Managers may from time to time designate. The Company may maintain offices and places of business at such other place or places within or outside the State of Delaware, but in all events within the United States, as the Board of Managers deem advisable.

1.4 Business Purpose

The purpose of the Company shall be the (a) development, manufacture and sale of semiconductor devices (including single chip or multiple chip products), a substantial function of which is code and/or data storage; (b) entry into any other lawful business, purpose or activity in which a limited liability company may be engaged under Applicable Law (including, without limitation, the Act) as the Members may determine from time to time, subject to and in accordance with the terms of this Agreement; and (c) entry into any lawful transaction and engagement in any lawful activities in furtherance of the foregoing purposes and as may be necessary, incidental or convenient to carry out the business of the Company as contemplated by this Agreement.

1.5 Designated Agent for Service of Process

The Company shall continuously maintain a registered office and a designated and duly qualified agent for service of process on the Company in the State of Delaware. As of the date hereof, the address of the registered office of the Company in the State of Delaware is Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

1.6 Term

The Company shall continue until the Company is terminated, dissolved or liquidated in accordance with this Agreement and the Act. Notwithstanding the dissolution of the Company, the existence of the Company shall continue until termination pursuant to and as provided in Article 10 of this Agreement.

ARTICLE 2.
DEFINITIONS

Capitalized words and phrases used and not otherwise defined elsewhere in this Agreement shall have the following meanings:

"Act" is defined in the preamble.

"Adjusted Capital Account Deficit" means, with respect to any Member at any time, the deficit balance, if any, in such Member's Capital Account as of such time, after giving effect to the following adjustments:

(1) Add to such Capital Account the amount that such Member is obligated to restore or is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(2) Subtract from such Capital Account such Member's share of the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Tax Liability Distribution Amount" shall mean, with respect to each Member and each Fiscal Year, the aggregate amount of the Tax Liability Distributions made to such Member (during or after such Fiscal Year) with respect to such Fiscal Year (determined without regard to any reduction due to a negative Tax Liability Distribution Adjustment in respect of any prior Fiscal Year(s)), increased (without duplication) by the amount of a positive Tax Liability Distribution Adjustment or decreased by the amount of a negative Tax Liability Distribution Adjustment, in each case, as determined with respect to such Member for such Fiscal Year.

"Affiliate" of a Person means any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. A Person shall be deemed an Affiliate of another Person only so long as such control relationship exists. The parties acknowledge and agree that neither Fujitsu nor AMD is presently controlled by any other Person. Notwithstanding the foregoing, a Company Entity shall not be deemed to be an Affiliate of either Fujitsu or AMD, except where expressly provided in this Agreement.

"Agreement" shall mean this Amended and Restated Limited Liability Company Operating Agreement which shall constitute the limited liability company agreement of the Company within the meaning of the Act.

"AMD" is defined in the preamble.

"AMD Distribution Agreement" means that AMD Distribution Agreement dated as of June 30, 2003 between AMD and the Company.

"AMD Guaranteed Obligations" is defined in Section 11.1.

"AMD Guaranty" is defined in Section 11.1.

"AMD Initial Contributed Assets" means the AMD Pre-Closing Contributed Assets (as defined in the Contribution Agreement) and the AMD Closing Date Contributed Assets (as defined in the Contribution Agreement).

"AMD Manager" means any of the Managers designated by AMD Member to serve on the Board of Managers in accordance with Section 7.2.

"AMD Manager Claim" is defined in Schedule B.

"AMD Member" is defined in the preamble.

"AMD Privileged Material" is defined in Schedule B.

"AMD Transaction" is defined in Section 7.16.2(b).

"Annual Budget" is defined in Section 8.1.1.

"Applicable Law" means, with respect to a Person, any domestic or foreign, national, federal, territorial, state or local constitution, statute, law (including principles of common law), treaty, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, legally binding directive, judgment, decree or other requirement or restriction of any arbitrator or Governmental Authority applicable to such Person or any of its Affiliates or any of their respective properties, assets, officers, directors, employees, consultants or agents (in connection with such officer's, director's, employee's, consultant's or agent's activities on behalf of such Person or any of its Affiliates).

"Assignee" means any Person (a) to whom a Member (or assignee thereof) Transfers all or any part of its Economic Interest in the Company in accordance with this Agreement, and (b) which has not been admitted to the Company as a Substitute Member pursuant to Section 9.8 of this Agreement.

"Audit Year" is defined in Section 5.1.1(a).

"Black-Scholes Value" is defined in Section 7.16.1.

"Board of Managers" means, at any time, the Board of Managers designated in accordance with Section 7.2.

"Breach" is defined in Section 10.6.

"Breach Convertible Note" is defined in Section 10.6.1(b).

"Breaching Member" is defined in Section 10.6.

"Breaching Member's Amount" is defined in Section 10.6.1(b).

"Business" is defined in Section 7.7.2(c).

"Business Day" means any day other than a day on which commercial banks in California or Tokyo are required or authorized to be closed.

"Capex" means any expenditures in respect of the purchase or other acquisition of any fixed or capital asset (excluding normal replacements and maintenance which are properly charged to current operations in accordance with GAAP), of the Company and each of the other Company Entities, collectively; *provided, however*, that any such expenditure that is less than five thousand dollars (U.S.$5,000) shall not be included in the determination of Capex.

"Capital Account" means the Capital Account maintained for each Member on the Company's books and records in accordance with the following provisions:

(1) To each Member's Capital Account there shall be added (a) such Member's Capital Contributions, (b) such Member's allocable share of Net Profits and any items in the nature of income or gain that are specially allocated to such Member pursuant to Article 6 hereof or other provisions of this Agreement and (c) the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(2) From each Member's Capital Account there shall be subtracted (a) the amount of (i) cash and (ii) the Gross Asset Value of any Company Assets (other than cash) distributed to such Member pursuant to any provision of this Agreement in its capacity as a Member (for the avoidance of doubt, any payment to a Member pursuant to the terms of any Member Debt Financing or other debt instrument, or any payment pursuant to any license, consulting, services, subcontracting, lease or other agreement between the Company and such Member or any Affiliates of such Member shall not be treated as a "distribution"), (b) such Member's allocable share of Net Losses and any other items in the nature of expenses or losses that are specially allocated to such Member pursuant to Article 6 or other provisions of this Agreement, and (c) liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member.

(3) In the event any Interest in the Company is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Interest.

(4) In determining the amount of any liability for purposes of subsections (1) and (2) of this definition, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(5) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations. In the event that the Board of Managers shall determine that it is prudent to modify the manner in which the Capital Accounts, or any additions or subtractions thereto, are computed in order to comply with such Regulations, the Board of Managers may make such

modification, *provided* that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article 10 hereof upon the dissolution of the Company. The Board of Managers shall also make (a) any adjustments that are necessary or appropriate, in the absence of guidance under applicable Regulations, to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (b) any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Sections 1.704-1(b) and 1.704-2. Upon the conversion of any Convertible Note, the Members' Capital Accounts shall be adjusted in accordance with the requirements of the Code and Regulations.

"Capital Contributions" means, with respect to any Member, the total amount of cash and the initial Gross Asset Value of property (other than cash) contributed to the capital of the Company by such Member, whether as a Capital Contribution of Contributed Assets or as a Capital Contribution of other assets.

"Cash" means cash and cash equivalents determined by the Company in good faith consistent with GAAP.

"Certificate" is defined in Section 1.1.

"Chairman of the Board" is defined in Section 7.5.

"Change in Control" shall be deemed to have occurred, with respect to AMD or Fujitsu, when:

(1) Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of shares representing more than fifty percent (50%) of the combined voting power of the then outstanding securities entitled to vote generally in elections of directors of AMD or Fujitsu, as the case may be (the **"Voting Stock"**);

(2) AMD or Fujitsu (A) consolidates with or merges into any other Person or any other Person merges into AMD or Fujitsu, and in the case of any such transaction, the outstanding common stock of AMD or Fujitsu, as the case may be, is changed or exchanged into other assets or securities as a result, unless the stockholders of AMD or Fujitsu, as the case may be, immediately before such transaction own, directly or indirectly immediately following such transaction, more than fifty percent (50%) of the combined voting power of the outstanding voting securities of the corporation resulting from such transaction in substantially the same proportion as their ownership of the Voting Stock immediately before such transaction, or (B) conveys, transfers or leases all or substantially all of its assets to any Person; or

(3) Any time Continuing Directors do not constitute a majority of the Board of Directors of AMD or Fujitsu, as the case may be (or, if applicable, a successor Person to AMD or Fujitsu, as the case may be).

"Chief Executive Officer" is defined in Section 7.12.1.

"Chief Financial Officer" is defined in Section 7.12.3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Company" is defined in the preamble.

"Company Accountant" shall mean initially Ernst & Young LLP or such other independent accounting firm as appointed from time to time by the Board of Managers.

"Company Assets" means all direct and indirect rights and interests in real and personal property owned by the Company from time to time, and shall include both tangible and intangible property (including Cash).

"Company Correlative Item" is defined in Section 6.4.4(b).

"Company Entity" means the Company, or any of its directly or indirectly majority owned subsidiaries (whether organized as corporations, limited liability companies or other legal entity).

"Company Minimum Gain" has the meaning set forth in Regulations Sections 1.704-2(b)(2) and 1.704-2(d)(1) for the phrase "partnership minimum gain."

"Company Section 482 Allocation" is defined in Section 6.4.4(a).

"Company Transaction" is defined in Section 7.16.2(a).

"Confidential Information" is defined in Section 7.19.1

"Continuing Director" means, solely with respect to AMD or Fujitsu, at any date, a member of AMD's or Fujitsu's Board of Directors, as the case may be, (i) who was a member of such board on June 30, 2003 or (ii) who was nominated or elected by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the such board was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or such lesser number comprising a majority of a nominating committee comprised of independent directors if authority for such nominations or elections has been delegated to a nominating committee whose authority and composition have been approved by at least a majority of the directors who were Continuing Directors at the time such committee was formed.

"Contributed Assets" means the AMD Contributed Assets and the Fujitsu Contributed Assets as such terms are defined in the Contribution Agreement.

"Contribution Agreement" means the Contribution and Assumption Agreement dated as of June 30, 2003 among the Company, AMD and Fujitsu.

"Convertible Note" is defined in Section 4.3.2(d).

"Conversion Eligibility Date" is defined in Section 4.3.2(d).

"Core Business" is defined in Section 7.8.1(b).

"Curative Distribution" shall mean an amount, which shall be determined with respect to each Fiscal Year of the Company and which shall be payable to one of the Members in accordance with Section 5.1.1(b). The amount of the Company's Curative Distribution for any Fiscal Year shall mean the additional amount necessary to distribute to one of the Members in order that the Adjusted Tax Liability Distribution Amount made to one of the Members in respect of such Fiscal Year and the sum of the Adjusted Tax Liability Distribution Amount and the Curative Distribution made to the other Member in respect of such Fiscal Year shall be in the same ratio as the Members' respective Percentage Interests for such Fiscal Year (the **"Target Ratio"**); provided, however, that if the Members' respective Percentage Interests vary during such Fiscal Year, the Target Ratio for such Fiscal Year shall mean the ratio of the Members' respective "book" items (within the meaning of Code Section 704(b)) corresponding to the tax items in respect of which the Tax Liability Distribution was made.

"Cure Period" means, with respect to a Breach, a period of one hundred (100) days starting from the date such Breach occurs, during which the Breaching Member shall have the right to cure the Breach by either funding its Breaching Member's Amount (plus reasonable interest thereon) or by purchasing the Breach Convertible Note from the Non-Breaching Member at a price equal to the principal, interest and any other amounts outstanding thereunder (and, upon such a purchase, the Breach Convertible Note shall cease to be convertible); provided, however, that each Breaching Member shall have the right so to cure its Breaches two (2) times, and after the second such cure of a Breach, the Cure Period shall no longer apply with respect to any Breach by such Non-Breaching Member. For the avoidance of doubt, the curing of multiple Breaches at any one (1) time shall only constitute one (1) exercise of the right to cure.

"DCF Valuation" is defined in Section 9.3.1.

"Depreciation" means, for each Fiscal Year of the Company or other period, an amount equal to the federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; *provided, however*, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board of Managers.

"DGCL" means the General Corporation Law of Delaware, as amended.

"Disclosing Party" is defined in Section 7.19.1.

"Discounted Black-Scholes Value" is defined in Section 7.16.1.

"Distribution Agreements" is defined in Section 8.9.

"Distributor" means either AMD in its capacity as a distributor of Products under the AMD Distribution Agreement or Fujitsu in its capacity as a distributor of Products under the Fujitsu Distribution Agreement, as applicable.

"Economic Interest" means a Person's right to share in allocations of Net Profits, Net Losses and other items of income, gains, losses, deductions and credits hereunder and to receive distributions from, the Company as set forth in this Agreement, but does not include any other rights of a Member including, without limitation, the right to vote or to participate in the management of the Company, or, except as specifically provided in this Agreement or required under the Act, any right to information concerning the business and affairs of the Company.

"Excess Allocation" is defined in Section 5.1.4.

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

"Executive Officers" means all Officers directly reporting to the Chief Executive Officer.

"FASL (Japan)" means Fujitsu AMD Semiconductor Limited, a corporation organized under the laws of Japan, and, following the consummation of the transactions contemplated by the Contribution Agreement, a wholly owned subsidiary of the Company that will have its name changed to FASL JAPAN Limited.

"FASL (Japan) Non-Manufacturing Organization" means the formal or informal group, division or other organization within FASL (Japan) primarily conducting research and development of semi-conductor products (as well as related marketing and administrative activities) which, as of the Launch Date will operate at leased facilities located in Tokyo and Nagoya.

"Final Bid End-Date" is defined in Section 9.3.9(d).

"Financing Note" is defined in Section 9.3.8.

"Financing Shortfall" is defined in Section 4.3.1.

"Financing Shortfall Amount" is defined in Section 4.3.1.

"Financing Shortfall Notes" is defined in Section 4.3.2(d).

"Fiscal Year" is defined in Section 7.10.1.

"FMM" means Fujitsu Microelectronics (Malaysia) Sdn. Bhd.

"4-Year Fixed Financial Support Plan" means the first sixteen (16) quarters of the plan attached hereto as **Exhibit C**. In the event that the Launch Date is delayed for any reason beyond the fiscal quarter of the calendar year that is the first quarter of the 4-Year Fixed Financial Support Plan as set forth on **Exhibit C**, the dates on the 4-Year Fixed Financial Support Plan will be adjusted so that such first quarter thereof will be the fiscal quarter in which the Launch Date falls (but, for the avoidance of doubt, the amounts contained therein will not change).

"4-Year Operations Plan" is defined in Section 8.1.1.

"4-Year Period" means the four (4)-year period covered in the 4-Year Fixed Financial Support Plan.

"Fujitsu" is defined in the preamble.

"Fujitsu Distribution Agreement" means that Fujitsu Distribution Agreement dated as of June 30, 2003 between Fujitsu and the Company.

"Fujitsu Guaranteed Obligations" is defined in Section 12.1.

"Fujitsu Guaranty" is defined in Section 12.1.

"Fujitsu Manager" means any of the Managers designated by Fujitsu to serve on the Board of Managers in accordance with Section 7.2.

"Fujitsu Manager Claim" is defined in Schedule B.

"Fujitsu Member" is defined in the preamble.

"Fujitsu Privileged Material" is defined in Schedule B.

"Funding Member" means a Member that provides financing for (i) Pull-Ins pursuant to and in accordance with Section 4.3.2(c), or (ii) Financing Shortfalls pursuant to and in accordance with Section 4.3.2(d), as applicable.

"Funding Member Pull-In Note" is defined in Section 4.3.2(c).

"G&A" means the general and administrative expenses (including any fees paid to Persons that are not Company Entities in respect of general and administrative activities performed for the benefit of any Company Entity) of the Company and the other Company Entities, collectively, computed in accordance with GAAP.

"GAAP" means generally accepted accounting principles in the United States, consistently applied.

"Governmental Authority" means any foreign, domestic, national, federal, territorial, state or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(1) The initial Gross Asset Value of the assets contributed to the Company by AMD Member and Fujitsu Member in connection with the contribution of the Contributed Assets shall be the gross fair market value of such assets, which the parties agree is equal to the book value of such Contributed Assets as determined in accordance with GAAP and shall be set forth on **Exhibit A** as soon as practicable after the Launch Date. The initial Gross Asset Value of any asset contributed by a Member to the Company that is not a Contributed Asset shall be the gross fair market value of such asset as determined by the Board of Managers and the contributing Member.

(2) The Gross Asset Value of all Company Assets immediately prior to the occurrence of any event described in subsections (a) through (d) hereof shall be adjusted to equal their respective gross fair market values, in accordance with the applicable valuation provisions of this Agreement, or if there are no such provisions, as determined by the Board of Managers using such reasonable method of valuation as the Board of Managers may adopt, upon the occurrence of the following events and in accordance with the applicable Regulations:

(a) the acquisition of an additional Interest in the Company (other than in connection with the execution of this Agreement) by a new or existing Member in exchange for more than a de minimis Capital Contribution (including the acquisition of an additional Interest by an existing Member upon conversion of a Convertible Note in accordance with Section 4.3.2(d)), if the Board of Managers reasonably determines that such adjustment is necessary or appropriate to reflect the relative Economic Interests of the Members in the Company;

(b) the distribution by the Company to a Member of more than a de minimis amount of Company Assets as consideration for an Economic Interest or Interest in the Company, if the Board of Managers reasonably determines that such adjustment is necessary or appropriate to reflect the relative Economic Interests of the Members in the Company;

(c) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and

(d) at such other times as the Board of Managers shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(3) The Gross Asset Value of any Company Asset distributed to a Member shall be the gross fair market value of such Company Asset on the date of distribution as determined by the Board of Managers.

(4) The Gross Asset Values of Company Assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such Company Assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); *provided, however*, that Gross Asset Values shall not be adjusted pursuant to this subsection (4) of this definition to the extent that the Board of Managers reasonably determines that an adjustment pursuant to subsection (2) of this definition above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (4) of this definition.

(5) If the Gross Asset Value of a Company Asset has been determined or adjusted pursuant to subsections (1), (2) or (4) of this definition, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such Company Asset for purposes of computing Net Profits and Net Losses.

"Guaranteed Percentage" is defined in Section 4.1.2(a).

"HR Council" is defined in Section 7.15.

"Indemnified Loss" is defined in Section 7.11.1.

"Indemnitee" is defined in Section 7.11.1.

"Initial Bid End-Date" is defined in Section 9.3.9(c).

"Initial Public Offering" means a bona fide underwritten initial sale of common stock (or other securities) of a Person pursuant to a registration statement that is declared effective by the SEC.

"Investment Advisers Act" means the Investment Advisers Act of 1940, as amended.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"IP Contribution Agreement" means the Intellectual Property Contribution and Ancillary Matters Agreement dated as of June 30, 2003 among Fujitsu, AMD and the Company.

"IPO Valuation" means the Valuation described in Section 9.3.1.

"IT" is defined in Section 7.13.

"IT Steering Committee" is defined in Section 7.13.

"Joint Territory" has the meaning set forth in the AMD Distribution Agreement and in the Fujitsu Distribution Agreement.

"JV1" means the wafer fabrication facility currently for 0.35 micron products located at Industrial Site 6, Monden-machi, Aizuwakamatsu-shi, Fukushima, Japan.

"JV2" means the wafer fabrication facility currently for 0.23 micron products located at Industrial Site 6, Monden-machi, Aizuwakamatsu-shi, Fukushima, Japan.

"JV3" means the wafer fabrication facility currently for 0.18 micron and 0.13 micron products located at Industrial Site 2, Takaku, Aizuwakamatsu-shi, Fukushima, Japan.

"Launch Date" is defined in the preamble.

"Liquidators" is defined in Section 10.5.1.

"Managers" means at any time the individuals elected in accordance with Section 7.2 to serve on the Board of Managers.

"Material Breach" means a Breach of greater than seventy-five million dollars (U.S.$75,000,000) in any one occurrence or which, together with all previous Breaches by the applicable Member, exceeds seventy-five million dollars (U.S.$75,000,000) in the aggregate.

"Material Company Entity" means the Company and each Company Entity that owns (directly or indirectly) greater than twenty percent (20%) of the fair market value of the assets of the Company Entities taken as a whole.

"Member" means a Person owning a Membership Interest, including any Substitute Member.

"Member Correlative Item" is defined in Section 6.4.4(a).

"Member Debt Financing" means a loan to the Company directly from a Member or any of its Affiliates.

"Member Guarantee" means a guarantee by a Member or its Affiliates issued to a Person other than a Member or its Affiliates guaranteeing any lease or debt financing provided to a Company Entity by such Person.

"Member Guaranteed Financing" means any lease or debt financing from a Person other than a Member or its Affiliates that is guaranteed by a Member Guarantee.

"Member Minimum Gain" means "partner nonrecourse debt minimum gain" as defined in Regulations Section 1.704-2(i)(2).

"Member Nonrecourse Debt" means "partner nonrecourse debt" as set forth in Regulations Section 1.704-2(b)(4).

"Member Section 482 Allocation" is defined in Section 6.4.4(b).

"Member Nonrecourse Deductions" means "partner nonrecourse deductions" as set forth in Regulations Section 1.704-2(i).

"Membership Interest" or **"Interest"** means the entire ownership interest of a Member in the Company at any particular time, including without limitation, the Member's Economic Interest, any and all rights to vote and otherwise participate in the Company's affairs, and the rights to any and all benefits to which a Member may be entitled as provided in this Agreement, together with the obligations of such Member to comply with all of the terms and provisions of this Agreement. A Membership Interest may be expressed as a number of Units.

"Net Profits" or **"Net Losses"** means, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such year or period determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(1) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition shall be added to such taxable income or loss;

(2) Any expenditure of the Company described in Code Section 705(a)(2)(B) or treated as a Code Section 705(a)(2)(B) expenditure pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this subsection (2) of this definition, shall be subtracted from such taxable income or loss;

(3) Gain or loss resulting from any disposition of Company Assets where such gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Company Assets disposed of, notwithstanding that the adjusted tax basis of such Company Assets differs from its Gross Asset Value;

(4) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year;

(5) To the extent an adjustment to the adjusted tax basis of any asset included in Company Assets pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for the purposes of computing Net Profits and Net Losses;

(6) If the Gross Asset Value of any Company Asset is adjusted in accordance with subsection (2) or subsection (3) of the definition of "Gross Asset Value," the amount of such adjustment shall be taken into account in the taxable year of such adjustment as gain or loss from the disposition of such asset for purposes of computing Net Profits or Net Losses; and

(7) Notwithstanding any other provision of this definition, any items of income, gain, loss or deduction that are specially allocated pursuant to Sections 6.2, 6.4.4 and 6.4.6 shall not be taken into account in computing Net Profits or Net Losses. The amount of items of income, gain, loss and deduction available to be specially allocated shall be determined using principles analogous to those set forth in this definition.

The Members acknowledge and agree that for financial accounting purposes the results of the Company's operations will be reported in accordance with GAAP and that Net Profits, Net Losses, and the items taken into account in determining Net Profits and Net Losses, for any Fiscal Year shall be taken into account for financial accounting purposes only if, when and to the extent required or permitted to be taken into account in accordance with GAAP and that GAAP may require or permit that other items be taken into account.

"Non-Breaching Member" is defined in Section 10.6.

"Non-Breaching Member's Amount" is defined in Section 10.6.1(a).

"Non-Competition Agreement" means the Non-Competition Agreement dated as of June 30, 2003 among the Company, AMD and Fujitsu.

"Non-Convertible Note" is defined in Section 4.3.2(d).

"Non-Funding Member" means a Member that does not provide financing for (i) Pull-Ins in accordance with Section 4.3.2(c) or (ii) Financing Shortfalls in accordance with Section 4.3.2(d), as applicable.

"Non-Funding Member Pull-In Note" is defined in Section 4.3.2(c).

"Nonrecourse Deductions" has the meaning set forth in Regulations Sections 1.704-2(b)(1) and 1.704-2(c).

"Offer Commencement Date" is defined in Section 9.3.9(b).

"Offer Notice" is defined in Section 9.3.5.

"Officer" is defined in Section 7.12.3.

"Operations Shortfall" occurs either (a) when the Projected Ending Cash Balance for any fiscal quarter is less than one hundred million dollars (U.S.$100,000,000), or (b) in the event that the Projected Ending Cash Balance for any fiscal quarter is greater than one hundred million dollars (U.S.$100,000,000), when the Company reasonably expects that Cash will be reduced to zero dollars (U.S.$0) at any time during such quarter.

"Operations Shortfall Amount" is either (a) in the event that an Operations Shortfall occurs under clause (a) of the definition thereof with respect to any given fiscal quarter, the amount by which the Projected Ending Cash Balance determined pursuant to Section 4.4.1 for such quarter is less than one hundred million dollars (U.S.$100,000,000), or (b) in the event that an Operations Shortfall occurs under clause (b) of the definition thereof with respect to any given fiscal quarter, the amount reasonably expected to be necessary to maintain a balance of Cash in excess of zero dollars (U.S.$0) for the rest of such quarter.

"Original Agreement" is defined in the preamble.

"Parent Forecasts" is defined in Section 8.9.2.

"Participate" shall include (a) participation in conferences, meetings or Proceedings with any Governmental Authority, the subject matter of which includes an item for which a Member may have liability pursuant to Article X of the Contribution Agreement, (b) participation in appearances before any court or tribunal, the subject matter of which includes an item for which a party may have liability pursuant to Article X of the Contribution Agreement, and (c) with respect to matters described in the preceding clauses (a) and (b), participation in the submission and determination of the content of the documentation, protests, memoranda of fact and law, and briefs, and the conduct of oral arguments and presentations.

"Percentage Interest" means, with respect to a Member holding one or more Units, its Interest in the Company as determined by dividing the number of Units owned by such Member by the total number of Units of the Company then outstanding as specified in **Exhibit A** attached hereto, as such exhibit may be modified or supplemented from time to time in accordance with the terms of this Agreement.

"Percentage Sold" is defined in Section 9.3.8(c).

"Person" means any person or entity, whether an individual, trustee, corporation, partnership, limited partnership, limited liability company, trust, unincorporated organization, business association, firm, joint venture, other legal entity or Governmental Authority.

"Potential Acquirers" is defined in Section 9.3.9(a).

"Proceeding" means actions, suits, hearings, arbitrations, proceedings (public or private), investigations, examinations, audits or claims brought by or against any Governmental Authority.

"Products" is defined in the AMD Distribution Agreement and the Fujitsu Distribution Agreement.

"Projected Ending Cash Balance" means the Company's projected ending balance of Cash (on a consolidated basis) determined by the Company for any given fiscal quarter, calculated using the Company's then-current Rolling Quarterly Plan and related cash flow statements, each prepared in a manner consistent with the Company's other financial

statements and GAAP, *provided* that, with respect to determining an Operations Shortfall, such calculation of the projected ending balance will (i) exclude principal payments made by the Company with respect to any debt incurred to cover Financing Shortfalls and, for the avoidance of doubt, the amount of such payments shall be deemed to be included in such projected ending balance of Cash, and (ii) include distributions made or to be made pursuant to Sections 5.1.1(a), 5.1.1(b) and 5.1.1(c) (without regard to any limitations therein based on inadequacy of available cash).

"Public Offering" is defined in Section 9.3.10.

"Pull-In Note" is defined in Section 4.3.2(c).

"Pull-Ins" is defined in Section 4.3.2(c).

"Qualified Valuator" means a reputable, nationally recognized investment bank, accounting firm or valuation specialist that is not (a) an Affiliate of a Member or of an Affiliate of a Member or (b) an Affiliate of any Company Entity or of an Affiliate of any Company Entity.

"Quarterly Beginning Plan" or **"QBP"** is defined in Section 8.9.

"Quarterly Beginning Plan Template" or **"QBP Template"** is defined in Section 8.9.1.

"R&D" means expenditures in respect of research and development activities (including any fees paid to any Persons that are not Company Entities in respect of research and development activities performed for the benefit of any Company Entity) of or by the Company and each of the other Company Entities, collectively, computed in accordance with GAAP.

"Receiving Party" is defined in Section 7.19.1.

"Reference Rate" is defined in the definition of "Tax Distribution Rate."

"register," "registered," and **"registration,"** as those terms are used in Section 9.3.10, refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

"Regulations" means temporary and final Treasury Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding Treasury Regulations).

"Regulatory Allocations" is defined in Section 6.2.8.

"Responsible Party" is defined in Section 7.11.6.

"Revolver" means the revolving bank credit facility of up to one hundred fifty million dollars (U.S.$150,000,000) that is guaranteed on a pro rata basis by AMD and Fujitsu

based on the respective Percentage Interests of their respective Affiliate Members at the time the bank facility is established.

"Right of First Refusal" is defined in Section 9.3.6.

"Rolling Quarterly Plan" is defined in Section 8.1.1.

"Safe Harbors" is defined in Section 9.10.

"Sale End-Date" is defined in Section 9.3.9(e).

"SEC" means the Securities and Exchange Commission.

"Secondment Agreement" means that Secondment and Transfer Agreement dated as of June 30, 2003 by and between FASL (Japan) and Fujitsu.

"Secretary" is defined in Section 7.12.3.

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

"Selling Members" is defined in Section 9.3.10(b).

"Special Vote of the Board of Managers" or **"Special Vote"** means the affirmative vote or consent of the Board of Managers, including the affirmative vote of at least fifty percent (50%) of then Fujitsu Managers for so long as Fujitsu Managers are on the Board of Managers.

"Substitute Member" means any Person (a) to whom a Member (or Assignee thereof) Transfers all or any part of its Interest in the Company, and (b) which has been admitted to the Company as a Substitute Member pursuant to Section 9.8.

"Target" is defined in Section 8.8.

"Target Ratio" is defined in the definition of "Curative Distribution."

"Tax" or **"Taxes"** means all taxes, levies, imposts and fees imposed by any Governmental Authority (domestic or foreign) of any nature including but not limited to federal, state, local or foreign net income tax, alternative or add-on minimum tax, profits or excess profits tax, franchise tax, gross income, adjusted gross income or gross receipts tax, employment related tax (including employee withholding or employer payroll tax, FICA or FUTA), real or personal property tax or ad valorem tax, sales or use tax, excise tax, stamp tax or duty, any withholding or back up withholding tax, value added tax, severance tax, prohibited transaction tax, premiums tax, occupation tax, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Authority (domestic or foreign) responsible for the imposition of any such tax.

"Tax Distribution Rate" shall mean thirty-six percent (36%); provided that (i) such thirty-six percent (36%) rate shall be adjusted upward or downward from time to time if the top-bracket U.S. federal income tax rate applicable to ordinary income of corporations (the "**Reference Rate**") is changed after the date hereof so that the Tax Distribution Rate shall at all times be equal to one (1) percentage point more than the Reference Rate; and (ii) notwithstanding anything else in this definition, if the activities of the Company shall give rise to state tax liability for the Members in any State of the United States other than California and Texas, the Members shall negotiate in good faith to agree on an appropriate adjustment in respect of such increased tax liability. The Members intend that if the Reference Rate is ever changed such that a blended rate applies to a Member in respect of a taxable year of such Member, the Tax Distribution Rate in respect of such Member for such taxable year shall be equal to one (1) percentage point more than such blended rate.

"Tax Liability Distributions" shall refer to any distribution made to a Member pursuant to Section 5.1.1(a). All Tax Liability Distributions shall be made in cash. The table below sets forth the correspondence between the Tax Liability Distributions made by the Company to the Members with respect to their respective estimated and final tax payments and the related Fiscal Year of the Company. References in the table to "year x" refer to any calendar year, and references to "year x + 1" refer to the subsequent calendar year. In the event the taxable year of the Company no longer corresponds to that of the AMD Member, the table shall be appropriately adjusted. Tax Liability Distributions made to a Member with respect to a particular Fiscal Year of the Company shall also include distributions of any positive Tax Liability Distribution Adjustment made to a Member with respect to such Fiscal Year. Tax Liability Distributions with respect to any Fiscal Year will be reduced by the amount of any negative Tax Liability Distribution Adjustment with respect to a prior Fiscal Year (but only to the extent that any such negative Tax Liability Distribution Adjustment has not been previously applied as a reduction pursuant to this sentence).

Tax Liability Distributions of Fujitsu Member in Respect of:	**Fiscal Year of Company (ends the last Sunday in December, year x)**	**Tax Liability Distributions of AMD Member in respect of:**	**Fiscal Year of Company (ends the last Sunday in December, year x)**
First quarter estimated (payable July 15, year x)	Fiscal Year ending in year x	First quarter estimated (payable April 15, year x)	Fiscal Year ending in year x
Second quarter estimated (payable September 15, year x)	Fiscal Year ending in year x	Second quarter estimated (payable June 15, year x)	Fiscal Year ending in year x
Third quarter estimated (payable December 15, year x)	Fiscal Year ending in year x	Third quarter estimated (payable September 15, year x)	Fiscal Year ending in year x
Fourth quarter estimated (payable March 15, year x + 1)	Fiscal Year ending in year x	Fourth quarter estimated (payable December 15,	Fiscal Year ending in year x

		year x)	
Final payment for Fujitsu Member taxable year ended March 31, year x + 1 (payable June 15, year x + 1)	Fiscal Year ending in year x	Final payment for AMD Member taxable year ended last Sunday in December, year x (payable March 15, year x + 1)	Fiscal Year ending in year x

"Tax Liability Distribution Adjustment" shall mean an amount, which may be either positive or negative, which shall be determined with respect to each Member for each Fiscal Year as the excess of (i) the *product of* the Tax Distribution Rate for such Fiscal Year *multiplied by* such Member's allocable share of the Company's taxable income as reflected on such Member's final or, if applicable, amended Schedule K-1 to IRS Form 1065 for such Fiscal Year, *minus* the amount of tax credits allocated to such Member on such Schedule K-1, over (ii) the amount of such Member's Tax Liability Distributions previously made with respect to such Fiscal Year.

"Tax Matters Partner" shall mean AMD Member.

"Technology" has the meaning set forth in the AMD Distribution Agreement and in the Fujitsu Distribution Agreement.

"Technology Roadmap" means the Company's written technology and product roadmap, as approved from time to time by the appropriate Officer or Officers of the Company.

"Transfer" (including, with correlative meaning, the term **"Transferred"**) means, with respect to any Membership Interest in the Company or portion thereof, a sale, conveyance, exchange, assignment, pledge, encumbrance, gift, bequest, hypothecation or other transfer or disposition by any other means, whether for value or no value and whether voluntary or involuntary (including, without limitation, by operation of law), or an agreement to do any of the foregoing.

"Transferred Employees" is defined in Section 3.2.1 of the Secondment Agreement and shall include all other employees transferred by Fujitsu and its Affiliates to a Company Entity.

"Transfer Shares" is defined in Section 9.3.5.

"Transferring Member" is defined in Section 9.3.1.

"Unit" means, with respect to a Membership Interest, a fractional, undivided share of such Membership Interest issued pursuant to Article 3 of this Agreement. A Membership Interest may include a fractional Unit. As of the date hereof, the Units are held by

the Members in accordance with **Exhibit A**, which Exhibit will be updated from time to time in accordance with the terms of this Agreement.

"Valuation Amount" is defined in Section 9.3.5.

"Valuation Request" is defined in Section 9.3.1.

"Valuations" is defined in Section 9.3.1.

"Variances" is defined in Section 8.8.

"Voting Stock" is defined in the definition of "Change in Control."

ARTICLE 3.
CAPITAL; CAPITAL ACCOUNTS AND MEMBERS

3.1 Initial Capital Contributions of Members

3.1.1 AMD Member.

(a) The Members acknowledge and agree that, pursuant to (i) the Capital Contribution Agreement dated as of May 16, 2003 between AMD Member and the Company, (ii) the Contribution Agreement and (iii) the IP Contribution Agreement, as of the date hereof, AMD Member has contributed (or with respect to intellectual property rights has caused its Affiliates to contribute on its behalf) to the Company the AMD Initial Contributed Assets, the Company has assumed certain liabilities of AMD Member and AMD pursuant to the Contribution Agreement, and these transactions shall be treated by AMD Member and the Company for federal income tax purposes as constituting a capital contribution by AMD Member of the AMD Initial Contributed Assets, as further set forth on **Exhibit A**.

(b) AMD Member shall, pursuant to and subject to the conditions set forth in the Contribution Agreement and not later than July 18, 2003, contribute to the Company the AMD Post-Closing Contributed Assets (as defined in the Contribution Agreement). The Members acknowledge and agree that this transaction shall be treated by AMD Member and the Company for federal income tax purposes as constituting a capital contribution by AMD Member of the AMD Post-Closing Contributed Assets.

3.1.2 Fujitsu Member.

(a) The Members acknowledge and agree that, pursuant to (i) the Contribution Agreement and (ii) the IP Contribution Agreement, as of the date hereof, Fujitsu Member has contributed (or with respect to intellectual property rights has caused its Affiliates to contribute on its behalf) to the Company the Fujitsu Closing Date Contributed Assets (as defined in the Contribution Agreement), the Company has assumed certain liabilities of Fujitsu Member and Fujitsu pursuant to the Contribution Agreement, and these transactions shall be treated by Fujitsu Member and the Company for federal income tax purposes as constituting a capital

contribution by Fujitsu Member of the Fujitsu Closing Date Contributed Assets, as further set forth on **Exhibit A**.

(b) Fujitsu Member shall, pursuant to and subject to the conditions set forth in the Contribution Agreement and not later than July 18, 2003, contribute to the Company the Fujitsu Post-Closing Contributed Assets (as defined in the Contribution Agreement). The Members acknowledge and agree that this transaction shall be treated by Fujitsu Member and the Company for federal income tax purposes as constituting a capital contribution by Fujitsu Member of the Fujitsu Post-Closing Contributed Assets.

3.1.3 Capital Account Balances. The names, addresses, Capital Account balances of each Member (after giving effect to the transactions described in Sections 3.1.1(a) and 3.1.2(a)), Percentage Interests of, and number of Units owned by, the Members are as set forth on **Exhibit A**. Upon the completion of the contribution of the AMD Post-Closing Contributed Assets as described in Section 3.1.1(b) and the contribution of the Fujitsu Post-Closing Contributed Assets as described in Section 3.1.2(b), the Board of Managers shall cause **Exhibit A** to be updated with respect to both Members to reflect such contribution. The Capital Account balances set forth on **Exhibit A** immediately after **Exhibit A** is updated to reflect the contribution of the AMD Post-Closing Contributed Assets and the Fujitsu Post-Closing Contributed Assets reflect the Members' final determination as to the amount of each Member's Capital Contribution of its respective Contributed Assets. The amount of a Member's Capital Contribution attributable to its respective Contributed Assets immediately after all contributions have been made in accordance with this Section 3.1 shall not subsequently be altered, amended or modified, and Depreciation with respect to all Contributed Assets shall be determined based on the Gross Asset Values of such Contributed Assets reflected in such Capital Contributions unless and until the Gross Asset Values of such Contributed Assets are subsequently adjusted pursuant to the definition of "Gross Asset Value" set forth herein.

3.2 Additional Capital Contributions by Members

Except as provided in Section 3.1, no Member shall be required to make any additional Capital Contributions to the Company.

3.3 Capital Accounts

A Capital Account shall be established and maintained by the Company for each Member in accordance with the terms of this Agreement.

3.4 Member Capital

Except as otherwise provided in this Agreement or with the prior vote of the Board of Managers including a Special Vote of the Board of Managers for so long as Fujitsu Member's Percentage Interest is at least twenty percent (20%): (a) no Member shall demand or be entitled to receive a return of or interest on any portion of its Capital Contributions or balance in its Capital Account; (b) no Member shall withdraw any portion of its Capital Contributions or receive any distributions from the Company as a return of capital on account of such Capital

Contributions; and (c) the Company shall not redeem or repurchase the Membership Interest of any Member, provided that any such return, distribution or redemption that is permitted hereunder shall be pro rata based upon the Members' respective Percentage Interests.

3.5 Liability of Members

Except as otherwise required by any non-waivable provision of the Act or other Applicable Law and except as provided in this Agreement or other agreements between the Company and one or more Members or their Affiliates, no Member shall be personally liable in any manner whatsoever for any debt, liability or other obligation of the Company, whether such debt, liability or other obligation arises in contract, tort, or otherwise solely by reason of being a Member.

ARTICLE 4.
FINANCING OF THE COMPANY

4.1 Types of Financing

4.1.1 General. The Board of Managers shall be responsible for determining the type of financing required to fund the operations of the Company, which may include issuing equity to Members or through transactions in public or private markets, or incurring debt from Members or from public, private or bank markets with or without Member Guarantees; *provided, however*, that no Member Debt Financing or Member Guarantees shall affect a Member's respective Membership Interest except upon the conversion of a Convertible Note in accordance with Section 4.3.2(d)(4) or if the terms of such financing include a conversion right and that right is exercised. In considering financing options and taking into account (i) the Members' obligations and the priority of financing methods for funding Financing Shortfalls in Section 4.3 and Operations Shortfalls in Section 4.4, (ii) the Company's right to seek financing through equity or other investments from third parties and (iii) the Company's Revolver, the Board of Managers shall seek any financing during the 4-Year Period in the following order of priority:

(a) lease and debt financing and other similar financing (such as factoring of receivables) from Persons other than Members or their Affiliates without Member Guarantees; then

(b) Member Guaranteed Financing on a pro rata basis based on Percentage Interests; then

(c) Member Debt Financing on a pro rata basis.

Notwithstanding the foregoing, in the event that one Member or its Affiliates is able to issue a Member Guarantee to a third party to procure its pro rata portion of any Member Guaranteed Financing, then (1) such Member or its Affiliates will be able to do so even if the other Member or its Affiliates is unable to do so and (2) such other Member or its Affiliates must provide Member Debt Financing for its pro rata portion of such financing. In such event, the terms of the Member Debt Financing will be consistent in all material respects with the terms of the Member

Guaranteed Financing. Any Member Guaranteed Financing shall be on commercially reasonably terms and subject to the Board of Manager's consent, such consent to not be unreasonably withheld or delayed.

4.1.2 Member Guarantees. Unless the applicable guaranteeing Member or its Affiliates otherwise agrees:

(a) each Member Guarantee shall provide that:

(1) the maximum principal amount guaranteed thereunder does not exceed the product of (A) the maximum aggregate amount of the Member Guaranteed Financing and the corresponding Member Debt Financing (if any) being sought by and actually committed to the Company *multiplied by* (B) such Member's Percentage Interest at the time of issuance of the Member Guarantee; and

(2) the Person(s) seeking payment thereunder cannot seek an amount from a Member and its Affiliates in excess of such Member's Guaranteed Percentage of the amount outstanding under the Member Guaranteed Financing at the time such payment is sought. (For purposes of this Section 4.1.2(a)(2), "**Guaranteed Percentage**" means, with respect to any Member Guarantee, the percentage determined by the following calculation: (A) the maximum principal amount guaranteed thereunder (as determined in accordance with Section 4.1.2(a)(1)), *divided by* (B) the aggregate committed principal amount of the corresponding Member Guaranteed Financing.

(b) no Member or its Affiliates shall be required to issue a Member Guarantee with respect to any lease financing that has a life longer than four (4) years;

(c) with respect to a Member Guarantee issued with respect to a revolving credit facility or credit facility that allows for more than one borrowing, such Member Guarantee (i) shall not cover any amounts not drawn down that remain undrawn by the Company under such credit facility as of the last day of the 4-Year Period and (ii) will cover any amounts drawn down by the Company and remaining outstanding under such credit facility as of the last day of the 4-Year Period only to the extent such outstanding amounts are scheduled to be repaid in full by the Company in equal installments on no less than an annual basis to the Person(s) providing such financing during the 2-year period starting on the date that the 4-Year Period expires and ending on the date that is six (6) years from the Launch Date; and

(d) except with respect to financing provided in connection with Financing Shortfalls, no Member or its Affiliates shall be required to provide a Member Guarantee with respect to any financing to the Company with a term that is longer than four (4) years or that extends beyond the date that is six (6) years from the Launch Date.

4.1.3 Member Debt Financings. Each Member Debt Financing (a) shall be structured such that interest and principal payments thereon shall be scheduled on the same dates during each relevant fiscal quarter as each other Member Debt Financing and (b) unless the applicable Member or its Affiliates otherwise agrees, shall not have a term that is longer than

four (4) years or extends beyond the date that is six (6) years from the Launch Date. Other than the Revolver or lease financings, any Member Debt Financing or Member Guaranteed Financing shall be in the form of an amortizing term loan.

4.2 Allocation of Financing Responsibility During the First 4-Year Period

During the 4-Year Period, AMD and Fujitsu shall or shall cause AMD Member and Fujitsu Member, respectively, to provide financing to the Company on a pro rata basis based on the respective Percentage Interests of AMD Member and Fujitsu Member, respectively, existing at the time each extension of credit is made, to the extent contemplated by and in accordance with (a) the 4-Year Fixed Financial Support Plan and (b) the provisions of Sections 4.1, 4.3 and 4.4. The 4-Year Fixed Financial Support Plan may only be amended with the written approval of both Fujitsu Member and AMD Member, which each such Member may grant or withhold in its sole discretion.

4.3 Financing Shortfalls

4.3.1 Calculation. If at any time during the 4-Year Period, the Company intends to spend an amount on (i) Capex or (ii) R&D and G&A (taken together), which, together with previous amounts spent for (i) Capex or (ii) R&D and G&A (taken together), exceeds the cumulative dollar limits for such category or categories, as the case may be, from the Launch Date through such time of determination set forth in the 4-Year Fixed Financial Support Plan, then a "**Financing Shortfall**" shall be deemed to occur. If a Financing Shortfall occurs, the Company shall (a) determine whether it has funds available to pay for such excess amount (the amount by which the Company determines its funds are insufficient to pay the excess being the "**Financing Shortfall Amount**") and (b) shall promptly notify the Members of the occurrence of the Financing Shortfall and the Financing Shortfall Amount (if any). The calculation necessary to determine whether a Financing Shortfall has occurred and the Financing Shortfall Amount shall be made with reference to the respective line items in the most recent Company financial statements and any expenditures through such time of determination that will be included as such items in future financial statements. For purposes of this Section 4.3.1, the amount allocated to Capex for the third fiscal quarter of 2003 shall be increased by the amount that (a) the U.S.$163.1 million allocated to Capex for the second fiscal quarter of 2003 exceeds (b) the amounts of actual Capex expended during the second fiscal quarter of 2003 with respect to the Business, *provided* that the Company shall promptly provide written notice to each Member demonstrating the calculation thereof.

4.3.2 Funding Obligation. In the event that a Financing Shortfall occurs and a Financing Shortfall Amount exists, then the Financing Shortfall Amount shall be funded in the following order of priority:

(a) *First*, debt financing from Persons other than the Members and their Affiliates (without Member Guarantees) will be solicited by the Company prior to seeking any Member Guaranteed Financing or Member Debt Financing;

(b) *Second*, if the financing option set forth in Section 4.3.2(a) is unavailable, the Company shall seek Member Guaranteed Financing, *provided*, *however*, that no Member shall be obligated to provide such Member Guarantee;

(c) *Third*, if the Financing Shortfall Amount is due to an acceleration of Capex from a subsequent Fiscal Year covered by the 4-Year Fixed Financial Support Plan and the financing options set forth in Sections 4.3.2(a) and (b) are unavailable, the Company may accelerate amounts to be financed by the Members or their respective Affiliates in the following Fiscal Year with respect to such Capex as set forth in the 4-Year Fixed Financial Support Plan (such accelerated amounts, "**Pull-Ins**"). Any such Pull-In will be financed on a pro rata basis based on the respective Percentage Interests of each Member at the time of the issuance of the Pull-In Note (as defined below); *provided*, *however*, that no Member or its Affiliates shall be obligated to provide its pro rata share of such Pull-In. If a Member or its Affiliates fails to fund its portion of any such Pull-In, the other Member or its Affiliates may elect to fund its portion and the Non-Funding Member's portion of such Pull-In, and the Company will issue to the Funding Member two separate notes in the form attached hereto as **Exhibit D** (each a "**Pull-In Note**"), each with a principal amount that reflects the amount of the Pull-In multiplied by the respective Member's Percentage Interest at the time of the issuance of the Pull-In Note (the Pull-In Note attributable to the Non-Funding Member's amount being the "**Non-Funding Member Pull-In Note**," and the Pull-In Note attributable to the Funding Member's amount being the "**Funding Member Pull-In Note**"). To the extent the Pull-In Notes have not been repaid by the Company in accordance with the terms of such notes, the Non-Funding Member shall be obligated to repay the Non-Funding Member Pull-In Note to the Funding Member by no later than April 1 of the Fiscal Year following the Fiscal Year in which such note was issued by the Company, by either (i) purchasing the Non-Funding Member Pull-In Note for an amount equal to the outstanding principal amount of such Non-Funding Member Pull-In Note (plus accrued and unpaid interest thereon) or (ii) lending an amount equal to the outstanding principal amount of, and accrued and unpaid interest on, the Non-Funding Member Pull-In Note to the Company so that the Company may repay the amount owed under such Non-Funding Member Pull-In Note to the Funding Member; *provided* that with respect to (ii) above (x) such loan is structured so that the Funding Member is in fact immediately repaid with the proceeds thereof and (y) the Company is not restricted contractually or otherwise from so borrowing from the Non-Funding Member or repaying the owed amount to the Funding Member.

(d) *Fourth*, if the financing options set forth in Sections 4.3.2(a), (b) and (c) are unavailable or are insufficient to cover the Financing Shortfall Amount, the Company shall seek Member Debt Financing for the remaining Financing Shortfall Amount based on each Member's pro rata Percentage Interest. If a Member elects to fund its pro rata portion of the Financing Shortfall Amount (it being agreed that no Member shall be required to provide such financing), the Company shall issue to such Funding Member a non-convertible note in the amount of such Member's pro rata funding of the Financing Shortfall Amount in the form attached hereto as **Exhibit E-1** (a "**Non-Convertible Note**"). However, if a Member elects not to fund its pro rata portion of the Financing Shortfall Amount, the Funding Member may elect also to fund the Non-Funding Member's portion, and in return the Company shall issue to the Funding Member a convertible note in the form attached hereto as **Exhibit E-2** (a "**Convertible**

Note" and, together with the Non-Convertible Note, "**Financing Shortfall Notes**") with a principal amount equal to the amount of the Non-Funding Member's pro rata portion of the Financing Shortfall Amount.

(1) Each Financing Shortfall Note shall bear interest at the same per annum rate as Member Debt Financing made under the 4-Year Operations Plan, and interest thereon shall be payable quarterly. Each Financing Shortfall Note shall be a 4-year amortizing note, with principal due and payable in four (4) equal annual installments, that is extendable at the option of the Member holding the Financing Shortfall Note and pre-payable at the option of the Company; *provided, however,* that if excess cash is not available to pay any of the annual installments in full at the time when due, pursuant to the provisions and restrictions set forth in Section 5.1.2 (including a lack of excess cash due to the prepayment of debt that has priority as set forth in Section 5.2), such unpaid installment will be deferred to the subsequent annual period, but, notwithstanding anything to the contrary in Section 5.1, in no event shall the final maturity of any such Financing Shortfall Note be extended without the consent of the Member holding the Financing Shortfall Note.

(2) At any time prior to the repayment in full or conversion of a Convertible Note, the Non-Funding Member may acquire for cash such Convertible Note by paying to the Funding Member an amount equal to the principal amount then outstanding, plus accrued and unpaid interest, under such Convertible Note. Upon such an acquisition, the conversion feature of such Convertible Note shall terminate.

(3) Notwithstanding the maturity date of any Convertible Note, such Convertible Note shall be convertible on or after the date (the "**Conversion Eligibility Date**") that is the earlier of (a) the date of delivery of an Offer Notice by the Non-Funding Member and (b) the later of (x) the date that is four (4) years and ninety (90) days after the Launch Date and (y) the date that is one year after the date of issuance of such Convertible Note.

(4) Prior to converting a Convertible Note, the Funding Member holding the Convertible Note shall give the Non-Funding Member written notice of its intention to convert and, in the case that clause (b) of Section 4.3.2(d)(3) applies, make a Valuation Request pursuant to the method and process provided in Section 9.3. Upon receiving such notice, the Non-Funding Member shall have thirty (30) days to elect to purchase such Convertible Note as set forth in Section 4.3.2(d)(2). If the Non-Funding Member does not elect to purchase such Convertible Note within such 30-day period, the Funding Member holding the Convertible Note shall have the right to convert such Convertible Note upon completion of the Valuation. Upon conversion of the Convertible Note, the Company shall issue a number of Units to the Funding Member representing an additional Percentage Interest equal to the quotient of:

(A) the then outstanding principal amount of the Convertible Note plus accrued and unpaid interest

divided by

(B) the product of the Valuation Amount multiplied by the aggregate number of outstanding Units (prior to the issuance of Units upon conversion of such Convertible Note).

4.4 Operations Shortfalls

4.4.1 Calculation. No later than fifteen (15) days prior to the start of each fiscal quarter covered by the 4-Year Fixed Financial Support Plan, the Company will determine (a) the Projected Ending Cash Balance for such fiscal quarter, and (b) whether there is an Operations Shortfall with respect to such fiscal quarter. In the event that the Company determines that an Operations Shortfall exists, it shall promptly provide written notice thereof to each Member specifying the Operations Shortfall Amount and demonstrating the calculation thereof.

4.4.2 Draw Down. In the event that an Operations Shortfall occurs, the Company may draw down the Operations Shortfall Amount from the Revolver (or that portion thereof available under the Revolver, if any). If (and only if) the Revolver is not available, AMD and Fujitsu shall, or shall cause their respective Affiliates to, upon no less than thirty (30) days' prior written notice from the Company, provide Member Debt Financing (or arrange for the provision of Member Guaranteed Financing) in an amount equal to the Percentage Interest (at the time of such Member Debt Financing) of AMD Member or Fujitsu Member, respectively, of the Operations Shortfall Amount (or the remaining portion thereof); *provided*, *however*, that

(a) the amount that the Company may draw under the Revolver or the aggregate Member Debt Financing shall be reduced by an amount equal to any excess spending (that has not already been so deducted from previous Operations Shortfall Amounts) measured cumulatively since the Launch Date on each of (i) Capex and (ii) R&D and G&A (taken together), that exceeds the sum of the limits for such category or categories set forth in the 4-Year Fixed Financial Support Plan for the period from the Launch Date through the end of the applicable fiscal quarter; and

(b) if the Company made any prepayment of debt to a Member or its respective Affiliates in accordance with Section 5.2 in the preceding fiscal quarter, the Operations Shortfall Amount shall be funded by AMD or Fujitsu or their respective Affiliates (i) up to the amount of such prepayments, on a pro rata basis in proportion to the amount of such prepayments made to each Member or its respective Affiliates and (ii) thereafter, on the Percentage Interest of AMD Member or Fujitsu Member, as applicable.

4.5 Obligations Outstanding at End of 4-Year Period

Each Member's or its respective Affiliates' obligations under any loans, guarantees or other financial support provided by such Member or its Affiliates that remain outstanding at the end of the 4-Year Period shall remain in effect until the expiration of such obligations, which shall be consistent with time limitations set forth in Sections 4.1.2 and 4.1.3, *provided* that the Company (a) shall endeavor to retire any Member Debt Financing as quickly as reasonably practicable and (b) shall not, without the applicable Member's consent, extend the

maturity date, or otherwise amend any term that would increase the Company's financial or other obligations under, or extend the maturity of, any Member Guaranteed Financing.

4.6 Financing Responsibility After the First 4-Year Period

Upon determination by the Board of Managers that any financial support is necessary or appropriate for the conduct of the Company's business after the 4-Year Period (and subject to the option of the Board of Managers to seek other forms of financings as contemplated in Section 4.1.1), the provisions of Section 4.3.2 will apply *mutatis mutandis* to any such financing (except that (1) the option of Pull-Ins in Section 4.3.2(c) shall no longer be applicable and (2) determination of the Conversion Eligibility Date in Section 4.3.2(d)(3) shall be the first anniversary of the date of any such Convertible Note); *provided*, *however*, that no Member or its Affiliates shall have any obligation to provide any Capital Contributions, Member Debt Financing, Member Guaranteed Financing or other financial support to the Company (although each Member shall have the right to participate in any such additional financing on a pro rata basis in accordance with its respective Percentage Interest).

ARTICLE 5.
DISTRIBUTIONS

5.1 Distributions of Cash Available for Distribution

5.1.1 Tax Liability Distributions and Curative Distributions.

(a) Subject to Section 5.3 and Article 10, and only to the extent permitted under the Company's third-party debt agreements, the Company shall make cash distributions to each Member by wire transfer one Business Day before each day on which such Member is required to make a payment of Tax under Section 6151(a) or 6655 of the Code (for the avoidance of doubt, a payment of Tax shall for purposes of this Agreement be deemed "required" by Section 6655 to the extent that Section 6655 would impose an addition to tax upon the failure timely to make such payment). Each such distribution made to a Member shall be equal to the Tax Distribution Rate multiplied by a reasonable estimate of the amount of the Company's taxable income properly taken into account by such Member under Section 6151(a) or 6655 of the Code (in the case of income taken into account under Section 6655, the amount of each Member's taxable income properly taken into account shall be determined in accordance with Regulations Section 1.6654-2(d)(2) and the annualization method utilized by such Member pursuant to Section 6655) (such amount of taxable income shall be determined without regard to (i) the Member's share of the Company's Tax credits or (ii) any items of such Member (or of members of its "affiliated group" within the meaning of Code Section 1504(a) or of any other party) other than the Member's allocable share of the Company's items of income, gain, deduction and loss); *provided, however*, that if after the date hereof the United States Treasury Department or the Internal Revenue Service issues more specific guidance applicable to the calculation of estimated tax liabilities of corporations that are partners in partnerships and a Member is required to calculate its estimated tax in accordance with such guidance, the Company shall follow such guidance in determining the amount of the Company's Tax Liability Distributions with respect to such Member. Within two hundred eighty-five (285) days

following the end of each Fiscal Year, the Company shall (i) determine the Tax Liability Distribution Adjustment with respect to each Member and the Adjusted Tax Liability Distribution Amount for each Member, (ii) provide to each Member a computation showing the amount of and (in reasonable detail) the calculations applied in determining the Tax Liability Distribution Adjustment and the Adjusted Tax Liability Distribution Amount for each of the Members, and (iii) distribute to each Member the amount of such Member's Tax Liability Distribution Adjustment, if such amount is a positive number (for the avoidance of doubt, such distribution shall, at the time the Members' respective Tax Liability Distribution Adjustments are determined, have the priority of a Tax Liability Distribution with respect to the Fiscal Year for which calculated). The Company shall reduce (but not below zero) the amount of the Tax Liability Distribution(s) that would otherwise be made to any Member under this Section 5.1.1(a) with respect to any subsequent Fiscal Year to take into account the amount of any negative Tax Liability Distribution Adjustment determined with respect to such Member for any prior Fiscal Year and not previously taken into account as a reduction under this sentence. If the Company anticipates that there may be insufficient cash available to make all Tax Liability Distributions in full in respect of any Fiscal Year, (i) the Company shall make Tax Liability Distributions to the Members pro rata according to the maximum amounts to which each Member would be entitled if sufficient cash were available therefor, and (ii) no Tax Liability Distributions shall be made to a Member in respect of a Member's installment for estimated taxes covering calendar periods attributable to any subsequent Fiscal Year of the Company if the Tax Liability Distributions that any Member is entitled to receive with respect to any prior Fiscal Year (determined without regard to any reductions based on insufficiency of cash) have not been distributed in full. The Company shall also make Tax Liability Distributions to any Member in an amount equal to the sum of (i) the Tax Distribution Rate applicable to such Member with respect to income taken into account by the Company for the Audit Year (as defined below) *multiplied by* any increases in such Member's allocable share of the Company's taxable income arising as a result of an audit of the Company or a Member, and (ii) any interest and penalties attributable to such increase in such Member's allocable share (without reduction or limitation based on the amount of the underlying taxes being computed at a rate in excess of the Tax Distribution Rate), and in the event such Tax Liability Distributions are not proportionate to the Members' respective Percentage Interests (as applicable to the Fiscal Year for which such audit change applies (the **"Audit Year"**)), the Company shall make an additional distribution as required so that the aggregate of such Tax Liability Distributions and such additional distribution will have been made in the same ratio as the Members' respective Percentage Interests as in effect for such Audit Year; provided, that if the Members' respective Percentage Interests varied during such Audit Year, such aggregate Tax Liability Distributions and additional distributions shall be made in the ratio of the Members' respective "book" items (within the meaning of Code Section 704(b)) corresponding to the tax items in respect of which the Tax Liability Distribution was made); and provided further, that if there is insufficient cash available to pay the entire amount of such Tax Liability Distributions and such additional distribution, such additional distribution shall be payable at the same time as any Curative Distribution calculated with respect to the Fiscal Year in which such Tax Liability Distributions are made would be payable. For the avoidance of doubt, a Member shall not be entitled to receive Tax Liability Distributions with respect to any amounts required to be recognized by a Member pursuant to Section 704(c)(1)(B) or Section 737 of the Code or corresponding provisions of State law.

(b) The Company shall, not later than 285 days following the close of each Fiscal Year, make a Curative Distribution, in cash, to the Member entitled to receive a Curative Distribution with respect to such Fiscal Year and shall simultaneously provide to each Member a calculation showing (in reasonable detail) how the amount of the Curative Distribution was determined. The Member entitled to receive a Curative Distribution with respect to any Fiscal Year shall be the Member to whom such amount must be distributed in order that the Adjusted Tax Liability Distribution Amount of one Member in respect of such Fiscal Year and the sum of the Adjusted Tax Liability Distribution Amount of and the Curative Distribution made to the other Member in respect of such Fiscal Year shall be in the Target Ratio. Notwithstanding any other provision of this Agreement, (i) no payments or distributions to the Members shall be made pursuant to Section 5.1.2(c) or any subsequent subsection of Section 5.1.2 until all distributions required to be made pursuant to this Section 5.1.1(b) and 5.1.1(c) have been made in full, (ii) no Curative Distribution shall be made in respect of any Fiscal Year of the Company if the Tax Liability Distributions (as described in Section 5.1.1(a) herein) that any Member is entitled to receive with respect to such Fiscal Year (determined without regard to reductions based on insufficiency of cash) have not been distributed in full, and (iii) the Curative Distribution in respect of the Company's Fiscal Year ending December 28, 2003 shall be made at the same time as the Curative Distribution in respect of the Company's Fiscal Year ending December 26, 2004.

(c) If the sum of a Member's Adjusted Tax Liability Distribution Amount and Curative Distribution in respect of a Fiscal Year of the Company is less than the amount of Taxes required to be paid by such Member in respect of such Fiscal Year of the Company (treating the Member's allocable share of the Company's income, gain, deduction, loss and credit as its sole Tax items and treating the applicable Tax rate as the Tax Distribution Rate), then the Company, upon notice by such Member, shall make a distribution to such Member in cash in an amount equal to the amount of such difference, as set forth on such notice. Such notice shall set forth a calculation showing (in reasonable detail) how such difference was determined. In the event distributions made pursuant to this Section 5.1.1(c) are not made in accordance with the Target Ratio, then the Company shall make an additional distribution in cash in such amount as is required in order that the aggregate distributions made pursuant to this Section 5.1.1(c) with respect to such Fiscal Year of the Company shall be made in the Target Ratio.

(d) The Company shall not agree in any contract or otherwise to any subordination of, or other restriction upon its ability to make, distributions set forth in Section 5.1.1(a) to any Member without the prior written consent of such Member.

5.1.2 Use of Cash. Subject to applicable legal and contractual restrictions and to Section 5.3 and Article 10, remaining available Company cash balances after the Tax Liability Distributions referred to in Section 5.1.1 will be treated as follows (in the following order of priority):

(a) *First*, cash will be retained in the Company in an amount sufficient to fund the Company's operations, in accordance with the Company's Annual Budget and

Rolling Quarterly Plan. Such amount (i) will take into consideration scheduled debt service, lease and other payments to third parties, payments of amounts due to either Member or their respective Affiliates pursuant to intellectual property license agreements, consulting agreements, services agreements, subcontracting agreements, lease agreements and other similar agreements, and scheduled debt service payments to one Member or its Affiliates with respect to Member Debt Financing where the other Member (or its Affiliates) satisfied its financing obligation to the Company via Member Guaranteed Financing, but (ii) will not otherwise include any of the uses of funds described in Sections 5.1.2(c) through (f) below;

(b) [intentionally omitted]

(c) *Second*, cash will be used to repay or pay, as the case may be, on a *pari passu* basis, all outstanding debt owed by the Company to AMD Member and/or Fujitsu Member or their respective Affiliates that is incurred as of the Launch Date;

(d) *Third*, subject to Section 5.1.3 below, cash will be used to repay, on a *pari passu* basis, all outstanding debt owed by the Company to the applicable Members or their Affiliates, that is (i) incurred to fund the operations of the Company (other than the debt referred to in clause (e) below) or (ii) evidenced by a Financing Shortfall Note issued after the expiration of the 4-Year Period, *provided* that if there are not enough funds available to pay such debt referred to in this Section 5.1.2(d), and any Convertible Note evidencing a Non-Funding Member's portion of any such Financing Shortfall Amount remains convertible, then the amount allocated to payments in respect of the Funding Member's portion of any Financing Shortfall Amount shall instead be allocated such that outstanding amounts under the Convertible Note are paid in full prior to paying amounts outstanding under the Non-Convertible Note;

(e) *Fourth*, subject to Section 5.1.3 below, cash will be used to repay, on a *pari passu* basis, all outstanding debt owed by the Company to the applicable Members or their Affiliates that is evidenced by a Financing Shortfall Note issued during the 4-Year Period, *provided* that if there are not enough funds available to pay all such debt referred to in this Section 5.1.2(e), and any Convertible Note evidencing a Non-Funding Member's portion of any such Financing Shortfall Amount remains convertible, then the amount allocated to payments in respect of the Funding Member's portion of any Financing Shortfall Amount shall instead be allocated to the extent necessary so that the outstanding amounts under the Convertible Note are paid in full prior to paying amounts outstanding under the Non-Convertible Note; and

(f) *Fifth*, subject to Section 5.1.4, any excess cash remaining will be distributed at the discretion of the Board of Managers to AMD Member and Fujitsu Member pro rata based on their Percentage Interests at the time of such distribution.

Notwithstanding anything to the contrary herein, in the event that prior to ****, the Company procures lease financing with respect to its owned equipment that (i) constitutes part of the fabrication facility known by the parties as "Fab 25" or the facility known by the parties as the "SDC," (ii) was located as of June 30, 2003 at the Austin Real Property (as defined in the Contribution Agreement) or the Sunnyvale Real Property (as defined in the Contribution Agreement), as applicable, and (iii) is not otherwise pledged or hypothecated to secure debt or

subject to an existing lease facility, then the proceeds of any such financing shall be promptly paid to AMD as a prepayment of the AMD Asset Sale Promissory Note (as defined in the Contribution Agreement); *provided, however*, that the aggregate amount of such prepayment(s) shall in no event exceed U.S.$99,000,000.

5.1.3 Treatment after 4-Year Period. Upon the date that is one (1) year after the last day of the 4-Year Period, Sections 5.1.2(d)and 5.1.2(e) shall be combined so that all debt referred to therein shall be repaid on a *pari passu* basis, *provided* that the distinction in the treatment of the Convertible Notes versus Non-Convertible Notes thereunder shall be preserved.

5.1.4 Excess Allocations. Subject to Section 5.3 and Article 10, to the extent a Member's Percentage Interest is adjusted for any reason as provided in this Agreement and the aggregate allocations of Net Profit (and similar items) net of any allocations of Net Losses (and similar items) made to such Member pursuant to Article 6 on a cumulative basis through the effective time of such adjustment exceeded: (a) the aggregate distributions made to such Member pursuant to Sections 5.1.1, 5.1.2(f) and 5.5 *plus* (b) all amounts previously distributed to such Member pursuant to this Section 5.1.4 through such effective time (collectively, an "**Excess Allocation**"), then prior to the making of any further distributions pursuant to Section 5.1.2(f) (or Section 5.5, to the extent a distribution made under Section 5.5 is apportioned among the Members in the same amounts as a like amount of cash would have been apportioned pursuant to Section 5.1.2(f)), distributions shall first be made *pro rata* among the Members according to their respective Excess Allocation amounts existing at such time, to the extent thereof.

5.2 Prepayment

The Company may prepay any obligations to the Members or their Affiliates in respect of debt; *provided*, *however*, that (a) the Board of Managers has determined that the Company has available for such prepayments funds that are in excess of the amount necessary to pay its outstanding obligations as they come due, (b) the Board of Managers has determined that such prepayments could not reasonably be expected to cause an Operations Shortfall and (c) such prepayments are made in an order of priority consistent with the order of priority set forth in Section 5.1.2.

5.3 Distributions Upon Liquidation

Distributions made in conjunction with the final liquidation of the Company shall be applied or distributed as provided in Article 10 hereof.

5.4 Withholding

The Company may withhold amounts in respect of allocations or distributions if it is required to do so by any Applicable Law, and each Member hereby authorizes the Company to withhold from or pay on behalf of or with respect to such Member such amount of federal, state, local or foreign taxes that the Tax Matters Partner determines the Company is required to withhold or pay with respect to any amount distributable or allocable to such Member pursuant to this Agreement, *provided* that the Tax Matters Partner shall provide Fujitsu Member with

five (5) Business Days advance written notice of the amount of any withholding to be made in respect of allocations or distributions to Fujitsu Member (or any Affiliate of Fujitsu Member) which notice shall demonstrate the calculation thereof. Any amounts withheld pursuant to this Section 5.4 shall be treated as having been distributed to such Member. Each Member hereby represents that it has provided to the Company IRS Form W-9 and that it has provided or will from time to time provide such other forms or documents as may reasonably be required in order to establish the status of such Member for purposes of the tax laws of any applicable jurisdiction. Each Member agrees to indemnify and hold harmless the Company from any liability imposed on the Company for (i) any action taken by the Company in reliance upon such representation of tax withholding status or (ii) any failure to withhold from any amount distributable or allocable, or deemed distributable or allocable, to such Member pursuant to this Agreement. A Member's obligations hereunder shall survive the dissolution, liquidation or winding up of the Company. If Fujitsu Member believes that the Tax Matters Partner may in the future adopt withholding practices in respect of Fujitsu Member (or any Affiliate of Fujitsu Member) that are not in accordance with the requirements of law, Fujitsu Member shall notify the Tax Matters Partner of the basis for its objection to such withholding practices and, if the matter cannot be resolved by agreement, the Board of Managers shall refer the issue to an independent law firm of national stature (which shall not be a law firm that is regularly used by the Tax Matters Partner or the Company), which shall advise the Company concerning the legal obligations of the Company in respect of withholding, and thereafter the Tax Matters Partner shall act consistently with such advice in matters pertaining to withholding. If the Tax Matters Partner acts in accordance with the advice of such law firm and a Governmental Authority later asserts in writing to any Person that the Company failed to withhold Tax at the time and/or in the amounts required by Chapter 3 of the Code or comparable provisions of other Tax laws in respect of Fujitsu Member and/or its Affiliates, then Fujitsu Member and/or its Affiliates, as applicable, shall promptly upon receipt of a copy of such writing accompanied by a written notice from the Company specifying that a payment is required pursuant to this Section 5.4 pay to such Governmental Authority an amount in full satisfaction of the amount of Taxes so asserted by such Governmental Authority. If Fujitsu Member and its Affiliates do not promptly pay such amount to such Governmental Authority, then, unless Fujitsu Member provides satisfactory written evidence of settlement in full of the matter asserted by the Governmental Authority, the Company shall withhold such amount from the next distribution(s) to Fujitsu Member, shall promptly pay such withheld amounts over to such Governmental Authority in payment of such asserted liability for Taxes and shall treat the amounts so withheld and paid over as actually distributed to Fujitsu Member.

5.5 Distributions in Kind

(a) No right is given to any Member to demand or receive any distribution of property other than cash as provided in this Agreement. Upon a vote of the Board of Managers (including a Special Vote of the Board of Managers for so long as Fujitsu Member's Percentage Interest is at least twenty percent (20%)), the Board of Managers may determine, in its sole and absolute discretion, to make a distribution in kind of Company Assets to the Members, and such Company Assets shall be distributed in such fashion as to ensure that the fair market value thereof (as determined by the Board of Managers, including a Special Vote of the Board of Managers for so long as Fujitsu Member's Percentage Interest is at least twenty

percent (20%)) is distributed, and any items of gain or loss resulting from such distribution are allocated, in accordance with this Article 5 and Articles 6 and 10 hereof.

(b) Unless all of the Members agree otherwise in writing,

(1) any distribution in kind of Company Assets that were contributed to the Company more than seven (7) years before the distribution date of such Company Assets shall be made to the Members in undivided interests in proportions reflecting the manner in which the equivalent amount of cash would be distributed pursuant to Sections 5.1.2(f), 5.1.4 or 10.5.1(e), as applicable, and

(2) any distribution in kind of Company Assets that were contributed to the Company seven (7) years or less before the distribution date shall, if the Percentage Interest of the Fujitsu Member is less than twenty percent (20%) at the time of the distribution, be made to the Members in undivided interests in proportions reflecting the manner in which the equivalent amount of cash would be distributed pursuant to Sections 5.1.2(f), 5.1.4 or 10.5.1(e), as applicable; *provided, however,* that at the election of either Member a distribution in kind of Company Assets pursuant to this Section 5.5(b)(2) shall not be made, in whole or in part, to the Members in undivided interests (and the amount not so distributed in undivided interests shall instead be distributed to the Member that originally contributed such Company Asset) as long as either (y) the Members agree on the fair market values of the Company Asset to be distributed, or (z) the value of such Company Asset has been established by a Qualified Valuator, who shall make such determination as soon as practicable, and in any event within sixty (60) days of being requested to do so. The Company shall pay all expenses of the Qualified Valuator, whose determination shall be final and binding on the Company and the Members. Notwithstanding any other provision of this Section 5.5, the aggregate value of each distribution made hereunder shall be apportioned among the Members in the same amounts as a like amount of cash would have been apportioned pursuant to Sections 5.1.2(f), 5.1.4 or 10.5.1(e), as applicable, and to that end the Company shall if necessary distribute cash as part of a distribution of any distribution of Company Assets in kind.

5.6 Limitations on Distributions

Notwithstanding any provision to the contrary contained in this Agreement, neither the Company nor the Board of Managers, on behalf of the Company, shall be required to or shall knowingly make a distribution to any Member or the holder of any Economic Interest on account of its Membership Interest or Economic Interest in the Company (as applicable) in violation of the Act or other Applicable Law.

ARTICLE 6.
ALLOCATIONS OF NET PROFITS AND NET LOSSES

6.1 General Allocation of Net Profits and Losses

6.1.1 Net Profits and Net Losses shall be determined and allocated with respect to each Fiscal Year of the Company as of the end of such Fiscal Year and at such other times, if

any, as the Board of Managers shall determine is appropriate for purposes of administering this Agreement. Subject to the other provisions of this Agreement, an allocation to a Member of a share of Net Profits or Net Losses shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Profits or Net Losses.

6.1.2 Subject to the other provisions of this Article 6, Net Profits, Net Losses and any other items of income, gain, loss and deduction for any Fiscal Year shall be allocated in proportion to the Members' respective Percentage Interests.

6.2 Regulatory Allocations

Notwithstanding the foregoing provisions of this Article 6, the following special allocations shall be made in the following order of priority:

6.2.1 If there is a net decrease in Company Minimum Gain during a Company taxable year, then, to the extent required by Regulations Section 1.704-2(f), each Member shall be allocated items of Company income and gain for such taxable year (and, if necessary, for subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g)(2). This Section 6.2.1 is intended to comply with the minimum gain chargeback requirement of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

6.2.2 If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any Company taxable year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall, to the extent required by Regulations Section 1.704-2(i)(4), be specially allocated items of Company income and gain for such taxable year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in a manner consistent with the provisions of Regulations Section 1.704-2(g)(2). This Section 6.2.2 is intended to comply with the partner nonrecourse debt minimum gain chargeback requirement of Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

6.2.3 If any Member unexpectedly receives an adjustment, allocation, or distribution of the type contemplated by Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), and after receiving such adjustment, allocation, or distribution, such Member has an Adjusted Capital Account Deficit, items of income and gain shall be allocated to all such Members (in proportion to the amounts of their respective Adjusted Capital Account Deficits) in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit of such Member as quickly as possible. This Section 6.2.3 is intended to constitute a "qualified income offset" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

6.2.4 If the allocation of Net Loss to a Member as provided in Section 6.1 would create or increase an Adjusted Capital Account Deficit for such Member, there shall be

allocated to such Member only that amount of Net Loss as will not create or increase an Adjusted Capital Account Deficit. The Net Loss that would, absent the application of the preceding sentence, otherwise be allocated to such Member shall be allocated to the other Members in accordance with their relative Percentage Interests, subject to the limitations of this Section 6.2.4. If, after the allocation of Net Loss pursuant to the preceding two sentences, no additional amount of Net Loss can be allocated to any Member without creating or increasing an Adjusted Capital Account Deficit for such Member, then Net Loss shall be allocated to the Members in accordance with their relative Percentage Interests. This Section 6.2.4 is intended to implement the alternate test for economic effect set forth in Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

6.2.5 To the extent that an adjustment to the adjusted tax basis of any Company Asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of its Interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Members to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

6.2.6 The Nonrecourse Deductions for each taxable year of the Company shall be allocated to the Members in proportion to their Percentage Interests.

6.2.7 The Member Nonrecourse Deductions shall be allocated each year to the Member that bears the economic risk of loss (within the meaning of Regulations Section 1.752-2) for the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable.

6.2.8 The allocations set forth in Sections 6.2.1, 6.2.2, 6.2.3, 6.2.4, 6.2.5, 6.2.6 and 6.2.7 (the **"Regulatory Allocations"**) are intended to comply with certain requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Section 6.1.2, the Regulatory Allocations shall be taken into account by the Board of Managers in specially allocating other items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. In exercising its discretion under this Section 6.2.8, the Board of Managers shall take into account future Regulatory Allocations that, although not yet made, are likely to offset other Regulatory Allocations previously made.

6.3 Tax Allocations

6.3.1 Except as provided in Section 6.3.2, for income tax purposes under the Code and the Regulations and for purposes of applicable state and local law, each Company item of income, gain, loss and deduction shall be allocated between the Members in the same manner

as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to this Article 6.

6.3.2 Tax items with respect to Company Assets that are contributed to the Company with a Gross Asset Value that varies from its basis in the hands of the contributing Member immediately preceding the date of contribution shall be allocated between the Members for income tax purposes pursuant to Regulations promulgated under Code Section 704(c) or, if applicable, corresponding provisions of applicable state or local law so as to take into account such variation. The Company shall account for such variation under any permissible method set forth in Regulations Section 1.704-3 as determined by the Tax Matters Partner. If the Gross Asset Value of any Company Asset is adjusted pursuant to subsection (2) of the definition of "Gross Asset Value," subsequent allocations of income, gain, loss and deduction with respect to such Company Asset shall take account of any variation between the adjusted basis of such Company Asset for federal income tax purposes and its Gross Asset Value under any permissible method set forth in Regulations Section 1.704-3 as determined by the Tax Matters Partner. Any tax credits will be allocated to the Members in accordance with the requirements of applicable tax law. Allocations pursuant to this Section 6.3.2 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Profits, Net Losses and any other items or distributions pursuant to any provision of this Agreement.

6.4 Other Provisions

6.4.1 For any Fiscal Year during which any Membership Interest or Economic Interest or portion thereof is Transferred between the Members or to another Person or is otherwise disposed of or acquired, or there is for any other reason a change in the Members' respective Percentage Interests, the portion of the Net Profits, Net Losses and other items of income, gain, loss, deduction and credit with respect to such Membership Interest or Economic Interest or portion thereof shall be allocated and, to the extent necessary apportioned, under any method allowed pursuant to Section 706 of the Code and the applicable Regulations, as reasonably determined by the Board of Managers; provided, that the Board of Managers shall utilize consistent methods with respect to the same or substantially similar transactions and items in making such allocations or apportionments with respect to all such changes in the Members' respective Percentage Interests, whether occurring within a single Fiscal Year or in different Fiscal Years.

6.4.2 In the event that the Code or any Regulations require allocations of items of income, gain, loss, deduction or credit different from those set forth in this Article 6, the Board of Managers is hereby authorized to make new allocations in reliance on the Code and such Regulations, and no such new allocation shall give rise to any claim or cause of action by any Member, *provided* that such allocations are consistent with the advice of the Company Accountant or tax counsel and are not likely to alter materially the amounts which each Member is entitled to receive under the terms of this Agreement.

6.4.3 For purposes of determining a Member's proportional share of the Company's "excess nonrecourse liabilities" within the meaning of Regulations

Section 1.752-3(a)(3), each Member's interest in Net Profits shall be such Member's Percentage Interest.

6.4.4 Section 482 Adjustments.

(a) Company Section 482 Adjustment. If the Internal Revenue Service or any applicable state or local taxing authority reallocates an item of income, deduction or loss to the Company pursuant to Code Section 482 or any similar rule or principle of law (a **"Company Section 482 Allocation"**), and a Member or an Affiliate of such Member has a corresponding "correlative item," as determined under Regulations Section 1.482-1(g) (the **"Member Correlative Item"**), the item of income, deduction or loss constituting such Company Section 482 Allocation shall be specially allocated to and reflected in the Capital Account of the Member who received (or whose Affiliate received) such Member Correlative Item, and such Member shall be treated as making any corresponding deemed capital contribution or receiving any corresponding deemed distribution, with such deemed capital contribution or distribution, as the case may be, reflected in the Capital Account of such Member.

(b) Member Section 482 Adjustment. If the Internal Revenue Service or any applicable state or local taxing authority reallocates an item of income, deduction or loss to a Member or an Affiliate of such Member pursuant to Code Section 482 or any similar rule or principle of law (a **"Member Section 482 Allocation"**), and the Company has a corresponding "correlative item," as determined under Regulations Section 1.482-1(g) (the **"Company Correlative Item"**), such Company Correlative Item shall be specially allocated to and reflected in the Capital Account of the Member that received (or whose Affiliate received) such Member Section 482 Allocation, and such Member shall be treated as making any corresponding deemed capital contribution or receiving any corresponding deemed distribution, with such deemed capital contribution or distribution, as the case may be, reflected in the Capital Account of such Member.

(c) Corresponding Treatment if Foreign Adjustment. If any taxing authority outside the United States makes an adjustment to the income, deduction or loss of the Company or a Member (or an Affiliate of a Member) that is analogous to an adjustment under Code Section 482, the Board of Managers shall use commercially reasonable efforts to handle any affected items of the Company in a manner analogous to the treatment of an adjustment under Code Section 482 as set forth in Sections 6.4.4(a) and 6.4.4(b) above.

6.4.5 The Members acknowledge and are aware of the income tax consequences of the allocations made by this Article 6 and hereby agree to be bound by the provisions of this Article 6 in reporting their shares of the Company's income and loss for federal, state and local income tax purposes. Without limiting the foregoing sentence, each Member acknowledges that, while it presently has no plan or intention to take a position in preparing a tax return that requires it to file a notice of inconsistent treatment under Code Section 6222(b), if it intends to do so in the future, it shall use its best efforts to provide at least ten (10) days advance notice of such intent to the Company and shall, if so requested by the Company, consult with the Tax Matters Partner concerning such position.

6.4.6 Any Member who is treated as contributing cash to the Company under Regulation Section 1.1032-3(b) pursuant to the stock option plan described in Section 7.16 herein or any similar plan shall be specially allocated an amount of the Company's corresponding compensation deductions equal to the amount of the deemed cash contribution; provided, that if options are exercised by an employee of a Company Entity (other than the Company) that is classified as a partnership for United States federal income tax purposes (or as an entity disregarded as separate from a partnership), the Company shall ensure that the Company will be allocated an amount of such Company Entity's compensation deductions at least equal to the amount of such deemed cash contribution and such compensation deductions (not in excess of the amount of the deemed cash contribution) shall be specially allocated to the contributing Member; and provided further, that if options are exercised by an employee of a Company Entity that is not classified as a partnership (or as an entity disregarded as separate from a partnership) for United States federal income tax purposes, such contributing Member shall be specially allocated, for the Fiscal Year of the Company which includes the date of such exercise, deductions (which shall consist of a pro rata share of each item of deduction taken into account by the Company in computing Net Profits or Net Losses for such Fiscal Year in accordance with Section 6.1.1 herein) in an amount equal to the amount of the compensation deduction the Company would have had if such exercising employee had been an employee of the Company, but in no event shall such special allocation of deductions with respect to any such employee of any such Company Entity exceed the amount of the contributing Member's deemed cash contribution pursuant to Regulations Section 1.1032-3(b), determined in accordance with the principles set forth in the following sentence of this Section 6.4.6 with respect to the options so exercised. A Member shall be treated as contributing cash to the Company under Regulation Section 1.1032-3(b) to the extent (x) the fair market value of the purchased shares of the Member or its Affiliate as of the date the option with respect to such shares is exercised pursuant to the stock option plan described in Section 7.16 herein or any similar plan, exceeds the sum of (y) the amount of cash (if any) paid or to be paid in accordance with Section 7.16 herein by the Company to a Member or its Affiliate (excluding any portion of such amount that is paid as interest pursuant to Section 7.16 herein) in consideration for such option multiplied by a fraction the numerator of which is the number of shares purchased pursuant to such option exercise and the denominator of which is the aggregate number of shares subject to such option and (z) the aggregate exercise price paid with respect to the number of shares purchased pursuant to such option exercise. For purposes of this Section 6.4.6, a Company Entity that is treated as disregarded from the Company for U.S. federal income tax purposes shall be treated as the Company.

6.4.7 All matters concerning the allocations and other determinations provided for in this Article 6 and any accounting procedures not expressly provided for in this Agreement shall be determined by the Board of Managers in a manner consistent with the terms and intent of this Agreement.

ARTICLE 7.
MANAGEMENT

7.1 Board of Managers

7.1.1 Powers. Except as otherwise expressly provided in this Agreement, all management powers over the business, property and affairs of the Company are exclusively vested in a board of Managers (the **"Board of Managers"**), and no Member shall have any right to participate in or exercise control or management power over the business and affairs of the Company or otherwise to bind, act or purport to act on behalf of the Company in any manner. Subject to the limitations set forth in this Agreement, the Board of Managers shall have all the rights and powers that may be possessed by a manager under the Act, which shall include, without limitation, the power to incur indebtedness, the power to enter into agreements and commitments of all kinds, the power to manage, acquire and dispose of Company Assets, and all ancillary powers necessary or convenient as to the foregoing. Unless authorized by a Special Vote of the Board of Managers, no individual Manager may act for the Board of Managers or have authority to bind the Company. The Managers shall devote such time to the business and affairs of the Company as is reasonably necessary for the performance of their duties, but shall not be required to devote full time to the performance of such duties.

7.1.2 Evaluation of Officers. The Board of Managers will be responsible for supervision and evaluation of the Company's Chief Executive Officer and other Executive Officers on an ongoing basis, including at least an annual review of their performance to ensure they are acting in accordance with prudent business practices. In doing so, the Board of Managers will consider, among other factors, deviations in the Company's financial condition, results of operations and/or cash flows compared to those matters as set forth in the 4-Year Operations Plan and the then-applicable Annual Budget and Rolling Quarterly Plan and whether any such deviations were caused by unexpected external factors. In the event that the Board of Managers determines that the Chief Executive Officer or any other Executive Officer is not acting in accordance with prudent business practices, then, as soon as practicable, the Board of Managers shall (i) if appropriate, take actions to remedy or improve the performance of the Chief Executive Officer and/or other Executive Officers or (ii) replace the Chief Executive Officer or other Executive Officers.

7.2 Number of Managers; Appointment of Managers

The Board of Managers shall initially consist of ten (10) individuals (each such individual, a **"Manager"**). Subject to Sections 7.3 and 7.4 below, six (6) of the Managers shall be appointed by AMD Member and four (4) of the Managers shall be appointed by Fujitsu Member. Unless a Manager resigns (including death or retirement) or is removed, each Manager shall hold office until a successor shall have been duly elected in accordance with this Section 7.2. Any Manager may be removed for cause in accordance with Applicable Law. In addition, each Member having the right to nominate a Manager or Managers pursuant to this Section 7.2 shall also have the right, in its sole discretion, to remove such Manager or Managers at any time, by delivery of written notice to the other Members, the Company and the Manager(s) to be removed. In the case of a vacancy in the office of a Manager for any reason

(including by reason of death, resignation, retirement or removal pursuant to the preceding sentence), the vacancy shall be filled by the Member that nominated the Manager in question; *provided, however,* that in the case of a vacancy created due to a change in a Member's Percentage Interest as described Section 7.3 or 7.4, such vacancy shall be filled in accordance with Section 7.3 or 7.4. AMD Member hereby selects Hector de J. Ruiz, Robert Rivet, Bertrand Cambou, Thomas McCoy, James Doran and Henri Richard to serve on the initial Board of Managers, and Thomas Eby as the non-voting participant contemplated under Section 7.4. Fujitsu Member hereby selects Toshihiko Ono, Shinji Suzuki, Nobutake Matsumura and Kazuhiko Kato to serve on the initial Board of Managers, and Kazunori Imaoka as the non-voting participant contemplated under Section 7.3.

7.3 Effect of Change in Fujitsu Member's Percentage Interest on Fujitsu Managers

The number of Managers that Fujitsu Member can appoint or maintain on the Board of Managers shall depend on Fujitsu Member's Percentage Interest as follows:

Fujitsu Member's Percentage Interest	Number of Fujitsu Managers
³ 30%	4
³ 20% and < 30%	3
³ 10% and < 20%	2
< 10%	0

If Fujitsu Member's Percentage Interest should fall below any of the threshold levels listed above, there shall promptly be a vote of the Members to elect a new Board of Managers based upon the new Percentage Interests. In addition, for so long as Fujitsu Member's Percentage Interest is greater than or equal to five percent (5%), Fujitsu Member shall have the right to have one (1) additional representative attend meetings of the Board of Managers as a non-voting participant.

7.4 Effect of Change in AMD Member's Percentage Interest on AMD Managers

The number of Managers that AMD Member can appoint or maintain on the Board of Managers shall depend on AMD Member's Percentage Interest as follows:

AMD Member's Percentage Interest	Number of AMD Managers
³ 50%	6
³ 45% and < 50%	5
³ 30% and < 45%	4
³ 20% and <30%	3
³ 10% and <20%	2
<10%	1

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of the exhibit has been filed separately with the Securities and Exchange Commission.*

If AMD Member's Percentage Interest should fall below any of the threshold levels listed above, there shall promptly be a vote of the Members to elect the Board of Managers based upon the new Percentage Interests. In addition, for so long as AMD Member's Percentage Interest is greater than or equal to five percent (5%), AMD Member shall have the right to have one (1) representative attend meetings of the Board of Managers as a non-voting participant.

7.5 Chairman of the Board of Managers

A Chairman of the Board of Managers (the **"Chairman of the Board"**) shall preside at all meetings of the Board of Managers. Selection of the Chairman of the Board from among the Managers shall be as follows: During the first three (3) years following the Launch Date, the Chairman of the Board will be appointed by Fujitsu Member, subject to AMD Member's approval, which approval shall not be unreasonably withheld. During the next three (3) years, the Chairman of the Board will be appointed by AMD Member subject to Fujitsu Member's approval, which approval shall not be unreasonably withheld. The right to appoint a Manager as Chairman of the Board will continue to rotate between Fujitsu Member and AMD Member in this manner; *provided, however*, that if the Percentage Interest of either AMD Member or Fujitsu Member falls below thirty percent (30%), then the Chairman of the Board will be appointed by a majority of the Board of Managers and neither Member will have an approval right. The Chief Executive Officer may not serve as the Chairman of the Board.

7.6 Meetings of Members and of the Board of Managers; Quorum

7.6.1 Member Meetings. At any time, and from time to time, the Board of Managers may, but shall not be required to, call meetings of the Members. Written notice of any such meeting (which may be provided via facsimile) shall be given to all Members not less than five (5) Business Days nor more than thirty-five (35) Business Days prior to the date of such meeting. Each meeting of the Members shall be conducted by the Chairman of the Board of Managers or any designee thereof. Each Member may authorize any Person (provided such other Person is an officer of the Member or its parent company) to act for it or on its behalf on all matters in which the Member is entitled to participate. Each proxy must be signed by a duly authorized officer of the Member. All other provisions governing, or otherwise relating to, the holding of meetings of the Members, shall from time to time be established in the sole discretion of the Board of Managers. Interpreters will be provided for any meeting of the Members, at the cost of the Company, upon the request of any Member.

7.6.2 Action by Member Consent. Any action which may be taken at any meeting of the Members, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken is executed by all Members.

7.6.3 Board Meetings. The Board of Managers shall hold meetings at least once per every fiscal quarter. It is the intention of the Members that all Managers attend each meeting in person, and each Manager shall use such Manager's best efforts to attend each meeting in person. The presence of six (6) Managers (with at least fifty percent (50%) of the Managers present being AMD Managers), in each case, in person or by telephone conference or by other means of communications acceptable to the Board of Managers, shall be necessary and sufficient

to constitute a quorum for the purpose of taking action by the Board of Managers at any meeting of the Board of Managers.

7.6.4 Notice; Waiver. The regular quarterly meetings of the Board of Managers described in Section 7.6.3 shall be held upon not less than five (5) Business Days written notice. Additional meetings of the Board of Managers may be held at the request of any Manager, upon not less than five (5) Business Days written notice (which may be provided via facsimile or other manner provided in Section 13.5) or telephonic notice to each Manager (which notice shall be provided to the other Managers by the requesting Manager). The presence of any Manager at a meeting (including by means of telephone conference or other means of communications acceptable to the Board of Managers) shall constitute a waiver of notice of the meeting with respect to such Manager. Except as otherwise expressly provided in Section 7.6.8 and **Schedule B**, no action taken by the Managers at any meeting shall be valid unless the requisite quorum is present.

7.6.5 Voting of Managers. Except as otherwise expressly provided in this Agreement, all actions, determinations or resolutions of the Board of Managers shall require the affirmative vote or consent of a majority of the Board of Managers present at any meeting at which a quorum is present. Each Manager shall be entitled to one (1) vote, and Managers shall not be entitled to cast their vote through proxies. The Board of Managers may act without a meeting if the action is consented to in advance or subsequently ratified, in each case in writing, by the requisite number of Managers (including the affirmative vote of at least fifty percent (50%) of the Managers appointed by Fujitsu serving at that time in the case of matters requiring a Special Vote) that would have been required at a meeting of the Board of Managers with all Managers present.

7.6.6 Meetings by Telecommunications. Unless the Act otherwise provides, members of the Board of Managers shall have the right to participate in all meetings of the Board of Managers by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

7.6.7 Interpreters. Interpreters will be provided for any meeting of the Board of Managers, at the cost of the Company, upon the request of any Manager.

7.6.8 Related Party Claims. Notwithstanding anything herein to the contrary, the decision of any Company Entity to pursue, and the procedures for pursuing, a Fujitsu Manager Claim or an AMD Manager Claim shall be as set forth on **Schedule B**.

7.7 Actions Requiring a Special Vote of the Board of Managers

Notwithstanding the provisions of Section 7.6.5 or any other provisions of this Agreement, the Company may not, and no Member or Manager may cause the Company to, take any of the following actions or any other action specified in this Agreement as requiring a Special Vote without a Special Vote of the Board of Managers:

7.7.1 **** Threshold. In addition to Special Vote provisions provided to Fujitsu Member in Sections 7.7.2 and 7.7.3, for so long as Fujitsu Member's Percentage Interest is at least ****:

(a) effect any investment in, or acquisition or disposition of, assets (including through a transfer of equity securities) by a Company Entity or Company Entities (including by merger, consolidation or otherwise) that comprise greater than **** of the fair market value (subject to the last paragraph of this Section 7.7.1, as determined by the Board of Managers) of the assets of the Company Entities taken as a whole; *provided*, *however*, that there shall be no Special Vote of the Board of Managers required with respect to the acquisition or construction of the **** in the 4-Year Fixed Financial Support Plan to the extent that the acquisition or construction of **** does not require the cumulative capital expenditure amounts set forth in the 4-Year Fixed Financial Support Plan through the then-current fiscal quarter to be exceeded;

(b) effect a merger or consolidation (in a transaction or series of transactions) in which the Company is not the surviving entity or in which the Company is the surviving entity but in either case in which the Membership Interests or Units possessing more than fifty percent (50%) of the total combined Membership Interests or Units are transferred to a Person or Persons different than those who held such interests immediately prior to the merger or consolidation or the initial transaction culminating in such merger or consolidation;

(c) settle any lawsuit, administrative proceeding, tax claim or other legal proceeding where any Company Entity pays the settlement of a dollar amount that is greater than ten percent (10%) of the fair market value (subject to the last paragraph of this Section 7.7.1, as determined by the Board of Managers) of the assets of the Company Entities taken as a whole;

(d) settle any lawsuit, administrative proceeding, tax claim or other legal proceeding involving both a Company Entity on the one hand, and AMD or any of its Affiliates on the other hand, that involves actual or potential payments to or from any Company Entity exceeding ten million dollars (U.S.$10,000,000);

(e) settle any series of related lawsuits, administrative proceedings, tax claims or other legal proceedings involving both a Company Entity on the one hand, and AMD or any of its Affiliates on the other hand, that involves actual or potential payments to or from any Company Entity exceeding fifty million dollars (U.S.$50,000,000) in the aggregate; or

(f) During any time period that AMD Member's Percentage Interest is greater than fifty percent (50%) but AMD does not consolidate the Company's results of operations with AMD's financial statements, (i) effect the investment in, or acquisition of, any Person (including by an acquisition of equity securities of such Person, by a transaction structured as an asset purchase or transfer, or by merger, consolidation or otherwise) by a Company Entity or Company Entities, in each case that exceeds one hundred million dollars (U.S.$100,000,000) in the aggregate, or (ii) ****.

For purposes of Sections 7.7.1(a) and 7.7.1(c), if a five percent decrease in the fair market value of the assets of the Company Entities taken as a whole (as determined by the Board of Managers) would have resulted in a requirement for a Special Vote under either of such Sections, then there shall be a Special Vote with respect to the determination of the fair market value of the assets of the Company Entities taken as a whole.

7.7.2 **** Threshold. In addition to Special Vote provisions provided to Fujitsu Member in Section 7.7.3, for so long as Fujitsu Member's Percentage Interest is at least ****:

(a) approve the fairness of pricing terms and the fairness of other terms having an economic impact of any contract, agreement, arrangement or understanding (or any series of related contracts, agreements, arrangements or understandings relating to the same or substantially similar subject matter) entered into after the date hereof between any Company Entity on the one hand, and AMD (or any of their respective Affiliates) on the other hand, that involves actual or potential payments to or from any Company Entity exceeding seventeen million five hundred thousand dollars (U.S.$17,500,000) in any Fiscal Year or eighty seven million five hundred thousand dollars (U.S.$87,500,000) in the aggregate over the life of the contract, agreement, arrangement or understanding;

(b) approve the fairness of pricing terms and the fairness of other terms having an economic impact of any amendment to any contract, agreement, arrangement or understanding (or any series of related contracts, agreements, arrangements or understandings relating to the same or substantially similar subject matter) between any Company Entity on the one hand, and AMD (or any of their respective Affiliates) on the other hand, which amendment involves (i) a change in actual or potential payments to or from any Company Entity exceeding seventeen million five hundred thousand dollars (U.S.$17,500,000) in any Fiscal Year or eighty seven million five hundred thousand dollars (U.S.$87,500,000) in the aggregate over the life of the contract, agreement, arrangement or understanding or (ii) a material reduction in the services, rights or privileges received by any Company Entity under the contract, agreement, arrangement or understanding without proportionate reduction in fees, royalties or other payments to AMD (or its respective Affiliates, provided that no Company Entity shall be deemed an AMD Affiliate for the purposes of this provision) thereunder;

(c) authorize any Company Entity to engage in or undertake any material activity unrelated to the Business (and the scope of license rights granted pursuant to the Fujitsu-FASL Patent Cross-License Agreement dated as of June 30, 2003 between Fujitsu and the Company shall not be deemed to limit in any manner the requirement that a Special Vote is necessary for any Company Entity to engage in or undertake any such activity). For purposes of this Section 7.7.2(c), **"Business"** shall mean all aspects related to the development, manufacture and sale of semiconductor devices (including single chip or multiple chip products), a substantial function of which is code and/or data storage;

(d) change the equity capital structure of any Company Entity, except for the issuance of employee options in Company equity interests;

(e) effect any distribution from the Company to its Members other than in cash or any distribution in cash other than in accordance with Article 5 of this Agreement;

(f) amend the charter documents of any Material Company Entity; or

(g) amend the charter documents of any other Company Entity that adversely and disproportionately affects Fujitsu or Fujitsu Member as compared to AMD or AMD Member.

For the purposes of sub-sections 7.7.2(a) and 7.7.2(b), it is agreed by the parties that various contracts under which AMD or its Affiliates provide services to Company Entities (including under the AMD Services Agreement (as defined in the Contribution Agreement) and the AMD Technology Services Agreement (as defined in the Contribution Agreement)) are considered a series of related contracts relating to the same or substantially similar subject matter so that the dollar thresholds set forth in sub-sections 7.7.2(a) and 7.7.2(b) apply to all such contracts taken collectively on an annual basis; and in determining whether any increase in amounts payable to AMD or an AMD Affiliate thereunder exceed such dollar thresholds, reductions in payments for services to AMD or an AMD Affiliate shall not be deemed to offset any portion of any increase.

7.7.3 **** Threshold. For so long as Fujitsu Member's Percentage Interest is at least ****:

(a) effect any resolution to wind-up any Material Company Entity (unless the relevant governing documents or this Agreement expressly provide for "automatic" dissolution upon the happening of certain events); or

(b) effect the filing of any application or petition for bankruptcy, reorganization or other similar proceedings under Applicable Laws with respect to any Material Company Entity.

7.8 Limitations on Authority of Board of Managers

Notwithstanding any contrary provision of this Agreement, each Member agrees to vote its Units, and to cause Managers that it appoints to vote, in a manner that will cause the Company and each applicable Company Entity to refrain from taking any of the following actions:

7.8.1 **** Threshold. In addition to the restrictions benefiting Fujitsu Member in Sections 7.8.2 and 7.8.3, for so long as Fujitsu Member's Percentage Interest is at least****:

(a) enter into any manufacturing or development joint venture, strategic alliance, similar arrangement or agreement with an integrated electronics manufacturer having the majority of its assets or business operations in Japan and annual semiconductor revenues in excess of one hundred billion yen (¥100,000,000,000);

(b) Prior to the end of ****, enter into a joint venture, strategic alliance, similar arrangement or agreement relating to manufacturing, memory product design or CMOS process development (referred to herein as the **"Core Business"**) that involves the actual or potential contribution of cash or assets by the Company to such joint venture, or to a third party involved in a joint venture, strategic alliance, similar arrangement or agreement, exceeding fifty million dollars (U.S.$50,000,000) in any Fiscal Year or two hundred fifty million dollars (U.S.$250,000,000) in the aggregate over the life of the joint venture, strategic alliance, similar arrangement or agreement; *provided*, *however*, that this covenant shall not apply to (i) agreements for providing foundry services with entities that derive more than seventy-five percent (75%) of their revenues from providing foundry services (provided that such agreements do not include an investment by the Company in such entity, its Affiliates or capital equipment) or (ii) joint ventures, strategic alliances, similar arrangements or agreements for the assembly, pack, mark and test of semiconductor devices; or

(c) enter into any joint venture, strategic alliance, similar arrangement or agreement relating to activities outside of the Core Business and that involves the actual or potential contribution of cash or assets by the Company exceeding two hundred million dollars (U.S.$200,000,000) in any Fiscal Year or one billion dollars (U.S.$1,000,000,000) in the aggregate over the life of the joint venture, strategic alliance, similar arrangement or agreement.

7.8.2 **** Threshold. In addition to the restrictions benefiting Fujitsu Member in Section 7.8.3, for so long as Fujitsu Member's Percentage Interest is at least ****:

(a) notwithstanding anything in this Agreement to the contrary, allow any Company Entity to grant or issue any employee options to acquire equity interests in the Company; or

(b) allow any Company Entity to change its domicile if such change would result in significant adverse tax consequences to Fujitsu Member or Fujitsu.

7.8.3 Any Percentage Interest. For so long as Fujitsu Member maintains a Percentage Interest greater than zero percent (0%):

(a) do any act in contravention of this Agreement;

(b) except as provided for in this Agreement, knowingly perform any act that would subject any Member to liability for the debts, liabilities or obligations of the Company;

(c) subject to Units required to be issued pursuant to Section 4.3.2(d)(4), issue additional Units of the Company (or any rights to acquire additional Units) to any Person;

(d) fail to insure that the senior technical staff of the Company will include former employees of both AMD and Fujitsu and that input from such employees will be included and fully considered in decisions to materially modify the Technology Roadmap;

(e) **** facilities prior to ****;

(f) prior to ****, reduce the cumulative employee headcount (including seconded employees, if any) of **** facilities below the lesser of (i) **** of the cumulative employee headcount (including seconded employees) of such facilities at the Launch Date or (ii) **** of the cumulative headcount (excluding seconded employees) of such facilities at the Launch Date plus the number of employees seconded as of the Launch Date whose secondment period has not then ended plus the number of employees seconded as of the Launch Date who accepted employment with the Company or a Company Entity as of the end of such seconded employees' secondment period (other than dismissals of employees for cause or by voluntary separation);

(g) prior to ****, reduce the cumulative employee headcount (including seconded employees, if any) of **** facilities below the lesser of (i) **** of the cumulative employee headcount (including seconded employees) of such facilities at the Launch Date or (ii) **** of the cumulative headcount (excluding seconded employees) of such facilities at the Launch Date plus the number of employees seconded as of the Launch Date who accepted employment with the Company or a Company Entity as of the end of such seconded employees' secondment period (other than dismissals of employees for cause or voluntary separation);

(h) prior to **** any of the facilities used by ****;

(i) prior to ****, reduce the cumulative employee headcount (including seconded employees) of **** below the lesser of (i) **** of the cumulative employee headcount (including seconded employees) of such **** at the Launch Date or (ii) **** of the cumulative headcount (excluding seconded employees) of such **** at the Launch Date plus the number of employees seconded as of the Launch Date whose secondment period has not then ended plus the number of employees seconded as of the Launch Date who accepted employment with the Company or a Company Entity as of the end of such seconded employees' secondment period (other than dismissals of employees for cause or by voluntary separation);

(j) prior to ****, reduce the cumulative employee headcount (including seconded employees) of **** below the lesser of (i) **** of the cumulative employee headcount (including seconded employees) of such **** at the Launch Date or (ii) **** of the cumulative headcount (excluding seconded employees) of such **** at the Launch Date plus the number of employees seconded as of the Launch Date who accepted employment with the Company or a Company Entity as of the end of such seconded employees' secondment period (other than dismissals of employees for cause or voluntary separation);

(k) without limiting Section 7.8.3(e), prior to **** facilities without providing at least six (6) months' prior written notice to AMD Member and Fujitsu Member or **** facilities without providing at least three (3) months' prior written notice to AMD Member and Fujitsu Member;

(l) without limiting Sections 7.8.3(f), 7.8.3(g), 7.8.3(i) and 7.8.3(j), prior to ****, reduce the cumulative employee headcount of **** facilities or the employee

headcount of **** below the cumulative employee headcount of such facilities **** (as the case may be) at the Launch Date, without providing at least six (6) months' prior written notice of such reductions to AMD Member and Fujitsu Member (other than dismissals of employees for cause or voluntary separation); or

(m) prior to ****, reduce the employee headcount of **** facility below the employee headcount of such facility at the Launch Date without providing at least three (3) months' prior written notice of such reduction to AMD Member and Fujitsu Member (other than dismissals of employees for cause or voluntary separation).

7.9 Compensation of Managers

Except for reimbursement from the Company for out-of-pocket costs and expenses incurred by the Managers in the performance of their duties, the Managers shall not be entitled to any other compensation in their capacities as Managers unless otherwise agreed upon in writing by all of the Members.

7.10 Accounting; Records and Reports

7.10.1 Accounting and Fiscal Year. The books, records and accounts of the Company, including for all applicable tax purposes, will be maintained in accordance with such methods of accounting as shall be determined by the Board of Managers. The fiscal year of the Company ("**Fiscal Year**") shall correspond to that of AMD for as long as AMD Member and/or an Affiliate of AMD Member holds a greater than fifty percent (50%) Percentage Interest in the Company in the aggregate. The Company shall have a taxable year which complies with Section 706(b) of the Code.

7.10.2 Books and Records. The Board of Managers shall cause to be kept, at the principal place of business of the Company, or at such other location as the Board of Managers shall reasonably deem appropriate, full and proper ledgers, other books of account, and records of all receipts and disbursements, other financial activities, and the internal affairs of the Company for at least the current and past four (4) Fiscal Years. The Board of Managers shall also cause to be kept at such location copies of each of the following:

(a) a current list of the full name and last known address of each Member, and the capital account, number of Units and Percentage Interest held by each Member;

(b) a current list of the full name and last known address of each Manager;

(c) the Certificate of the Company, any amendments to the Certificate, and executed copies of any powers of attorney granted for the purpose of executing the Certificate;

(d) the Company's federal, state and local income tax returns and reports, if any, for the seven (7) most recent years;

(e) this Agreement and any amendments to this Agreement;

(f) financial statements of the Company for the five (5) most recent Fiscal Years; and

(g) minutes of meetings of the Board of Managers and the Members and any written consents of the Board of Managers or the Members for actions taken without a meeting.

7.10.3 Financial Reports. The Board of Managers shall also cause to be sent to each Member of the Company, the following:

(a) within sixty (60) days after the Launch Date, the Company shall provide each Member with an unaudited balance sheet of the Company as of the Launch Date;

(b) within one hundred fifty (150) days following the end of each Fiscal Year, a computation of the Company's taxable income allocable to such Member, and within two hundred seventy-five (275) days following the end of each Fiscal Year Schedule K-1 to IRS Form 1065 and such other information as may be reasonably required by the Members for preparation of their respective federal, state and local income or franchise tax returns;

(c) a copy of the Company's federal, state and local income tax or information returns for each Fiscal Year, concurrent with the filing of such returns;

(d) within ninety (90) days after the end of each Fiscal Year or as soon thereafter as reasonably practicable, the Company shall provide each Member with an audited balance sheet, income statement and statement of cash flows for the year then ended;

(e) within forty-five (45) days after the end of each fiscal quarter or as soon thereafter as reasonably practicable, the Company shall provide each Member with an unaudited balance sheet, income statement and statement of cash flows for the year or quarter (as appropriate) then ended, prepared in accordance with GAAP, as well as such other financial information as any Member may reasonably request to enable such Member and its Affiliates to prepare their consolidated quarterly and annual financial statements; and

(f) As soon as reasonably practicable after the end of each fiscal month, the Company shall provide each Member with a written monthly report, including an unaudited consolidated statement of income (or loss) for the Company and such other financial information as a Member may reasonably request, for the most recent completed fiscal month of the Company. By no later than the close of business California time on the seventh (7th) calendar day of each calendar month, the Company shall also provide each Member a copy of such report for the preceding fiscal month on a best estimate basis.

7.10.4 Access to Company Books and Records.

(a) Members (personally or through an authorized representative) may, for purposes reasonably related to their Interests, during reasonable business hours (i) examine and copy (at their own cost and expense) the books and records of the Company, including the records listed in Section 7.10.2, and (ii) have access to the Company's management, plans, properties and other assets to conduct due diligence and other investigations (including, without limitation, environmental assessments) regarding the Business and assets of the Company at such Member's sole expense, and the Company shall reasonably cooperate with such Member in such due diligence and investigations.

(b) Subject to such reasonable standards as imposed by the Board of Managers, upon the request of any Member for purposes reasonably related to its Interest, the Board of Managers shall promptly deliver or cause to be delivered to the requesting Member, at the expense of the Company, a copy of the information required to be maintained under Sections 7.10.2(a) through 7.10.2(g).

(c) Any Member's request for documents or request to inspect or copy documents under this Section 7.10.4 (i) may be made by that Member or that Member's authorized representative and (ii) shall be made in writing and shall state the purpose of such demand.

(d) The Board of Managers shall promptly furnish to a Member a copy of any amendment to the Certificate or this Agreement.

(e) Except as specifically stated in an agreement among each of the Members and the Company, a Person that holds an Economic Interest but who is not a Member shall have no right to information concerning the business and affairs of the Company and no inspection rights.

7.11 Indemnification and Liability of the Managers

7.11.1 Indemnification. The Company shall indemnify and hold harmless each Manager (individually, an **"Indemnitee"**) to the fullest extent permitted by Applicable Law from and against any and all losses, claims, demands, costs, damages, liabilities, whether joint or several, expenses of any nature (including reasonable attorneys' fees and disbursements), judgments, fines, settlements and other amounts (each an **"Indemnified Loss"**) arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which the Indemnitee may be involved, or threatened to be involved as a party or otherwise, relating to the performance or nonperformance of any act concerning the activities of the Company or by reason of the Indemnitee's status as a Manager, regardless of whether the Indemnitee retains such status at the time any such Indemnified Loss is paid or incurred, if (a) the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful, and (b) the Indemnitee's conduct did not constitute a breach of his or her duty of loyalty to the Company or its Members

or is an act or omission which involves intentional misconduct or a knowing violation of the law. The termination of an action, suit or proceeding by judgment, order, settlement, or upon a plea of nolo contendere or its equivalent, shall not, in and of itself, create a presumption or otherwise constitute evidence that the Indemnitee acted in a manner contrary to that specified in clauses (a) or (b) above.

7.11.2 Expenses. Expenses incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding subject to this Section 7.11 shall be advanced by the Company prior to the final disposition of such claim, demand, action, suit, or proceeding.

7.11.3 Company Expenses. Any indemnification provided hereunder shall be satisfied solely out of the Company Assets, as an expense of the Company. No Member shall be subject to personal liability by reason of these indemnification provisions.

7.11.4 No Other Rights. The provisions of this Section 7.11 are for the benefit of the Indemnitees and shall not be deemed to create any rights for the benefit of any other Person; *provided*, *however*, that the indemnification rights provided in this Section 7.11 will inure to the benefit of the heirs, legal representatives, successors, assigns and administrators of the Indemnitee.

7.11.5 No Liability. No Indemnitee shall be liable to the Company or to any Member for any losses sustained or liabilities incurred as a result of any act or omission of any Manager or any such other Person if (a) the Manager acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful, and (b) the Manager's conduct did not constitute a breach of his or her duty of loyalty to the Company or its Members or is an act or omission which involves intentional misconduct or a knowing violation of the law.

7.11.6 Reliance Upon Agreement. To the extent that any Manager (each, a **"Responsible Party"**) has, at law or in equity, duties (including, without limitation, fiduciary duties) to the Company, any Member or other Person bound by the terms of this Agreement, such Responsible Parties acting in accordance with this Agreement shall not be liable to the Company, any Member, or any such other Person for its good faith reliance on the provisions of this Agreement.

7.11.7 Fiduciary Duties. The only fiduciary duties a Manager owes to the Company and the Members are the fiduciary duties a director serving on the board of directors of a Delaware corporation would have under the DGCL, as interpreted by Delaware courts. Notwithstanding the foregoing, but subject to Section 7.6.8, a Manager shall not be required to recuse himself or herself from the Board of Managers' consideration of a matter in which the Member appointing such Manager may have a material financial interest. Such Manager shall be permitted to vote on such matter, and voting to approve such matter shall not in itself constitute a violation of such Manager's fiduciary duties.

7.12 Officers of the Company

7.12.1 Chief Executive Officer. The Company will employ a chief executive officer (the **"Chief Executive Officer"**) to be selected by AMD Member for as long as it has a greater Percentage Interest than Fujitsu Member, subject to Fujitsu Member's approval, which shall not be unreasonably withheld. The Member that appoints the Chief Executive Officer shall have the right to appoint such individual as one of the Managers it is entitled to appoint under Section 7.2. In the event the Chief Executive Officer is not appointed as a Manager, the Chief Executive Officer shall have the right to attend meetings of the Board of Managers as a non-voting participant.

7.12.2 Duties and Powers of the Chief Executive Officer. The Chief Executive Officer of the Company shall, subject to the control of the Board of Managers, have general supervision, direction and control of the day-to-day affairs of the Company and shall report directly to the Board of Managers. Unless limited by the Board of Managers or this Agreement, he or she shall have the general powers and duties of management usually vested in the office of chief executive officer of corporations and shall have such other powers and duties as may be prescribed by the Board of Managers. In the absence or disability of the Chief Executive Officer, an Officer designated by the Board of Managers, shall perform all duties of the Chief Executive Officer.

7.12.3 Other Officers; Employment; Removal. The Company may also employ a chief financial officer (**"Chief Financial Officer"**), a secretary (**"Secretary"**) and such other officers as elected by the Board of Managers, each of whom will be accountable to the Chief Executive Officer (the Chief Executive Officer, Chief Financial Officer, the Secretary and any other officers elected in accordance with this Section 7.12.3, each, an **"Officer"** and collectively, the **"Officers"**). All Officers and the Chief Executive Officer shall be employed directly by the Company, except where AMD and Fujitsu agree in writing on a case-by-case basis that such Officer should be employed by either AMD or Fujitsu, in which case such Officer will be assigned to the Company through secondment or other arrangements, as agreed upon by AMD and Fujitsu. The Chief Executive Officer and any other Officer may be removed at any time upon an affirmative vote of the majority of the Board of Managers.

7.12.4 Duties and Powers of Chief Financial Officer. The Chief Financial Officer of the Company (a) shall have the custody of the corporate funds and securities of the Company, (b) shall keep and maintain, or cause to be kept and maintained, books and records of accounts of the properties and business transactions of the Company, including accounts of its assets, liabilities, receipts, disbursements, gains, losses and capital and (c) shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board of Managers. He or she shall disburse the funds of the Company as may be ordered by the Board of Managers and shall render to the Board of Managers at their request an account of all his or her transactions as Chief Financial Officer and of the financial condition of the Company. The books of account shall at all reasonable times be open to inspection by any Manager.

7.12.5 Duties and Powers of Secretary.

(a) The Secretary shall attend (in person or by telephone conference) all meetings of the Board of Managers and all meetings of the Members (whether any of such meetings are in person, by telephone conference or both) and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for any standing committees when requested by such committee. He or she shall give, or cause to be given, notice of all meetings of the Members and of the Board of Managers and shall perform such other duties as may be prescribed by the Board of Managers.

(b) The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the Company's transfer agent or registrar, as determined by resolution of the Board of Managers, a register, or a duplicate register, showing the names of all Members and their addresses, Economic Interests and voting interests, the number and date of certificates issued for the same (if any), and the number and date of cancellation of every certificate surrendered for cancellation (if any). The Secretary shall also keep all documents as may be required under the Act.

7.12.6 General Provisions Regarding Officers.

(a) The Board of Managers may, from time to time, designate Officers of the Company and delegate to such Officers such authority and duties as the Board of Managers may deem advisable and may assign titles (including, without limitation, president, vice-president and/or treasurer) to any such Officer. Unless the Board of Managers otherwise determines, if the title assigned to an Officer of the Company is one commonly used for Officers of a business corporation formed under the DGCL, then, subject to the terms of this Agreement, the assignment of such title shall constitute the delegation to such Officer of the authority and duties that are customarily associated with such office pursuant to the DGCL. Any number of titles may be held by the same Officer.

(b) Subject to all rights, if any, under any contract of employment, any Officer to whom a delegation is made pursuant to the foregoing shall serve in the capacity delegated unless and until such delegation is revoked by the Board of Managers for any reason or no reason whatsoever, with or without cause, or such Officer resigns.

(c) No Officer needs to be a resident or citizen of the United States.

(d) The only fiduciary duties an Officer of the Company owes to the Company and the Members are duties a similar officer of a Delaware corporation would have under the DGCL, as interpreted by Delaware courts.

7.13 Information Technology Steering Committee

The Company will establish an IT Steering Committee (the **"IT Steering Committee"**). The general purposes of the IT Steering Committee shall be: (1) to determine the Company's overall information technology (**"IT"**) program; (2) to approve the Company's IT

plans and budgets; and (3) to coordinate and track the Company's IT activities. On an annual basis, the IT Steering Committee shall provide to the Board of Managers an analysis and breakdown in reasonable detail of all IT costs incurred during the previous annual period, including a description of the amount of IT costs attributable to each of the following categories: Capex, R&D, G&A and cost of goods sold. The IT Steering Committee will include the Company's information services manager, appropriate executives from Material Company Entities and such other Company employees as the Company may choose. AMD and Fujitsu may each appoint a non-voting advisory representative to the IT Steering Committee to advise the Company on IT issues; however, all final IT determinations will be made by the IT Steering Committee, subject to approval by the Board of Managers.

7.14 Personnel

7.14.1 Company Employees; Return. All employees shall be employed by the Company, unless both AMD and Fujitsu agree in writing on a case-by-case basis that such employee should be employed by either AMD or Fujitsu, then such employee shall be assigned to the Company through secondment or other arrangements, as agreed upon in writing by AMD, Fujitsu and the Company. Any Fujitsu employee permanently transferred to the Company may return to the employ of Fujitsu upon the written agreement of both the Company and Fujitsu, and any AMD employee permanently transferred to the Company may return to the employ of AMD upon the written agreement of both the Company and AMD, *provided*, *however*, that the re-employment of any Officer of the Company or other personnel of the Company that reports directly to the Chief Executive Officer or the Board of Managers shall require the approval of the Company, AMD and Fujitsu.

7.14.2 Certain FASL (Japan) Employees. With respect to certain employees of FASL (Japan) who are engineers, the Company may transfer selected engineers from FASL (Japan) to the Company and vice versa, such transfers being either temporary or permanent.

7.14.3 Standards of Business Conduct. For as long as AMD Member's Percentage Interest is at least fifty percent (50%), the Company will use its reasonable efforts to cause its employees and the employees of its subsidiaries to comply with AMD's Worldwide Standards of Business Conduct.

7.15 Human Resources Council

The Company shall, and shall cause each other Company Entity to, have compensation and benefits programs at its locations consistent with local practices. Incentive compensation programs for Company Entity employees will be tied to the Company's financial success and approved by the Board of Managers. The Company will form a human resources council (the **"HR Council"**), consisting of senior human resource employees from each of the Company's locations (including, with respect to Japan, at least one former Fujitsu employee who was, before his or her transfer to the Company, situated in Japan). The HR Council shall:

7.15.1 be headed by an executive of the Company who will report and be directly accountable to the Chief Executive Officer;

7.15.2 plan and implement headcount, budget, performance management systems, compensation and benefits programs and other human resource programs and systems as needed for the Company Entities, all in a manner generally and reasonably consistent with local practices;

7.15.3 consult with the Members in establishing the working terms and conditions (including a promotion approval matrix) for Transferred Employees, including the consideration and adoption of any changes to compensation and benefit plans or arrangements provided by Fujitsu to the Transferred Employees immediately prior to the transfer of employment to a Company Entity;

7.15.4 for so long as any Transferred Employee continues to be entitled to participate in any of the benefits provided by Fujitsu to such Transferred Employee immediately prior to the transfer of employment to a Company Entity, consult with Fujitsu regarding the matters referred to in Sections 7.15.3 and 7.15.5; and

7.15.5 consult with the Members on such other matters as may be agreed by the Members in writing.

7.16 Stock Option Plan

7.16.1 Stock Option Plans. Any stock option plans involving AMD shares will be financed by the Company. The Company will pay cash to AMD for the value of stock options granted by AMD to employees of a Company Entity. The value of such stock options will be calculated using the Black-Scholes valuation method using assumptions mutually agreed to by AMD Member and Fujitsu Member as soon as reasonably practicable following the Launch Date and adjusted thereafter as reasonably necessary and as reasonably agreed to by AMD Member and the Company and, during the 4-Year Period, with the consent of Fujitsu Member, which consent shall not be unreasonably withheld or delayed (the **"Black-Scholes Value"**). The Black-Scholes Value of such stock options payable by the Company to AMD shall initially be reduced by fifteen (15%) percent (the **"Discounted Black-Scholes Value"**) to take into account the likelihood that optionees of a Company Entity will forfeit and/or fail to exercise a certain number of the stock options issued by AMD. AMD Member and Fujitsu Member shall meet on or about June 30 each year to consider adjustments to the payments made to AMD for stock options granted by AMD to employees of a Company Entity. Factors for adjustments to such payments to AMD include, but are not limited to, the employee turnover rate at a Company Entity, the accounting and tax treatment of the option grants and payments to AMD and the method for determining the value of the AMD stock options. The Company will pay AMD the Discounted Black-Scholes Value of a stock option in sixteen (16) equal quarterly installments plus interest at the applicable federal rate determined in accordance with Section 1274(d) of the Code. The payment of such quarterly installments shall commence on the last day of the quarter following the quarter in which the stock option was granted. AMD will consult with the HR Council with respect to stock option grants and will consider the following factors when considering stock option grants:

(a) whether the eligible employee is U.S.-based or Japan-based, it being understood that U.S.-based employees may receive a greater number of options than equivalent Japan-based employees, provided, however, that Japan-based executives at the level of Corporate Director and above will be eligible to receive the same number of stock options as their U.S.-based counterparts; and

(b) that all eligible employees on the U.S. payroll at a similar level of employment will have an equitable opportunity to receive option grants, regardless of whether the employee previously worked for AMD, FASL (Japan) or Fujitsu;

provided, *however*, that the actual grant to any employee will reflect such employee's individual performance.

7.16.2 Merger or Acquisition of the Company or AMD.

(a) In the event of any merger, acquisition, consolidation or similar transaction to which the Company is a party (a **"Company Transaction"**) and in which the AMD stock options issued to Company Entity employees are assumed by a successor entity pursuant to the Company Transaction, the Company shall pay any remaining installments of the Discounted Black-Scholes Value of the options to such successor entity rather than AMD on the same terms and at the same times as set forth in Section 7.16.1.

(b) In the event of any merger, acquisition, consolidation or similar transaction to which AMD is a party (an **"AMD Transaction"**) and in which the AMD stock options issued to Company Entity employees are assumed by a successor entity pursuant to the AMD Transaction, the Company shall pay any remaining installments of the Discounted Black-Scholes Value of the options to such successor entity rather than AMD on the same terms and at the same times as set forth in Section 7.16.1.

(c) If, in connection with a Company Transaction or an AMD Transaction, the AMD stock options terminate, notwithstanding Section 7.16.1 above, the Company shall not be required to pay any remaining installments of the Discounted Black-Scholes Value of such terminated options to AMD or to any other Person.

7.16.3 Stock Option Allocation. Within thirty (30) days after the Launch Date, AMD shall grant AMD stock options to certain of the employees of the Company and other Company Entities including those who previously worked for Fujitsu and FASL (Japan). Without limiting the generality of the foregoing, such AMD stock options to be issued to such employees ranking at levels equal to and above manager shall be based on the allocation schedules set forth on **Exhibit G-1** and **Exhibit G-2**.

7.17 Maintenance of Insurance

7.17.1 During the term of the Company, the Company shall maintain (and shall maintain on behalf of each other Company Entity or shall cause each other Company Entity to maintain on its own behalf), with financially sound and reputable insurers, customary levels of

workers' injury general liability insurance, automobile liability insurance and property damage insurance naming the Company, Fujitsu and AMD (and their applicable Affiliates) as "Additional Insureds" thereunder and other insurance with respect to liabilities, losses or damage to the assets, properties and businesses of the Company and the other Company Entities as would be customarily carried or maintained under similar circumstances by entities of established reputation engaged in similar businesses, in each case in such amounts, with such deductibles, covering such risks and otherwise on such terms and conditions as are customary for entities engaged in similar businesses. Within thirty (30) days after the Launch Date and on an annual basis thereafter at least ten (10) days prior to each policy anniversary, the Company shall furnish the Members with (a) certificates of insurance or binders, in a form reasonably acceptable to all of the Members, evidencing all of the insurance required by the provisions of this Section 7.17 and (b) a schedule of the insurance policies held by or for the benefit of the Company Entities. Upon request, the Company will promptly furnish either of the Members with copies of all insurance policies, binders and cover notes or other evidence of such insurance relating to the insurance required to be maintained by the Company Entities. The schedule of insurance shall include the name of the insurance company, policy number, type of insurance, major limits of liability and expiration date of the insurance policies. Within thirty (30) days after the Launch Date, the Company shall provide to each of the Members a certificate from the Company's insurance broker or other evidence satisfactory to them that all insurance required to be maintained pursuant to this Section 7.17 is in full force and effect and that each of the Members has been named as a "Additional Insured" thereunder.

7.17.2 The Company shall maintain (and shall maintain on behalf of each other Company Entity or shall cause each other Company Entity to maintain on its own behalf) with financially sound and reputable insurers, overseas travel insurance and special event personal injury insurance.

7.18 Inspections and Proceedings

In the event that (a) any of the Company's (or any other Company Entities') plants are subject to inspection by any Governmental Authority, (b) any material action, suit, claim, hearing, arbitration, proceeding (public or private), audit or investigation is brought by or against any Company Entity, (c) there is a recall of any of the Company's products, or (d) the Company receives any default or demand notice relating to any material debt obligation of the Company or under any other material contract of the Company, the Company shall provide prompt written notice of any such events to each of the Members.

7.19 Confidential Information

7.19.1 Obligations. The parties acknowledge and agree that all proprietary or nonpublic information disclosed by one party (the **"Disclosing Party"**) to another party (the **"Receiving Party"**) in connection with the Transaction Documents (as defined in the Contribution Agreement), directly or indirectly, which information is (a) marked as "proprietary" or "confidential" or, if disclosed orally, is designated as confidential or proprietary at the time of disclosure and reduced in writing or other tangible (including electronic) form that includes a prominent confidentiality notice and delivered to the Receiving Party within thirty (30) days of

disclosure, or (b) provided under circumstances reasonably indicating that it constitutes confidential and proprietary information, constitutes the confidential and proprietary information of the Disclosing Party (**"Confidential Information"**). The Receiving Party may disclose Confidential Information only to those employees who have a need to know such Confidential Information and who are bound to retain the confidentiality thereof under provisions (including provisions relating to nonuse and nondisclosure) no less restrictive than those required by the Receiving Party for its own confidential information. The Receiving Party shall, and shall cause its employees to, retain in confidence and not disclose to any third party (including any of its sub-contractors) any Confidential Information without the Disclosing Party's express prior written consent, and the Receiving Party shall not use such Confidential Information except to exercise the rights and perform its obligations under this Agreement. Without limiting the foregoing, the Receiving Party shall use at least the same procedures and degree of care which it uses to protect its own confidential information of like importance, and in no event less than reasonable care. The Receiving Party shall be fully responsible for compliance by its employees with the foregoing, and any act or omission of an employee of the Receiving Party shall constitute an act or omission of the Receiving Party. The confidentiality obligations set forth in this Section 7.19.1 shall survive any dissolution of the Company and/or termination of this Agreement.

7.19.2 Exceptions. Notwithstanding the foregoing, Confidential Information will not include information that: (a) was already known by the Receiving Party, other than under an obligation of confidentiality to the Disclosing Party or any third party, at the time of disclosure hereunder, as evidenced by the Receiving Party's tangible (including written or electronic) records in existence at such time; (b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party hereunder; (c) became generally available to the public or otherwise part of the public domain after its disclosure other than through any act or omission of the Receiving Party in breach of this Agreement; (d) was subsequently lawfully disclosed to the Receiving Party by an Entity or person other than the Disclosing Party not subject to any duty of confidentiality with respect thereto; or (e) was developed by the Receiving Party without reference to any Confidential Information disclosed by the Disclosing Party, as evidenced by the Receiving Party's tangible (including written or electronic) records in existence at such time.

7.19.3 Tax Information. Notwithstanding the foregoing or anything to the contrary in this Agreement or in any other written or oral understanding or agreement to which the parties hereto are parties or by which they are bound, each Member or its Affiliates shall be permitted to disclose the tax treatment and tax structure of the Company effective on the Launch Date. This permission to disclose includes the ability of each Member or its Affiliates to consult, without limitation of any kind, any tax advisor regarding the tax treatment or tax structure of the Company. This provision is intended to comply with Section 1.6011-4(b)(3)(ii)(B) of the Regulations and shall be interpreted consistently therewith. The Members acknowledge that this written authorization does not constitute a waiver by any party of any privilege held by such party pursuant to the attorney-client privilege or the confidentiality privilege of Code Section 7525(a).

7.20 Other Activities

Except as otherwise provided in the Non-Competition Agreement, the Members, their respective Affiliates and the Managers may engage or invest in, and devote their time to, any other business venture or activity of any nature and description (independently or with others), whether or not such other activity may be deemed or construed to be in competition with the Company. Neither the Company nor any Member, Affiliate of a Member, or Manager shall have any right by virtue of this Agreement or the relationship created hereby in or to such other venture or activity of any Member or its Affiliates (or to the income or proceeds derived therefrom), and the pursuit thereof, even if competitive with the business of the Company, shall not be deemed wrongful or improper so long as such pursuit is not in violation of the Non-Competition Agreement.

ARTICLE 8.
OPERATIONS

8.1 4-Year Operations Plan; Annual Budget

8.1.1 Formulation and Approval. The Company will operate in accordance with a rolling four (4)-year Operations Plan (the **"4-Year Operations Plan"**), which Plan shall be initially developed and agreed upon by Fujitsu and AMD, and amended from time to time by the Company and in no event less than annually in order to ensure that the Plan covers, at the end of each Fiscal Year looking forward, a four (4)-year period. The Board of Managers will be responsible for approving an annual budget (the **"Annual Budget"**) presented by Officers of the Company on an annual basis. Officers of the Company will also present to the Board of Managers on a quarterly basis a rolling quarterly operating plan (the **"Rolling Quarterly Plan"**) of at least six (6) fiscal quarters, the first four (4) fiscal quarters thereof to be consistent in all material respects with the Annual Budget when such first four (4) fiscal quarters are the same as those covered in the Annual Budget. The Rolling Quarterly Plan shall be prepared in a manner consistent with the Company's financial statements and GAAP. Each of the Annual Budget and the Rolling Quarterly Plan shall describe the financing, research and development, general and administrative and marketing activities for the relevant time period covered.

8.1.2 Expenditures Requiring Approval. The following Company expenditures shall require approval by the Board of Managers:

(a) any Capex which would cause any specific sub-category of capital expenditures set forth in the Annual Budget to be exceeded by more than ten million dollars (U.S.$10,000,000); and

(b) any expenditure which would cause the aggregate amount spent during any Fiscal Year on any Capex, G&A cost or R&D costs to exceed the amounts budgeted therefor by greater than ten percent (10%).

8.2 Headquarters

The Company's world headquarters shall initially be in Sunnyvale, California.

8.3 Wafer Fabrication

The Company shall initially conduct wafer fabrication at Fab 25 in Austin, Texas. In addition, FASL (Japan) will initially conduct wafer fabrication by contract to the Company at JV1, JV2 and JV3.

8.4 Assembly, Test, Marking and Packaging

The Company's wholly owned subsidiaries in Thailand, Malaysia and China shall initially conduct assembly, test, mark and pack by contract to the Company.

8.5 Product Design

The Company shall initially conduct product design and development work at facilities located in Sunnyvale, California and Austin, Texas; the Company's wholly owned subsidiaries or Affiliates of the Members in Penang, Malaysia, Hong Kong, and Tokyo and Kozoji, Japan shall initially conduct product design and development work by contract to the Company.

8.6 Contracting; Transactions Between Company and Members.

8.6.1 Company Option. The Company may, at its option, contract to its subsidiaries or to AMD and/or Fujitsu (or their respective Affiliates) on a cost-plus basis any business operations of the Company, including (a) wafer fabrication, (b) other manufacturing processes, (c) assembly, test, mark and pack and (d) research and development. The Company may also, at its option, contract to AMD or Fujitsu or their respective Affiliates other activities agreed upon by the Company and AMD or Fujitsu or their respective Affiliates, on a cost-plus basis, including certain types of package research and development, module and integration research and development, and various administrative functions, such as payroll, IT, legal, financial reporting and tax. The Company may also engage third party contractors in its discretion.

8.6.2 Contract Terms. Without limiting Sections 7.7 and 7.8:

(a) the terms of any contract, agreement or arrangement into which the Company enters will be determined between the Company and the respective counter-party(ies);

(b) the terms of any contract, agreement or arrangement between any Company Entity, on the one hand, and any other Company Entity, a Member, or any Affiliate of a Member, on the other hand, shall be on an arm's length basis;

(c) any contracts, agreements or arrangements between (i) any Company Entity and AMD or an Affiliate of AMD on the one hand, and (ii) any Company Entity

and Fujitsu or an Affiliate of Fujitsu on the other hand, that are of a similar nature shall be on substantially similar terms, unless there is a reasonable commercial basis for any difference, such as differing purchase volumes or other reasonable commercial differences; and

(d) in no event shall any counter-party to a contract, agreement or arrangement be permitted to enter into contracts, agreements or arrangements on behalf of, or otherwise legally bind or act in a manner that is legally binding on, the Company.

(e) any contracts, agreements or arrangements between any Company Entity, on the one hand, and AMD or an Affiliate of AMD or Fujitsu or an Affiliate of Fujitsu, on the other hand, or any amendment, supplement or other modification thereof or thereto, shall in each case be subject to the approval of the Board of Managers.

8.7 Access to Company Facilities

AMD or Fujitsu may gain access to the Company's facilities and assets (and the Company shall cause the other Company Entities to provide such access) in the course of their businesses, on a case-by-case basis, subject to arrangement with the Company and approval by the Board of Managers and subject to Section 7.19.

8.8 Inventory

An appropriately designated employee of the Company shall have responsibility for managing the Company's inventory and shall manage such inventory in a manner that is consistent with prudent business operations and cash management. Notwithstanding anything to the contrary in the foregoing, the Company's overall target unit inventory will be the amount of product in the process of being manufactured and the amount of finished product (including products consigned to a distributor) which have an aggregate value determined in accordance with the Company's standard accounting practices that does not exceed the aggregate manufacturing cost determined in accordance with the Company's standard accounting practices of products set forth in the Company's written product forecasts, taking into account the Distributors' written forecasts, for the **** (the **"Target"**), *provided that* the Company may create variances from the Target based on various factors, including, without limitation, extraordinary circumstances relating to demand shortfalls or opportunities, quick-turnaround business, obsolete or customized product, product warranty returns or stock rotation and die-bank reserve (**"Variances"**). An appropriately designated employee of the Company will report on the existing inventory level to the Board of Managers from time to time as part of its normal financial reporting activities, but in no event less frequently than quarterly. As part of such reports, if any Variance exists, such employee shall explain such Variance to the Board of Managers, and the Board of Managers may request that the Company take corrective action that it deems to be consistent with prudent inventory management (and taking into account the financial impact on the Company). In the event that any Variance (constituting excess inventory) is greater than **** of the Target, such employee shall recommend action to the Board of Managers designed to eliminate such Variance, and the Board of Managers shall (a) in good faith require that the Company take action designed to eliminate such Variance (which

may, but shall not be required to, include the actions recommended by an appropriate Officer), and (b) take any other action the Board of Managers deems appropriate.

8.9 Quarterly Beginning Plan

The Company, using as a basis the Forecasts (as defined in the AMD Distribution Agreement and the Fujitsu Distribution Agreement (the **"Distribution Agreements"**)) by the Distributors, shall forecast and plan production quarterly for the current fiscal quarter and the subsequent five (5) fiscal quarters. The outcome of this forecasting and planning process shall be referred to as the **"Quarterly Beginning Plan"** or **"QBP"**.

8.9.1 At least seventy-five (75) days prior to the beginning of each fiscal quarter, the Company shall develop and provide each Distributor with a forecasting template (the **"Quarterly Beginning Plan Template"** or **"QBP Template"**) in a form to be agreed by the Company and each Distributor, which sets forth the Company's Products (as defined in the Distribution Agreements) for each Technology (as defined in the Distribution Agreements) for such fiscal quarter and each of the subsequent five (5) fiscal quarters. The Company may modify the QBP Template in reasonable respects.

8.9.2 The QBP shall be developed as follows: (i) on or before the end of the last week of the first month of each fiscal quarter, each Distributor shall complete the QBP Template and provide the Company with a non-binding forecast of its projected Product needs for each of the five (5) fiscal quarters following such fiscal quarter (collectively, the **"Parent Forecasts"**); (ii) promptly after the Company receives the Parent Forecasts, the Company will organize each of the Parent Forecasts on a Technology-by-Technology basis and to reflect a forecast for each Product within a particular Technology; (iii) the Company shall use the Parent Forecasts and the Product allocation rules, as described in the Distribution Agreements, to produce a preliminary QBP using commercially reasonable efforts to utilize available and approved incremental capacity to meet the Parent Forecasts; and (iv) if a Distributor fails to submit the forecast in a timely manner Company shall be under no obligation to consider such Distributor's forecast in the QBP.

8.9.3 The preliminary QBP shall be distributed as soon as is practical to the Distributors for review and comment. If no comments are received within ten (10) Business Days after the distribution of the preliminary QBP, the preliminary QBP shall be deemed adopted.

8.9.4 If requested by either Distributor, the Company shall meet with the Distributors (jointly or separately) as soon thereafter as is reasonably practical, at a time and location to be mutually agreed by each Distributor and the Company, to discuss the preliminary QBP to resolve any conflicts regarding Parent Forecasts in light of the Company's then-current estimates of production capacity (taking into account the Company's then-current estimates of wafer yield, die yield, cycle time and production capacity, which estimates shall be provided to the Distributors, on a on a Technology-by-Technology basis, at least ten (10) days prior to such meeting) for each of the succeeding five (5) fiscal quarters. At these meetings, each Distributor may (i) submit a revised demand Forecast which prioritizes such Distributor's Product demand

within such Distributor's Product allocations as set forth in its respective Distribution Agreement or (ii) request additional Capacity as set forth in its respective Distribution Agreement. The Company may request each Distributor to provide specific documentation to support the requested change in either (i) or (ii) above, which each Distributor shall reasonably provide. The Company shall consider any requests and supporting documentation of the Distributors in the revision to the preliminary QBP. The Company shall have sole responsibility in the determination of the final QBP.

8.9.5 Thereafter, and in any event at least fifteen (15) days before the end of such fiscal quarter, the Company shall present the final QBP developed as provided above to the Board of Managers for approval.

8.9.6 Nothing in this Section 8.9 shall be deemed to modify in any respect the Product allocation rights and rules set forth in the Distribution Agreements.

8.10 Branding

Each product sold by the Company will have a single product brand and logo, regardless of whether such product is sold by AMD, Fujitsu or any other distributor or sales representative appointed by the Company in accordance with Sections 2.2 and 14 of the Fujitsu Distribution Agreement or Sections 2.2 and 14 of the AMD Distribution Agreement. The Company will coordinate product branding and logo activities with the branding activities of Fujitsu and AMD. Subject to the foregoing, the Company shall have sole responsibility for all product branding matters. The Company will bear all of its costs and expenses incurred in connection with Product branding.

8.11 FASL (Japan)

8.11.1 FASL (Japan) Purpose. During the 4-Year Period, the Company shall cause FASL (Japan)'s headquarters to be in Tokyo and FASL (Japan)'s functions to include: (a) marketing (for Japan and Asia in coordination with the Company's marketing personnel); (b) manufacturing (for the world-wide market); (c) research and development (for the world-wide market); and (d) administrative.

8.11.2 President. FASL (Japan) shall have one (1) president or similarly titled executive officer, who shall (a) be the chief executive officer of FASL (Japan), (b) have the authority and responsibility of a representative director (*daihyou torishimariyaku*) under the Japanese Commercial Code and (c) be responsible for the day-to-day operations of FASL (Japan), including with respect to employment related matters. Such executive officer shall also be appointed as an Executive Officer of the Company, and in such capacity shall be invited to attend Company meetings involving all of the Officers. Such executive officer shall initially be selected by Fujitsu and, for so long as Fujitsu holds at least a 30% Membership Interest, the Company shall cause the appointment of any successor thereto to be subject to the approval of Fujitsu, which approval shall not be unreasonably withheld or delayed.

ARTICLE 9.
DISPOSITION AND TRANSFERS OF INTERESTS

9.1 Holding of Membership Interest

For so long as AMD or Fujitsu, directly or indirectly, maintains a Membership Interest in the Company, AMD or Fujitsu, as applicable, must own and hold such Membership Interest either (a) itself or (b) through one or more wholly owned (including indirect wholly owned) subsidiaries.

9.2 Transfer Moratorium

Except with respect to a breach of this Agreement as provided for in Section 10.6.2(a), until the expiration of ****, no Member may Transfer all or any portion of its Membership Interest to any other Person, nor shall AMD or Fujitsu sell or transfer, or allow to be sold or transferred, or in any way dispose of its ownership interest, either direct or indirect, of any wholly owned subsidiary (including any wholly owned indirect subsidiary) that owns, directly or indirectly, the Membership Interests held by AMD Member or Fujitsu Member, respectively; *provided, however*, that in the event that Fujitsu or AMD experiences a Change in Control at any time before the expiration of ****, such restrictions shall cease to apply to AMD Member (in the case of a Change in Control of Fujitsu) or Fujitsu Member (in the case of a Change in Control of AMD) and the applicable Member shall have the immediate right to Transfer any portion of its Membership Interest (whether by directly Transferring such portion of its Membership Interest, or by selling, transferring or otherwise disposing of its ownership interest of any wholly owned subsidiary (including wholly owned indirect subsidiaries) that owns, directly or indirectly, such portion of its Membership Interest)), in accordance with the procedures set forth in Section 9.3.

9.3 Transfers

After the expiration of **** or to the extent otherwise permitted under Section 9.2, a Member may Transfer any portion of its Membership Interest to any other Person, subject to this Section 9.3. In addition, together with any Transfer of any Membership Interests to any Person in accordance with this Section 9.3, a Member may Transfer to such Person a portion of its interest in any promissory note (whether or not convertible) issued to such Member by the Company, *provided* that such portion does not exceed the portion of such Member's Membership Interest Transferred to such Person at such time.

9.3.1 Valuation Request. A Member wishing to Transfer all or part of its Membership Interest (a **"Transferring Member"**) must provide a notice to the other Member requesting a valuation of the Company (the **"Valuation Request"**). Promptly following such request, the Members shall jointly obtain both an Initial Public Offering (market value) valuation (**"IPO Valuation"**) and a Discounted Cash Flow valuation (**"DCF Valuation"** and, together with the IPO Valuation, the **"Valuations"**), in accordance with this Section 9.3, the costs of which shall be shared equally between the Members; *provided*, *however*, in the event that the Transferring Member determines, after receipt of the last completed Valuation, not to Transfer

all or part of its Membership Interest pursuant to the process set forth in this Section 9.3, such requesting Member shall bear the entire cost of the Valuations.

9.3.2 IPO Valuation. Within ten (10) days from the date of receipt of the Valuation Request, each Member shall provide the other Member with a list of the names of any investment banks, accounting firms or valuation specialists hired or used by such Member or its Affiliates (including for this purpose, in the case of AMD Member, any Company Entity) for valuation of the Company or a material portion of its assets at any time after the date commencing twelve (12) months prior to the Launch Date and continuing through the Valuation Request date. Within fifteen (15) days from the date of receipt of the Valuation Request, the Members shall mutually select a Qualified Valuator to conduct the IPO Valuation. Each Member shall use reasonable efforts to cause the IPO Valuation to be completed within thirty (30) days following the selection of the Qualified Valuator. The Qualified Valuator shall only have a minimal role (or no role) in any Initial Public Offering of the Company's shares which results from the sale process set forth in this Section 9.3. The IPO Valuation shall be based, among other things, upon the then-current 4-Year Operations Plan, which shall be updated by the Company in order to take into account (a) changes in market conditions, (b) management's best assessment of the Company's prospects at the time of the Valuation Request, (c) the impact on the business of the Transferring Member reducing its Percentage Interest and (d) the costs that would need to be incurred by the Company in order to make the Company a stand alone entity. The Qualified Valuator shall finalize a price range on a per-share basis for the Membership Interests of the Company (assuming an offering size of at least one hundred million dollars (U.S.$100,000,000) in gross proceeds) that could reasonably be expected to be obtained in an Initial Public Offering of the Company's shares, and shall submit to each Member a formal valuation opinion that has been approved by the Qualified Valuator's valuation/fairness committee. For purposes of this Section 9.3, the per share valuation amount of the IPO Valuation shall be the low-point of the Qualified Valuator's price range. Also for purposes of this Section 9.3, the term **"share"** as used herein refers to the applicable Unit (or a share of equity securities if the Company were converted from a limited liability company to a corporation).

9.3.3 Discounted Cash Flow Valuation. Within fifteen (15) days from the date of receipt of the Valuation Request, the Members shall mutually select a Qualified Valuator, different than the Person selected to perform the IPO Valuation in Section 9.3.2, to conduct the DCF Valuation. Each Member shall use reasonable efforts to cause the DCF Valuation to be completed within thirty (30) days following the selection of the Qualified Valuator. The DCF Valuation shall be based, among other things, upon the then-current 4–Year Operations Plan (which shall have been updated by the Company in accordance with Section 9.3.2). The DCF Valuation shall finalize a valuation range on a per share basis for the Membership Interests of the Company, and shall submit to each Member a formal valuation opinion that has been approved by the Qualified Valuator's valuation/fairness committee. For purposes of this Section 9.3, the per share valuation amount of the DCF Valuation shall be the low-point of the Qualified Valuator's valuation range.

9.3.4 Review Period. Both Valuations shall be provided to each Member. The Transferring Member shall have a period of thirty (30) days from receipt of the last completed Valuation in which to review the Valuations, and determine whether it wishes to Transfer all or any part of its Membership Interest.

9.3.5 Offer. If the Transferring Member decides to sell all or any part of its Membership Interest, then within the thirty (30)-day period referred to in Section 9.3.4, the Transferring Member shall provide a written notice (the **"Offer Notice"**) to the Non-Transferring Member setting forth the Transferring Member's binding offer to sell all or a part of its Membership Interest to the Non-Transferring Member. The Offer Notice shall include the following: (a) the number of Units that the Transferring Member desires to sell (the **"Transfer Shares"**); and (b) the lower of the IPO Valuation per share valuation amount and the DCF Valuation per share valuation amount, as each such amount is determined in accordance with Sections 9.3.2 and 9.3.3 (the **"Valuation Amount"**).

9.3.6 Right of First Refusal. The Non-Transferring Member will have the right, for a period of sixty (60) days following the receipt of the Offer Notice, to elect to purchase the Transfer Shares at a per share price equal to the Valuation Amount (the "Right of First Refusal"). The Non-Transferring Member may assign this Right of First Refusal in whole or in part to a third party, *provided* that such third party must also exercise such assigned Right of First Refusal within such sixty (60)-day period. In the event that the third-party assignee exercises such Right of First Refusal within such sixty (60)-day period, such assignee shall complete the purchase of the Transfer Shares on the same terms and subject to the same conditions as the Non-Transferring Member; *provided*, *however*, that in no event shall the Transferring Member be obligated to offer financing in accordance with Section 9.3.8 to a third-party assignee. If the Non-Transferring Member and/or its assignee elect(s) to exercise the Right of First Refusal, it/they shall provide written notice to the Transferring Member within such sixty (60)-day period and shall consummate the purchase of the applicable Transfer Shares as promptly as practicable thereafter.

9.3.7 Manner of Exercise. The Right of First Refusal must be exercised by the Non-Transferring Member and/or its assignee(s) with respect to all or none of the Transfer Shares that represent up to and including ten percent (10%) of the outstanding shares of the Company. If the Transfer Shares constitute more than ten percent (10%) of the Company's outstanding shares, then, if exercised, the Right of First Refusal must be exercised by the Non-Transferring Member and/or its assignee(s) with respect to no less than the portion of the Transfer Shares that constitutes ten percent (10%) of the Company's outstanding shares. To the extent that the Non-Transferring Member and/or its assignee(s) elect(s) to not exercise the Right of First Refusal, the Transferring Member shall have the right, but not the obligation, to sell the unsubscribed Transfer Shares pursuant to one of the methods described in Sections 9.3.9 or 9.3.10 below. For purposes of this Section 9.3.7, the percentage of outstanding shares being sold shall be the quotient obtained by dividing (a) the sum of the Transfer Shares being offered for sale plus all shares sold previously by the Transferring Member during a rolling two (2) year period measured from the date of the Valuation Request, *by* (b) the number of shares outstanding on the date of the Offer Notice.

9.3.8 Financing. The Transferring Member shall be required, at the Non-Transferring Member's request, to finance **** of the Non-Transferring Member's aggregate purchase price of any Transfer Shares that represent in excess of five percent (5%) of the total number of shares of the Company outstanding as of the date of the Offer Notice. For the avoidance of doubt, the Transferring Member shall not be required to finance any portion of the aggregate purchase price paid for the Transfer Shares by any third-party assignee who has elected to purchase some or all of the Transfer Shares in accordance with Section 9.3.6. In addition, in the event that the Transferring Member has previously Transferred shares, once the Transferring Member has cumulatively transferred to the Non-Transferring Member (but not its assignee) an amount of its Membership Interest that constitutes five percent (5%) of the Company's outstanding shares, all subsequent transfers of additional shares by the Transferring Member to the Non-Transferring Member shall be subject to the financing provisions set forth in this Section 9.3.8. Financing shall be in the form of a three (3)-year note (the **"Financing Note"**), issued by the Non-Transferring Member to the Transferring Member, with the following terms:

(a) Interest on the Financing Note shall be paid quarterly in arrears, with interest to accrue quarterly at a rate per annum equal to ninety (90)-day LIBOR (adjusted as of the first business day of each fiscal quarter to reflect then-current ninety (90)-day LIBOR) plus a credit spread for companies comparable to AMD or Fujitsu, as applicable, as mutually determined by (a) AMD Member, (b) Fujitsu Member and (c) two (2) investment banks (one (1) selected by each of AMD Member and Fujitsu Member) retained for the purpose of assisting with such determination; *provided*, *however*, that in no event shall the interest rate be greater or less than two hundred (200) basis points from the initial interest rate of the Financing Note. Interest will be calculated on the basis of a three hundred sixty (360)-day year for the actual number of days elapsed.

(b) Principal on the Financing Note shall be paid as follows:

(1) On the first anniversary of the Financing Note, principal shall be repaid in an amount equal to the lesser of:

(A) the Percentage Sold *multiplied by* net income (as shown on the most recent Company financial statements, consistent with GAAP) for the most recently completed twelve (12) months; and

(B) the amount of cash paid and distributed (or the maximum amount of cash legally available for payment and/or distribution, even if not actually paid or distributed) to the Non-Transferring Member during the most recently completed twelve (12) months in accordance with Section 5.1, *provided, however*, that (1) with respect to Section 5.1.1(a), cash shall be treated as paid and distributed (or legally available for payment and/or distribution) only to the extent that the Non-Transferring Member is able to use net operating losses to offset any taxable income allocable to such party, and (2) with respect to Section 5.1.2(a), cash shall be treated as paid and distributed (or legally available for payment and/or distribution) only to the extent such payments are in respect of loans from the Non-Transferring Member to the Company.

(2) On the second anniversary of the Financing Note, principal shall be repaid in an amount equal to the lesser of:

(A) the Percentage Sold *multiplied by* net income (as shown on the most recent Company financial statements, consistent with GAAP) for the most recently completed twelve (12) months; and

(B) the amount of cash paid and distributed (or the maximum amount of cash available for payment and/or distribution, even if not actually paid or distributed) to the Non-Transferring Member during the most recently completed twenty-four (24) months in accordance with Section 5.1 (*provided, however*, that (1) with respect to Section 5.1.1(a), cash shall be treated as paid and distributed (or legally available for payment and/or distribution) only to the extent that the Non-Transferring Member is able to use net operating losses to offset any taxable income allocable to such party, and (2) with respect to Section 5.1.2(a), cash shall be treated as paid and distributed (or legally available for payment and/or distribution) only to the extent such payments are in respect of loans from the Non-Transferring Member to the Company), *less* any amounts paid to the Transferring Member pursuant to Section 9.3.8(b)(1).

(3) On the third anniversary of the Financing Note, the outstanding principal balance of the Financing Note (together with interest thereon and all other amounts due thereunder) shall be repaid in full.

(c) For purposes of this Section 9.3.8, **"Percentage Sold"** shall be calculated by *dividing* (A) the number of shares being acquired by the Non-Transferring Member by (B) the total number of shares outstanding on the date of the Offer Notice.

(d) Repayment of the Financing Note shall be secured by a first-priority, perfected security interest over all the Transfer Shares being sold by the Transferring Member to the Non-Transferring Member. The Non-Transferring Member and the Transferring Member (if retaining any Membership Interest in the Company) shall execute and deliver all documents, and take all other actions, necessary to perfect and maintain the Transferring Member's first-priority security interest in such Transfer Shares.

(e) If the Non-Transferring Member sells any portion of its Membership Interest while there is still any amount outstanding under the Financing Note, then the Non-Transferring Member will be deemed to have first sold the Transfer Shares, and the Financing Note shall be immediately prepaid to the extent of all proceeds from such sale.

9.3.9 Third Party Sales. If the Right of First Refusal is not exercised with respect to any portion of the Transfer Shares by the Non-Transferring Member and/or its assignee(s), then the Transferring Member shall have the right, but not the obligation, to attempt to sell the unsubscribed Transfer Shares to a third party pursuant to the following process. For the avoidance of doubt, the Transferring Member shall not have the right to proceed to the Public Offering process set forth in Section 9.3.10 before fully completing the third-party sale process set forth in this Section 9.3.9, unless otherwise consented to by the Non-Transferring Member.

(a) As the initial step in the process, the Members shall jointly prepare an initial list of qualified potential acquirers (each, a **"Potential Acquirer"**, and collectively, the **"Potential Acquirers"**) of the unsubscribed Transfer Shares. For the avoidance of doubt, the list of Potential Acquirers shall be subject to the approval of the Non-Transferring Member, such approval not to be unreasonably withheld.

(b) Upon completion of the initial list of Potential Acquirers (such date of completion, the **"Offer Commencement Date"**), the Transferring Member may then offer the applicable Transfer Shares for sale to any or all of the Potential Acquirers. The Members will participate in a joint sale process, but in no event shall the Non-Transferring Member have the right to participate in the Transferring Member's negotiations with any Potential Acquirer.

(c) Each Potential Acquirer shall have a period of sixty (60) days from the Offer Commencement Date (the last day of such period, the **"Initial Bid End-Date"**) in which to submit an initial non-binding bid for the applicable Transfer Shares (or a shorter period if both Members determine in good faith that further bona fide bids are not reasonably likely to be received before the end of such sixty (60)-day period).

(d) Each Potential Acquirer that has submitted an initial bid shall have a period of thirty (30) days, or up to sixty (60) days, at the Non-Transferring Member's option, if the Non-Transferring Member determines in good faith that such extension is warranted to accommodate a bona fide bidder, from the Initial Bid End-Date in which to submit a final bid for the applicable Transfer Shares (the last day of such period, the **"Final Bid End-Date"**).

(e) The Transferring Member shall have a period of twenty (20) days, or up to thirty (30) days, at the Non-Transferring Member's option, if the Non-Transferring Member determines in good faith that such extension is warranted to accommodate a bona fide bidder, from the Final Bid End-Date in which to consummate the sale of the applicable Transfer Shares (the last day of such period, the **"Sale End-Date"**).

(f) The Members may mutually agree to extend any of the time periods set forth above.

(g) No sale of the applicable Transfer Shares to a Potential Acquirer shall be effected except at a value that is equal to or greater than the Valuation Amount. In addition, in the event that the sale of the applicable Transfer Shares by the Transferring Member to a Potential Acquirer includes the transfer of strategic and/or governance rights relating to the Company and/or the Non-Transferring Member (including rights relating to the appointment of Managers (Section 7.2), and the matters requiring a Special Vote (Section 7.7) (*i.e.*, any rights in excess of Economic Rights)), such sale shall be subject to the approval of the Non-Transferring Member, such approval not to be unreasonably withheld.

9.3.10 Public Offering. If no bids are received at either the Initial Bid End-Date or the Final Bid End-Date with a per share purchase price at least equal to the Valuation Amount, or if the sale of the applicable Transfer Shares is not able to be consummated by the Sale End-Date, then the Transferring Member shall have the right, but not the obligation, to sell the

applicable Transfer Shares through the following underwritten public offering process (a **"Public Offering"**).

(a) If the Transferring Member desires to sell the applicable Transfer Shares in a Public Offering, the Transferring Member must provide the Company with written notice requesting that the Company file a registration statement under the Securities Act covering the registration of the applicable Transfer Shares, within fifteen (15) days from the last to occur of (i) the Initial Bid End-Date, if no *bona fide* bids are received with a per share purchase price at least equal to the Valuation Amount, (ii) the Final Bid End-Date, if no *bona fide* final bids are received with a per share purchase price at least equal to the Valuation Amount, and (iii) the Sale End-Date, if the sale of the applicable Transfer Shares is not able to be consummated by the Sale-End Date.

(b) Upon receipt of such notice from the Transferring Member, the Company will promptly, and in no event less than ten (10) days of the receipt thereof, give written notice of the Transferring Member's request to the Non-Transferring Member. The Non-Transferring Member shall, subject to the conditions set forth herein, have the right, by giving written notice to the Company within fifteen (15) days after receipt of the Company's notice, to include in such Public Offering such of its shares as it elects in such notice to the Company (the Transferring Member and the Non-Transferring Member, if it elects to include some or all of its shares in the Public Offering, are referred to collectively as the **"Selling Members"** and individually as a **"Selling Member"**). The Company shall also have the right, subject to the conditions set forth herein, to include in such Public Offering any number of shares as it so elects.

(c) The right of any Selling Member to include its shares in such registration will be conditioned upon such Selling Member's participation in the underwriting and the inclusion of such Selling Member's shares in the underwriting to the extent provided herein. Each Selling Member proposing to distribute its shares through such underwriting will enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting in accordance with Section 9.3.10(g).

(d) Notwithstanding anything to the contrary in the foregoing, if the managing underwriter advises the Company that the total amount of shares requested to be included in the Public Offering exceeds the amount that the underwriter in its discretion determines is compatible with the success of the Public Offering, then the Company will so advise each Selling Member that would otherwise have shares included in such Public Offering pursuant hereto, and the shares that may be included in the underwriting will be as follows (in the following order of priority): first, the applicable Transfer Shares; second, the shares included for sale by the Non-Transferring Member; and third, the shares included for sale by the Company. For the avoidance of doubt, no Transfer Shares shall be excluded unless and until all other shares of the Non-Transferring Member and the Company have been excluded. Any shares excluded or withdrawn from such underwriting will be withdrawn from the registration

(e) The Non-Transferring Member (if it is not also a Selling Member) shall have the right to purchase its pro-rata portion (based on its Percentage Interest at the time of the Public Offering) of the shares being sold in the Public Offering.

(f) When required to effect the registration of any shares pursuant to this Section 9.3.10, the Company will, as expeditiously as possible (provided that if the Company furnishes to the Member(s) requesting such registration a copy of a resolution of the Board of Managers certified by the Secretary of the Company stating that in the good faith judgment of the Board of Managers it would be seriously detrimental to the Company and its Members for such registration statement to be filed at such time, the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request for registration, provided further that such request may not be exercised more than one time in any twelve (12) month period):

(1) prepare and file with the SEC a registration statement with respect to the applicable Transfer Shares (and the other shares included by the other Selling Members and/or the Company) and use commercially reasonable efforts to cause such registration statement to become effective as expeditiously as possible, and keep such registration statement effective until the distribution contemplated in the registration statement has been completed, *provided* that prior to the filing of the registration statement with the SEC, the Company will have furnished counsel for each Member with copies of all documents proposed to be filed and obtained the approval of such counsel, which approval shall not be unreasonably withheld or delayed, in respect of all disclosures therein relating to such Member;

(2) notify each Selling Member of the effectiveness of the registration statement and prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all shares covered by such registration statement;

(3) furnish to each Selling Member (i) a draft copy of the registration statement and (ii) such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as it may reasonably request in order to facilitate the disposition of shares owned by it;

(4) use commercially reasonable efforts to (i) register and qualify the shares covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as may be reasonably requested by each Selling Member and do all other acts and things that may be necessary or desirable to enable the Selling Members to consummate their public sale or other disposition of the shares in such states, *provided* that the Company will not be required in connection therewith or as a condition thereto to qualify to do business, where not otherwise required, or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act, and (ii) cause such shares to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the disposition of such shares;

(5) enter into and perform its obligations under the underwriting agreement, in usual and customary form, with the managing underwriter of such offering and take such other actions as the underwriters reasonably deem necessary to expedite or facilitate the disposition of the shares (including, without limitation, effecting a stock split or combination or causing its officers to participate in "road shows");

(6) notify each Selling Member covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the issuance of any stop order by the SEC suspending the effectiveness of such registration statement or the initiation of any proceedings by any Person to such effect, and promptly use commercially reasonable efforts to obtain the release of such suspension, or (ii) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading and promptly furnish to each Selling Member copies of a supplement or amendment of such prospectus as may be necessary to correct such misstatement or omission;

(7) cause all such shares registered pursuant hereunder to be listed on a national securities exchange or the Nasdaq National Market (or, if the Company's shares are already listed, on each securities exchange on which similar securities issued by the Company are then listed);

(8) provide a transfer agent and registrar for all shares registered pursuant hereunder and a CUSIP number for all such shares, in each case not later than the effective date of such registration and use commercially reasonable efforts to cause the transfer agent to remove restrictive legends on the securities covered by such registration; and

(9) permit each Selling Member requesting such registration or their counsel, the managing underwriter, and the accountants and counsel to the underwriters, to conduct a due diligence investigation of Company, including, without limitation, the inspection of properties of the Company and financial and other records and corporate proceedings and access to Company management and the Company Accountant to supply all information reasonably requested by each Selling Member, underwriters and their counsel.

(g) Underwriters for the Public Offering shall be selected mutually by each Selling Member and the Company. Subject to Section 9.3.10(h), all expenses incurred by the Company in connection with registrations, filings and qualifications made for purposes of this Section 9.3.10, including, without limitation, all registration, filing and qualification fees (including "blue sky" fees), printer and accounting fees, and fees and disbursements of counsel for the Company, shall be borne by all Selling Members (and the Company, if the Company elects to include any shares in the Public Offering), on a pro rata basis based on the number of shares included in the Public Offering.

(h) If the managing underwriter advises the Company that consummation of the Public Offering requires that the Company convert from a limited liability company to a corporation, the Company will promptly take all actions, and the Members will

approve all actions and cause the Board of Managers to approve all actions, reasonably necessary or useful for such conversion effective immediately prior to the closing of the Public Offering. AMD Member shall bear all necessary attorneys', accountants' and filing fees and expenses and any sales and/or transfer taxes incurred by the Company in connection with the conversion of the Company from a limited liability company to a corporation as part of the Public Offering.

(i) Each Member shall furnish the Company and the managing underwriter with such information regarding itself, the shares held by it and such other information as reasonably requested by the Company or the managing underwriter in order to satisfy the requirements applicable to the registration of the Selling Members' shares.

(j) Any Transfer Shares sold pursuant to a Public Offering shall only be sold at a per share price equal to or in excess of the Valuation Amount. If such a minimum price cannot be obtained, then a Public Offering cannot be consummated, and the sale process shall conclude.

(k) In the event of a Public Offering, the Company and each Selling Member will enter an indemnification agreement, pursuant to which the Company and each Selling Member, to the fullest extent permitted by law, will agree to indemnify and hold harmless each other and certain other persons from and against certain claims, damages and expenses arising under applicable securities laws in connection with the Public Offering. Such indemnification agreement may, but need not, be included in the underwriting agreement referenced in clause (f)(5) of this Section 9.3.10 above and shall in any event contain usual and customary terms and conditions for such agreements.

9.4 Limitation on Number of Valuation Requests

Following submission of a Valuation Request, the requesting Member shall not have the right to submit another Valuation Request until one (1) year after the conclusion of the sale process relating to the submitted Valuation Request. However, in the event the Transferring Member submits a Valuation Request, but after receipt of the Valuations determines not to transfer any of its Membership Interest, such Transferring Member shall not have the right to submit another Valuation Request until two (2) years from the date of receipt of the last completed Valuation relating to the submitted Valuation Request.

9.5 Further Restrictions on Transfer

Notwithstanding any contrary provision in this Agreement, any otherwise permitted Transfer shall be null and void if:

9.5.1 except as provided in Section 9.3.10, such Transfer requires the registration of such Transferred Interest pursuant to any applicable federal or state securities laws;

9.5.2 such Transfer causes the Company to become a "publicly traded partnership," as such term is defined in Section 7704(b) of the Code;

9.5.3 such Transfer subjects the Company to regulation under the Investment Company Act, the Investment Advisers Act or the Employee Retirement Income Security Act of 1974, as amended;

9.5.4 such Transfer results in a violation of Applicable Laws; or

9.5.5 such Transfer is made to any Person who lacks the legal right, power or capacity to own such Interest.

9.6 Rights of Assignees

Until such time, if any, as a transferee of any permitted Transfer pursuant to this Article 9 is admitted to the Company as a Substitute Member pursuant to Section 9.8: (i) such transferee shall be an Assignee only, and only shall receive, to the extent Transferred, the distributions and allocations of income, gain, loss, deduction, credit, or similar item to which the Member which Transferred its Membership Interest would be entitled, and (ii) to the fullest extent permitted by Applicable Law, such Assignee shall not be entitled or enabled to exercise any other rights or powers of a Member, such other rights remaining with the transferring Member. In such a case, the transferring Member shall remain a Member even if it has Transferred its entire Economic Interest in the Company to one or more Assignees. In the event any Assignee desires to make a further assignment of any Economic Interest in the Company, such Assignee shall be subject to all of the provisions of this Agreement to the same extent and in the same manner as any Member desiring to make such an assignment.

9.7 Admissions and Withdrawals

No Person shall be admitted to the Company as a Member after the Launch Date except in accordance with Section 9.8. Except as otherwise specifically set forth in Section 9.9, no Member shall be entitled to retire or withdraw from being a Member of the Company without the written consent of each other Member, which consent may be given or withheld in each Member's sole and absolute discretion. No admission or withdrawal of a Member shall cause the dissolution of the Company. Any purported admission or withdrawal which is not in accordance with this Agreement shall be null and void.

9.8 Admission of Assignees as Substitute Members

9.8.1 Conditions. An Assignee shall become a Substitute Member immediately, upon the satisfaction of each of the following conditions:

(a) the assignor of the Interest Transferred sends written notice to the Board of Managers requesting the admission of the Assignee as a Substitute Member and setting forth the name and address of the Assignee, the Percentage Interest Transferred by the Transferring Member to the Assignee, and the effective date of the Transfer;

(b) Except in connection with Transfers pursuant to Section 9.3, Members holding a majority of the Percentage Interests held by Non-Transferring Members with

respect to the Transfer consent in writing to such admission, which consent may be given or withheld in such Member's sole and absolute discretion;

(c) the Company receives from the Assignee (i) an executed Joinder Agreement substantially in the form of **Exhibit B**, (ii) copies of any instruments of Transfer evidencing the Transfer and (iii) an executed counterpart of the Non-Competition Agreement; and

(d) Assignee's receipt of its Membership Interest in compliance with the provisions of this Agreement.

9.8.2 Amendment. Upon the admission of any Substitute Member, **Exhibit A** shall be amended to reflect the name, address and Percentage Interest of such Substitute Member and to eliminate or adjust, if necessary, the name, address and Percentage Interest of the predecessor of such Substitute Member.

9.9 Withdrawal of Members

If a Member has Transferred all of its Membership Interest to one or more Assignees, then such Member shall be deemed to have withdrawn from the Company if and when all such Assignees have been admitted as Substitute Members in accordance with this Agreement.

9.10 Compliance With IRS Safe Harbor

The Board of Managers shall monitor the Transfers of interests in the Company to determine (i) whether such interests are being traded on an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code, and (ii) whether additional transfers of interests would result in the Company being unable to qualify for at least one of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other guidance subsequently published by the Internal Revenue Service setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code) (the **"Safe Harbors"**). The Board of Managers shall take all steps reasonably necessary or appropriate to prevent any trading of interests or any recognition by the Company of transfers made on such markets and, except as otherwise provided herein, to ensure that at least one of the Safe Harbors is met.

ARTICLE 10.
DISSOLUTION, LIQUIDATION, AND TERMINATION OF THE COMPANY;
EFFECT OF BREACH

10.1 Limitations

The Company may be dissolved, liquidated, and terminated only pursuant to the provisions of this Article 10, and the parties hereto do hereby irrevocably waive, to the extent

permitted by Applicable Law, any and all other rights they may have to cause a dissolution, liquidation or termination of the Company or a sale or partition of any or all of the Company Assets in connection with such dissolution or liquidation.

10.2 Exclusive Causes

Notwithstanding the Act, the following and only the following events shall cause the Company to be dissolved, liquidated, and terminated:

(a) by the election of all of the Members;

(b) the entry of a decree of judicial dissolution pursuant to §18-802 of the Act; or

(c) at any Member's election, if the Company ceases operation for more than six (6) months unless due to force majeure.

To the fullest extent permitted by law, any dissolution of the Company other than as provided in this Section 10.2 shall be a dissolution in contravention of this Agreement.

10.3 Effect of Dissolution

The dissolution of the Company shall be effective on the day on which the event occurs giving rise to the dissolution, but the Company shall not terminate until it has been wound up and its assets have been distributed as provided in Section 10.5.1 of this Agreement. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business of the Company and the affairs of the Members, as such, shall continue to be governed by this Agreement.

10.4 No Capital Contribution Upon Dissolution

Each Member shall look solely to the Company Assets for all distributions with respect to the Company, its Capital Contribution thereto, its Capital Account and its share of Net Profits or Net Losses, and shall have no recourse therefor (upon dissolution or otherwise) against any other Member. Accordingly, if any Member has a deficit Capital Account balance (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which the liquidation occurs), then such Member shall have no obligation to make any Capital Contribution with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever.

10.5 Liquidation

10.5.1 Upon dissolution of the Company, the Board of Managers (or other Person(s) designated by a decree of court) shall act as the **"Liquidators"** of the Company. The Liquidators shall liquidate the Company Assets, and after allocating (pursuant to Article 6 of this

Agreement) all income, gain, loss and deductions resulting therefrom, shall apply and distribute the proceeds thereof as follows:

(a) first, to (i) the payment of the obligations of the Company to third parties, including, but not limited to and on a *pari passu* basis, taxes, debts, lease and other payments to Persons other than Members or their Affiliates; (ii) the expenses of liquidation; and (iii) the setting up of any reserves for contingencies, debts or liabilities to Persons other than the Members or their Affiliates, whether the whereabouts of the creditor is known or unknown, which the Board of Managers may consider necessary;

(b) thereafter, amounts due to either Member or their respective Affiliates (other than a Company Entity) pursuant to intellectual property license agreements, consulting agreements, services agreements, subcontracting agreements, lease agreements and other similar agreements, but excluding any Member Debt Financing or Member Guaranteed Financing;

(c) thereafter, to the repayment, on a *pari passu* basis, of any Member Debt Financing or Member Guaranteed Financing;

(d) thereafter, to the setting up of any reserves for contingencies, debts or liabilities to Members or their Affiliates, which the Board of Managers may consider necessary; and

(e) thereafter, to the Members in proportion to the positive balances in the Members' respective Capital Accounts, determined after taking into account all Capital Account adjustments for the Company's taxable year during which such liquidation occurs, by the end of the taxable year in which such liquidation occurs or, if later, within ninety (90) days after the date of the liquidation.

10.5.2 Notwithstanding Section 10.5.1 of this Agreement, in the event that the Board of Managers determines that an immediate sale of all or any portion of the Company Assets would cause undue loss to the Members, the Board of Managers, in order to avoid such loss to the extent not then prohibited by the Act, may either defer liquidation of and withhold from distribution for a reasonable time any Company Assets except those necessary to satisfy the Company's debts and obligations, or, subject to Section 5.5, distribute the Company Assets to the Members in kind (in accordance with the second sentence of Section 10.5.1).

10.6 Effect of Breach of Operations Shortfall Funding Requirement

Until the expiration of the 4-Year Period, either AMD Member's or Fujitsu Member's failure to fund its pro rata portion of (i) an Operations Shortfall Amount pursuant to Section 4.4 or (ii) any other financing required pursuant to the terms of this Agreement shall be a **"Breach"** (such Member so failing to fund, the **"Breaching Member"**). Upon the occurrence of a Breach, the non-breaching Member (the **"Non-Breaching Member"**) shall have the following rights and remedies:

10.6.1 Non-Material Breach: In the event of a Breach by the Breaching Member, the Non-Breaching Member shall have the following rights:

(a) without being deemed a Breach, the Non-Breaching Member may elect to withhold the funding of its pro rata portion of the Operations Shortfall Amount (the **"Non-Breaching Member's Amount"**), or if the Non-Breaching Member elects to withhold the Non-Breaching Member's Amount but has already advanced the Non-Breaching Member's Amount to the Company, then AMD Member and Fujitsu Member shall cause the Company to refund the Non-Breaching Member's Amount to the Non-Breaching Member; however, it is understood that AMD Member, Fujitsu Member and the Company shall reasonably agree upon a mechanism to prevent such an advance by a Non-Breaching Member; or

(b) Within ten (10) days of the Breach, the Non-Breaching Member may elect to fund the Non-Breaching Member's Amount and a portion or all of the Breaching Member's pro rata portion of the Operations Shortfall Amount (such amount actually funded by the Non-Breaching Member on behalf of the Breaching Member, the **"Breaching Member's Amount"**). In exchange for funding the Breaching Member's Amount, the Company will issue to the Non-Breaching Member a convertible note in the form attached hereto as **Exhibit F** (a **"Breach Convertible Note"**) with a principal amount equal to the Breaching Member's Amount.

(1) Interest. Each Breach Convertible Note shall bear interest at a per annum rate described in **Exhibit F**.

(2) Ranking. Notwithstanding anything in Article 5 or any other provisions of this Agreement to the contrary, each Breach Convertible Note shall rank senior to all other amounts payable by the Company to the Breaching Member (other than payments in respect of Taxes in accordance with Section 5.1.1(a)). Accordingly, to the extent that any amounts are payable by the Company to the Breaching Member in respect of any other debt or distributions of any kind, such amounts shall be paid to the Non-Breaching Member to be applied (i) first, against accrued interest under the Breach Convertible Note and (ii) second, against outstanding principal under the Breach Convertible Note.

(3) Conversion. Notwithstanding the maturity date of any Breach Convertible Note, such Breach Convertible Note shall be convertible on or after the date that is the earlier of (a) the date of delivery of an Offer Notice by the Breaching Member and (b) the date first after the expiration of the Cure Period; provided, however, that when the Cure Period no longer applies, each Breach Convertible Note may be converted at any time on or after the date of issuance thereof. The Breach Convertible Note shall be convertible into that number of Units equal to one hundred twenty percent (120%) of the number of Units that would be received following the procedures set forth in (and the conversion formula used therein) with respect to a comparable convertible note in Section 4.3.2(d)(4); (provided, however, that (i) the Valuation Amount for this purpose shall be determined by a Qualified Valuator selected by the Non-Breaching Member and approved by the Breaching Member, which approval shall not be unreasonably withheld or delayed, (ii) such Qualified Valuator shall complete the valuation within forty-five (45) days after the appointment thereof, using any appointment method or

methods the Qualified Valuator deems appropriate and (iii) the costs of such valuation shall be borne by the Company).

10.6.2 Material Breach. In the event of a Material Breach by a Breaching Member, the Non-Breaching Member shall have the rights set forth in Section 10.6.1, *plus*:

(a) Following the Cure Period, the Non-Breaching Member shall have the right to sell any or all of its Membership Interests to a third party without being subject to the transfer procedures set forth in Article 9 (provided that during any such Cure Period, the Non-Breaching Member shall have the right to approach potential purchasers regarding the sale of its Membership Interests).

ARTICLE 11.
AMD GUARANTY

11.1 Guaranty

Subject to the limitations expressly set forth in this Article 11, AMD hereby, absolutely, unconditionally and irrevocably, guarantees (this **"AMD Guaranty"**) by way of an independent obligation to the Company and Fujitsu and Fujitsu Member (a) the due, prompt and faithful performance by AMD Member of all undertakings, obligations, required acts and performances of AMD Member under or arising out of this Agreement, and (b) the due and punctual payment of all amounts due and payable by AMD Member under or arising out of this Agreement after the date hereof, when and as the same shall arise and become due and payable in accordance with the terms of and subject to the conditions contained in this Agreement (collectively, the **"AMD Guaranteed Obligations"**).

11.2 AMD Guaranteed Obligations

This is a guaranty of payment and performance and not of collection only. If for any reason whatsoever AMD Member shall fail or be unable to perform or comply with any of its AMD Guaranteed Obligations, AMD shall promptly upon receipt of notice thereof from the Company or Fujitsu Member, as applicable, (a) pay or cause to be paid in lawful money of the United States the unpaid AMD Guaranteed Obligations then due and payable (at the place specified and in the amounts and to the extent required of AMD Member under this Agreement) and (b) perform or comply with the AMD Guaranteed Obligations for which performance or compliance is due or cause such AMD Guaranteed Obligations to be performed or complied with (such performance or compliance as required of AMD Member under this Agreement).

11.3 Guarantee Absolute and Unconditional

AMD waives any and all notice of the creation, renewal, extension, amendment, modification or accrual of any of the AMD Guaranteed Obligations and notice of or proof of reliance by the Company upon this AMD Guaranty or acceptance of this AMD Guaranty; the AMD Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the

AMD Guaranty; and all dealings between AMD Member and AMD, on the one hand, and the Company or Fujitsu and Fujitsu Member, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the AMD Guaranty. AMD agrees that (i) any notice provided under this Agreement to AMD Member (including any demand for payment or notice of default or non payment) shall be deemed to constitute notice to AMD for purposes hereof and (ii) any knowledge of AMD Member shall be deemed knowledge of AMD for purposes hereof. Nothing in this Article 11 shall be deemed to constitute a waiver of, or prevent AMD from asserting, any valid defense that may be asserted by AMD Member. AMD waives to the fullest extent permitted by Applicable Law any defense whatsoever to the performance of the AMD Guaranteed Obligations that would not constitute a valid defense by AMD Member (including, without limitation, any defense that may be derived from or afforded by Applicable Law that limits the liability of or exonerate guarantors or sureties). AMD understands and agrees that this AMD Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment and performance without regard to (a) the validity or enforceability of this Agreement or this Article 11, or (b) any other circumstance whatsoever (with or without notice to or knowledge of AMD Member or AMD) which constitutes, or might be construed to constitute, an equitable or legal discharge of AMD Member for the AMD Guaranteed Obligations, or of AMD under the AMD Guaranty in bankruptcy or any similar proceedings. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against AMD, the Company, Fujitsu or Fujitsu Member may, but shall be under no obligation to (and AMD irrevocably and unconditionally hereby waives to the fullest extent permitted by Applicable Law any right AMD may have to require the Company or any other Person to, and any defense that may arise from the Company's or any other Person's failure to) make a similar demand on or otherwise pursue such rights and remedies as it may have against AMD Member or any other Person or against any collateral security or guaranty for the AMD Guaranteed Obligations or any right of offset with respect thereto, and any failure by the Company to make any such demand, to pursue such other rights or remedies or to collect any payments from AMD Member or any other Person or to realize upon any such collateral security or guaranty or to exercise any such right of offset, or any release of AMD Member or any other Person or any such collateral security, guaranty or right of offset, shall not relieve AMD of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Company against AMD. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

11.4 Reinstatement

This AMD Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the AMD Guaranteed Obligations is rescinded or must otherwise be restored or returned by the Company upon any insolvency, bankruptcy, dissolution, liquidation or reorganization involving AMD Member or AMD, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, AMD Member or AMD or any substantial part of its property, or otherwise, all as though such payments had not been made.

11.5 Expenses

AMD shall pay reasonable out-of-pocket attorneys' fees, reasonable out-of-pocket costs and other expenses of the Company, Fujitsu Member or Fujitsu expended or incurred in enforcing the AMD Guaranty against AMD with respect to any claim against AMD Member in which the Company, Fujitsu Member or Fujitsu is the prevailing party, whether or not legal action is instituted, including, without limitation, all fees, costs and expenses incurred in connection with any insolvency, bankruptcy, reorganization, arrangement or other similar proceedings involving AMD Member or AMD which in any way affect the exercises by the Company, Fujitsu Member or Fujitsu of any of its rights and/or remedies hereunder. Except as provided in the preceding sentence, any expenses incurred by the parties hereto in any arbitration proceeding initiated pursuant to Section 13.14 shall be paid in accordance with the dispute resolution procedures set forth in **Schedule A**.

11.6 Expiration of Guaranty

Notwithstanding anything in this Article 11 to the contrary, this Article 11 shall apply until the earlier to occur of (a) the date that all AMD Guaranteed Obligations and the obligations of AMD under this Article 11 shall have been satisfied by performance in full and of the AMD Guaranteed Obligations and (b) the date that AMD Member consummates a sale of its entire Membership Interest in the Company to an unaffiliated third party pursuant to Article 9 and such third party becomes a Substitute Member; provided that this Article 11 shall remain in effect with respect to any claims arising under this Article 11 on or prior to the date of such sale.

11.7 Limits on Guaranty

Notwithstanding anything in this Article 11 to the contrary, (a) Fujitsu Member may only make a claim or otherwise enforce rights against AMD under the AMD Guaranty if (i) Fujitsu Member has a claim based on a direct contractual obligation or legal duty between the Members arising out of or relating to this Agreement or (ii) Fujitsu Member believes in good faith that it has otherwise suffered damages as a result of a breach hereunder by AMD Member that exceed independently, or in the aggregate with all previous uncured breaches by AMD Member, one hundred million dollars (U.S.$100,000,000) and (b) Fujitsu may only make a claim or otherwise enforce rights against AMD under the AMD Guaranty if Fujitsu believes in good faith that it has suffered damages as a result of a breach hereunder by AMD Member that exceed independently, or in the aggregate with all previous uncured breaches by AMD Member, one hundred million dollars (U.S.$100,000,000).

11.8 Limitation on Claims

If, based upon a substantially identical underlying factual basis, (A) an arbitrator, court, tribunal or other judicial authority determines in an enforceable award, judgment or decision that AMD or an Affiliate of AMD shall make payments to, or on behalf of, the Company, and to or on behalf of Fujitsu or an Affiliate of Fujitsu, in satisfaction of a breach of contract claim, indemnification claim, enforcement action or other legal or equitable claims of the Company and of Fujitsu or an Affiliate of Fujitsu (other than in each case for indemnification

of Fujitsu or an Affiliate of Fujitsu against a Third Party Claim (as defined in the Contribution Agreement)), related to any Transaction Document (as defined in the Contribution Agreement) or the transactions contemplated thereunder, and (B) AMD or its Affiliate makes the payments in satisfaction of the claim of the Company, the amounts payable to, or on behalf of, Fujitsu or its Affiliate by AMD or its Affiliate shall be reduced by an amount equal to the product of (X) Fujitsu's Membership Interest at the time of the claim of the Company multiplied by (Y) the aggregate amount paid by AMD to, or on behalf of, the Company, in satisfaction of the claim of the Company.

ARTICLE 12.
FUJITSU GUARANTY

12.1 Guaranty

Subject to the limitations expressly set forth in this Article 12, Fujitsu hereby, absolutely, unconditionally and irrevocably, guarantees (this **"Fujitsu Guaranty"**) by way of an independent obligation to the Company and AMD and AMD Member (a) the due, prompt and faithful performance by Fujitsu Member of all undertakings, obligations, required acts and performances of Fujitsu Member under or arising out of this Agreement, and (b) the due and punctual payment of all amounts due and payable by Fujitsu Member under or arising out of this Agreement after the date hereof, when and as the same shall arise and become due and payable in accordance with the terms of and subject to the conditions contained in this Agreement (collectively, the **"Fujitsu Guaranteed Obligations"**).

12.2 Fujitsu Guaranteed Obligations

This is a guaranty of payment and performance and not of collection only. If for any reason whatsoever Fujitsu Member shall fail or be unable to perform or comply with any of its Fujitsu Guaranteed Obligations, Fujitsu shall promptly upon receipt of notice thereof from the Company or AMD Member, as applicable, (a) pay or cause to be paid in lawful money of the United States the unpaid Fujitsu Guaranteed Obligations then due and payable (at the place specified and in the amounts and to the extent required of Fujitsu Member under this Agreement) and (b) perform or comply with the Fujitsu Guaranteed Obligations for which performance or compliance is due or cause such Fujitsu Guaranteed Obligations to be performed or complied with (such performance or compliance as required of Fujitsu Member under this Agreement).

12.3 Guarantee Absolute and Unconditional

Fujitsu waives any and all notice of the creation, renewal, extension, amendment, modification or accrual of any of the Fujitsu Guaranteed Obligations and notice of or proof of reliance by the Company upon this Fujitsu Guaranty or acceptance of this Fujitsu Guaranty; the Fujitsu Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the Fujitsu Guaranty; and all dealings between Fujitsu Member and Fujitsu, on the one hand, and the Company or AMD and AMD Member, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the Fujitsu Guaranty. Fujitsu

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of the exhibit has been filed separately with the Securities and Exchange Commission.*

agrees that (i) any notice provided under this Agreement to Fujitsu Member (including any demand for payment or notice of default or non payment) shall be deemed to constitute notice to Fujitsu for purposes hereof and (ii) any knowledge of Fujitsu Member shall be deemed knowledge of Fujitsu for purposes hereof. Nothing in this Article 12 shall be deemed to constitute a waiver of, or prevent Fujitsu from asserting, any valid defense that may be asserted by Fujitsu Member. Fujitsu waives to the fullest extent permitted by Applicable Law any defense whatsoever to the performance of the Fujitsu Guaranteed Obligations that would not constitute a valid defense by Fujitsu Member (including, without limitation, any defense that may be derived from or afforded by Applicable Law that limits the liability of or exonerates guarantors or sureties). Fujitsu understands and agrees that this Fujitsu Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment and performance without regard to (a) the validity or enforceability of this Agreement or this Article 12, or (b) any other circumstance whatsoever (with or without notice to or knowledge of Fujitsu Member or Fujitsu) which constitutes, or might be construed to constitute, an equitable or legal discharge of Fujitsu Member for the Fujitsu Guaranteed Obligations, or of Fujitsu under the Fujitsu Guaranty in bankruptcy or any similar proceedings. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against Fujitsu, the Company, AMD or AMD Member may, but shall be under no obligation to (and Fujitsu irrevocably and unconditionally waives to the fullest extent permitted by Applicable Law any right Fujitsu may have to require the Company or any other Person to, and any defense that may arise from the Company's or any other Person's failure to), make a similar demand on or otherwise pursue such rights and remedies as it may have against Fujitsu Member or any other Person or against any collateral security or guaranty for the Fujitsu Guaranteed Obligations or any right of offset with respect thereto, and any failure by the Company to make any such demand, to pursue such other rights or remedies or to collect any payments from Fujitsu Member or any other Person or to realize upon any such collateral security or guaranty or to exercise any such right of offset, or any release of Fujitsu Member or any other Person or any such collateral security, guaranty or right of offset, shall not relieve Fujitsu of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Company against Fujitsu. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

12.4 Reinstatement

This Fujitsu Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Fujitsu Guaranteed Obligations is rescinded or must otherwise be restored or returned by the Company upon any insolvency, bankruptcy, dissolution, liquidation or reorganization involving Fujitsu Member or Fujitsu, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Fujitsu Member or Fujitsu or any substantial part of its property, or otherwise, all as though such payments had not been made.

12.5 Expenses

Fujitsu shall pay reasonable out-of-pocket attorneys' fees, reasonable out-of-pocket costs and other expenses of the Company, AMD Member or AMD expended or incurred in enforcing the Fujitsu Guaranty against Fujitsu with respect to any claim against Fujitsu Member in which the Company, AMD Member or AMD is the prevailing party, whether or not legal action is instituted, including, without limitation, all fees, costs and expenses incurred in connection with any insolvency, bankruptcy, reorganization, arrangement or other similar proceedings involving Fujitsu Member or Fujitsu which in any way affect the exercises by the Company, AMD Member or AMD of any of its rights and/or remedies hereunder. Except as provided in the preceding sentence, any expenses incurred by the parties hereto in any arbitration proceeding initiated pursuant to Section 13.14 shall be paid in accordance with the dispute resolution procedures set forth in **Schedule A**.

12.6 Expiration of Guaranty

Notwithstanding anything in this Article 12 to the contrary, this Article 12 shall apply until the earlier to occur of (a) the date that all Fujitsu Guaranteed Obligations and the obligations of Fujitsu under this Article 12 shall have been satisfied by performance in full and of the Fujitsu Guaranteed Obligations and (b) the date that Fujitsu Member consummates a sale of its entire Membership Interest in the Company to an unaffiliated third party pursuant to Article 9 and such third party becomes a Substitute Member; provided that this Article 12 shall remain in effect with respect to any claims arising under this Article 12 on or prior to the date of such sale.

12.7 Limits on Guaranty

Notwithstanding anything in this Article 12 to the contrary, (a) AMD Member may only make a claim or otherwise enforce rights against Fujitsu under the Fujitsu Guaranty if (i) AMD Member has a claim based on a direct contractual obligation or legal duty between the Members arising out of or relating to this Agreement or (ii) AMD Member believes in good faith that it has otherwise suffered damages as a result of a breach hereunder by Fujitsu Member that exceed independently, or in the aggregate with all previous uncured breaches by Fujitsu Member, one hundred million dollars (U.S.$100,000,000) and (b) AMD may only make a claim or otherwise enforce rights against Fujitsu under the Fujitsu Guaranty if AMD believes in good faith that it has suffered damages as a result of a breach hereunder by Fujitsu Member that exceed independently, or in the aggregate with all previous uncured breaches by Fujitsu Member, one hundred million dollars (U.S.$100,000,000).

12.8 Limitation on Claims

If, based upon a substantially identical underlying factual basis, (A) an arbitrator, court, tribunal or other judicial authority determines in an enforceable award, judgment or decision that Fujitsu or an Affiliate of Fujitsu shall make payments to, or on behalf of, the Company, and to or on behalf of AMD or an Affiliate of AMD, in satisfaction of a breach of contract claim, indemnification claim, enforcement action or other legal or equitable claims of

the Company and of AMD or an Affiliate of AMD (other than in each case, for indemnification of AMD or an Affiliate of AMD against a Third Party Claim (as defined in the Contribution Agreement)), related to any Transaction Document (as defined in the Contribution Agreement) or the transactions contemplated thereunder, and (B) Fujitsu or its Affiliate makes the payments in satisfaction of the claim of the Company, the amounts payable to, or on behalf of, AMD or its Affiliate by Fujitsu or its Affiliate shall be reduced by an amount equal to the product of (X) AMD's Membership Interest at the time of the claim of the Company multiplied by (Y) the aggregate amount paid by Fujitsu to, or on behalf of, the Company, in satisfaction of the claim of the Company.

ARTICLE 13.
MISCELLANEOUS

13.1 Amendments

13.1.1 Joinder. Each Substitute Member shall become a signatory hereto by signing a Joinder Agreement substantially in the form of **Exhibit B**, and this Agreement will be deemed to have been amended to give effect to such Joinder Agreement. By so signing, each Substitute Member, as the case may be, shall be deemed to have adopted and to have agreed to be bound by all of the provisions of this Agreement.

13.1.2 Requirement; Board Authority. Any provision of this Agreement may be amended, if, and only if, such amendment is in writing and is duly executed by all Members; *provided, however*, that amendments may be made to this Agreement from time to time by the Board of Managers, without the consent of either Member: (a) to delete or add any provision of this Agreement required to be so deleted or added by any Governmental Authority, which addition or deletion is deemed by such Governmental Authority to be for the benefit or protection of all of the Members; or (b) to take such actions as may be reasonably necessary (if any) to insure that the Company will be treated as a partnership for federal income tax purposes. Upon the making of any amendment to this Agreement in accordance with the previous sentence, the Board of Managers shall prepare and file such documents and certificates as may be required under the Act and under any other Applicable Law.

13.2 No Waiver

Any provision of this Agreement may be waived if, and only if, such waiver is in writing and is duly executed by the party against whom the waiver is to be enforced. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial waiver or exercise thereof preclude the enforcement of any other right, power or privilege.

13.3 Entire Agreement

This Agreement, together with the Contribution Agreement and the other documents, exhibits and schedules referred to herein and therein, constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and supersede any and all prior

oral and written, and all contemporaneous oral, agreements or understandings pertaining thereto. There are no agreements, understandings, restrictions, warranties or representations relating to such subject matter among the parties other than those set forth herein, in the Contribution Agreement and in the other documents, exhibits and schedules referred to herein and therein.

13.4 Further Assurances

Each of the parties hereto does hereby covenant and agree on behalf of itself, its successors, and its assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish, and deliver such other instruments, documents and statements, and to take such other action as may be required by law or reasonably necessary or advisable to effectively carry out the purposes of this Agreement.

13.5 Notices

Unless otherwise provided herein, all notices, requests, instructions or consents required or permitted under this Agreement shall be in writing and will be deemed given: (a) when delivered personally; (b) when sent by confirmed facsimile; (c) ten (10) Business Days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) three (3) Business Days after deposit with an internationally recognized commercial overnight carrier specifying next-day delivery, with written verification of receipt. All communications will be sent to the addresses listed on **Exhibit A** (or to such other address or facsimile number as may be designated by a party giving written notice to the other parties pursuant to this Section 13.5).

13.6 Tax Matters

13.6.1 Tax Matters Partner.

(a) The Company shall file an election pursuant to Code Section 6231(a)(1)(B)(ii) to have Code Section 6231(a)(1)(B)(i) not apply. For so long as AMD Member and/or any of its Affiliates has an aggregate Percentage Interest greater than fifty percent (50%), AMD Member shall serve as the Company's "Tax Matters Partner" (as defined in Code Section 6231(a)(7)) and shall perform any similar or corresponding role under applicable state law. The Tax Matters Partner shall perform the duties imposed on a Tax Matters Partner under the Code and shall be entitled to expend Company funds for (or to be reimbursed for) reasonable third-party costs relating thereto. All legal and accounting fees relating to any audits of the Company shall be borne by the Company; provided, that the Members shall bear the costs of any audits of their separate tax returns. In the event the United States Internal Revenue Service or any other applicable Governmental Authority notifies the Tax Matters Partner of any proposed Proceeding relating to the Company's information or tax returns or to the amount of the liability of the Company for any Tax, the Tax Matters Partner shall promptly notify the other Members of such matter, shall provide relevant factual information (to the extent known) describing any asserted liability for Tax in reasonable detail and shall provide copies of any notice or other documents received from the Internal Revenue Service or other applicable Governmental Authority with respect to such matter. The Tax Matters Partner shall at all times

keep the other Members informed as to the status of all such Proceedings and shall permit each other Member to Participate fully in that portion of any Proceeding relating to Taxes for which it may have liability under Article X of the Contribution Agreement. Any such right to Participate shall not limit the rights any such other Member may otherwise have under Applicable Law. In the event that a proposed adjustment relating to any "partnership item" (as defined in Code Section 6231(a)(3)) or any similar or corresponding item under applicable state law is an item for which any Member is or potentially may be an Indemnifying Party pursuant to Article X of the Contribution Agreement, the Company shall not enter into any settlement agreement or otherwise agree to any settlement with respect to such partnership item without the consent of the Indemnifying Party.

(b) The Member designated as Tax Matters Partner is hereby authorized to make all elections available to the Company for federal, state, local, and foreign tax purposes, except that in no event shall the Company file an election to be treated as a corporation or as an association taxable as a corporation for United States federal income tax purposes or for purposes of income or corporate franchise tax purposes under the law of any State of the United States. In respect of any tax elections that the Company may be eligible or required to make under the laws of Japan, the Tax Matters Partner shall consult with appropriate officers or other personnel employed by FASL (Japan).

(c) The Tax Matters Partner shall prepare or cause to be prepared all appropriate income and information tax returns for the Company; provided, that if the Company is required to file tax returns with any national or sub-national Governmental Authority in Japan, such returns shall be prepared by a qualified Japanese audit corporation under the supervision of the Board of Managers (which supervisory responsibility may be delegated to the Tax Matters Partner who shall request assistance from FASL (Japan) to the extent that the Tax Matters Partner reasonably determines that such assistance would be in the best interest of the Company. All such returns shall be subject to review by the other Member(s) before filing and shall be delivered to the other Member(s) for review not fewer than ten (10) Business Days in advance of the due date thereof (taking into account any extensions actually obtained); provided, however, that the Tax Matters Partner shall use its best efforts to provide Fujitsu Member with 30 days advance notice if the Tax Matters Partner intends that the Company will take any position on Form 1065 as to which a disclosure will be filed on IRS Form 8275 (or any variation thereof) or as to which the Tax Matters Partner believes that "substantial authority" (within the meaning of Code Section 6662) is or may be lacking, and thereafter, if so requested by Fujitsu Member, shall consult with Fujitsu Member concerning such position. All third-party costs and expenses reasonably incurred by the Tax Matters Partner in performing its duties described in this Section 13.6 or otherwise in accordance with the terms of this Agreement (including legal and accounting fees) shall be borne by the Company. Each Member shall provide to the Tax Matters Partner such information as the Tax Matters Partner deems necessary or appropriate in connection with its activities as Tax Matters Partner; provided, however, that in no event will Fujitsu Member be required to disclose to the Tax Matters Partner or the Company copies of any Tax returns filed by Fujitsu Member or any Affiliate of Fujitsu Member. The Tax Matters Partner shall cooperate with the Members by providing to each Member such information as the

Member may reasonably request concerning the Company and its transactions in connection with the determination of such Member's liability for any Tax or any Proceeding relating thereto.

(d) Notwithstanding any other provisions of this Agreement, Fujitsu Member shall have the right, by written notice to AMD Member, to require that the Company's United States federal, state and local information tax returns be prepared by a certified public accounting firm in the event that any of the following occur: (i) the Company fails to file any required IRS Form 1065 (or successor Form) or corresponding returns or reports for the States of Texas or California on a timely basis (taking into account any extensions actually obtained); (ii) the Company fails to provide to Fujitsu Member the information described in Section 7.10(b) within the applicable time periods set forth in such Section; (iii) penalties under Code Sections 6662 or 6663 are imposed on Fujitsu Member due to the negligence or fraud (as such terms are defined in Sections 6662 and 6663 and the Regulations thereunder) of AMD Member or an Affiliate of AMD Member in preparing tax filings in respect of the Company; or (iv) the Company fails to receive, on a timely basis (not less frequently than annually in advance of filing its Form 1065), an opinion of counsel that after review of materials prepared by the Company to comply with the requirements of Code Section 6222(e) and Section 1.6662-6(d) of the Regulations, given the applicable data and pricing methods, the Company reasonably concluded that the method applied for each of the various intercompany transactions described in such materials provides the most reliable measure of an arm's length result under the best methods rule of Section 1.482-1(c) of the Regulations.

(e) In the event that the Company's tax returns are prepared by a certified public accounting firm, all determinations of the amounts of the Members' Tax Liability Distributions pursuant to Section 5.1.1 shall thereafter be made on a basis consistent with the treatment of particular items or types of transactions taken on the Company's returns as so prepared (to the extent positions have been taken with respect to particular items or types of transactions) unless (i) a change in applicable tax law renders such treatment no longer proper, (ii) the Company receives advice from such certified public accounting firm or outside tax counsel (not including persons employed by the Tax Matters Partner) that another treatment should be followed, or (iii) the Members mutually agree otherwise. If any of the conditions described in clauses (i), (ii) or (iii) of the preceding sentence applies, Tax Liability Distributions shall be calculated consistently with the expected tax treatment of such items based on such change in law, professional advice or mutual agreement.

(f) The provisions of this Section 13.6 shall survive the termination or dissolution of the Company and shall remain binding on the Members for such period of time as is necessary to resolve any and all matters regarding the Tax treatment of the Company and Tax items attributable to the Company.

13.6.2 Standards. Except as set forth in Section 13.6.3, the Tax Matters Partner and its Affiliates shall not be liable, responsible, or accountable, in damages or otherwise, to the Company or to any other Member(s) for doing any act or failing to do any act, with respect to the Tax Matters Partner's duties set forth in this Section 13.6 or otherwise performed, the effect of

which may cause or result in loss or damage to the Company or any Member(s), unless the Tax Matters Partner or one of its Affiliates engages in gross negligence or willful misconduct.

13.6.3 Indemnity. Notwithstanding any other provision of this Agreement, in the event that a positive Tax Liability Distribution Adjustment pursuant to Section 5.1.1 herein is made in respect of Fujitsu Member in respect of any Fiscal Year of the Company, the Company shall indemnify and hold harmless Fujitsu Member for any resulting penalties and interest. Any payment made to Fujitsu Member pursuant to the preceding sentence of this Section 13.6.3 shall be treated as a guaranteed payment within the meaning of Code Section 707(c). The amount of any payments made pursuant to this Section 13.6.3 shall be determined so as to fully indemnify Fujitsu Member for such penalties and interest after taking into account the amount of income Tax required to be paid by Fujitsu Member with respect to such amount (for this purpose, the payment shall be treated as being subject to income Tax at the Tax Distribution Rate applicable to the year in which such amount is includible in taxable income by Fujitsu Member) and the Tax benefit of the corresponding deduction allocated to Fujitsu Member by the Company (which deduction shall be treated as providing a Tax benefit at the Tax Distribution Rate applicable to Fujitsu Member for its taxable year with or within which ends the taxable year of the Company for which such amount is properly deductible by the Company).

13.7 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, United States of America, as applied to agreements among Delaware residents entered into and wholly to be performed within the State of Delaware (without reference to any choice or conflicts of laws rules or principles that would require the application of the laws of any other jurisdiction).

13.8 Construction; Interpretation

13.8.1 Certain Terms. The words “hereof,” “herein,” “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement. The term “including” is not limited and means “including without limitation.”

13.8.2 Section References; Titles and Subtitles. Unless otherwise noted, all references to Sections, Schedules and Exhibits herein are to Sections, Schedules and Exhibits of this Agreement. The titles, captions and headings of this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

13.8.3 Reference to Persons, Agreements, Statutes. Unless otherwise expressly provided herein, (i) references to a Person include its successors and permitted assigns, (ii) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements and other modifications thereto or supplements thereof and (iii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such statute or regulation.

13.8.4 Presumptions. No party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any party.

13.9 Rights and Remedies Cumulative

The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

13.10 No Assignment; Binding Effect

Except as otherwise expressly provided herein, no party may assign, delegate or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each other party. Any attempted assignment in violation of the foregoing shall be null and void. Subject to the foregoing, this Agreement shall be binding on and inure to the benefit of the Members, their heirs, executors, administrators, successors and all other Persons hereafter holding, having or receiving an interest in the Company, whether as Assignees, Substitute Members or otherwise.

13.11 Language

This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the parties. All communications and notices to be made or given pursuant to this Agreement shall be in the English language.

13.12 Severability

If any provision in this Agreement will be found or be held to be invalid or unenforceable, then the meaning of said provision will be construed, to the extent feasible, so as to render the provision enforceable, and if no feasible interpretation would save such provision, it will be severed from the remainder of this Agreement which will remain in full force and effect unless the severed provision is essential and material to the rights or benefits received by any party. In such event, the parties will use their respective best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the parties' intent in entering into this Agreement.

13.13 Counterparts

This Agreement may be executed in counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement. Execution and delivery of this Agreement by exchange of facsimile copies bearing

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of the exhibit has been filed separately with the Securities and Exchange Commission.*

the facsimile signature of a party shall constitute a valid and binding execution and delivery of this Agreement by such party.

13.14 Dispute Resolution

The parties hereby agree that claims, disputes or controversies of whatever nature, arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement (or any other agreement contemplated by or related to this Agreement), shall be resolved in accordance with the dispute resolution procedures set forth in **Schedule A**.

13.15 Third-Party Beneficiaries

None of the provisions of this Agreement shall be for the benefit of or be enforceable by any creditor of the Company or by any third-party creditor of any Member. This Agreement is not intended to confer any rights or remedies hereunder upon, and shall not be enforceable by, any Person other than the parties hereto (including, for the avoidance of doubt, AMD and Fujitsu as parties hereto with respect to all applicable provisions hereof), their respective successors and permitted assigns and, solely with respect to the provision of Section 7.11, each Indemnitee and each other indemnified Person addressed therein.

13.16 Specific Performance

The parties agree that irreparable damage will result if this Agreement is not performed in accordance with its terms, and the parties agree that any damages available at law for a breach of this Agreement would not be an adequate remedy. Therefore, the provisions hereof and the obligations of the parties hereunder shall be enforceable in a court of equity, or other tribunal with jurisdiction, by a decree of specific performance, and appropriate injunctive relief may be applied for an granted in connection therewith. Such remedies and all other remedies provided for in this Agreement shall, however, be cumulative and not exclusive and shall be in addition to any other remedies that a party may have under this Agreement, at law or in equity.

13.17 Consequential Damages

No party shall be liable to any other party under any legal theory for indirect, special, incidental, consequential or punitive damages, or any damages for loss of profits, revenue or business, even if such party has been advised of the possibility of such damages (it being understood that (i) diminution in value of Membership Interest shall not be considered to fall within any such category of damages and (ii) a claim seeking to recover diminution in value shall not be limited by operation of this Section 13.17).

(Signature Page Follows)

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of the exhibit has been filed separately with the Securities and Exchange Commission.*

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

MEMBERS

AMD INVESTMENTS, INC.

By: /s/ Thomas M. McCoy

Name: Thomas M. McCoy
Title: Vice President and Secretary

FUJITSU MICROELECTRONICS
HOLDING, INC.

By: /s/ Kazuo Iida

Name: Kazuo Iida
Title: President

NON-MEMBERS

ADVANCED MICRO DEVICES, INC.

By: /s/ Thomas M. McCoy

Name: Thomas M. McCoy
Title: Senior Vice President, General Counsel
Address: One AMD Place
Sunnyvale, California 94086
Facsimile: (408) 774-7399

FUJITSU LIMITED

By: /s/ Hiroaki Kurokawa

Name: Hiroaki Kurokawa
Title: President and Representative Director
Address: _____

_____

Facsimile: _____

Schedule S-1

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of the exhibit has been filed separately with the Securities and Exchange Commission.*

Exhibit 10.53

CONTRIBUTION AND ASSUMPTION AGREEMENT

By and Among

ADVANCED MICRO DEVICES, INC.,

AMD INVESTMENTS, INC.,

FUJITSU LIMITED,

FUJITSU MICROELECTRONICS HOLDING, INC.

and

FASL LLC

Dated as of June 30, 2003

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ANNEXES

CONTRIBUTION AND ASSUMPTION AGREEMENT

This **CONTRIBUTION AND ASSUMPTION AGREEMENT** (this "Agreement") is dated as of June 30, 2003, by and among Advanced Micro Devices, Inc., a Delaware corporation ("AMD"), AMD Investments, Inc., a Delaware corporation ("AMD Investments"), Fujitsu Limited, a corporation organized under the laws of Japan ("Fujitsu"), Fujitsu Microelectronics Holding, Inc., a Delaware corporation ("Fujitsu Sub"), and FASL LLC, a Delaware limited liability company (the "Joint Venture").

R E C I T A L S

A. Fujitsu AMD Semiconductor Limited K.K., a company organized under the laws of Japan ("FASL (Japan)"), a joint venture of AMD and Fujitsu, is engaged in the manufacture and supply to AMD and Fujitsu of certain semiconductor devices, a substantial function of which is code and/or data storage (the "FASL (Japan) Flash Memory Business").

B. AMD and its Affiliates are also separately engaged in the research and development, manufacture, marketing, distribution, promotion and sale of Stand-Alone NVM Products (excluding distribution and sales-related activities) (the "AMD Flash Memory Business").

C. Fujitsu and its Affiliates are also separately engaged in the research and development, manufacture, marketing, distribution, promotion and sale of Stand-Alone NVM Products (excluding (i) Ferro-electric non-volatile memory technology and products and (ii) distribution and sales-related activities) (the "Fujitsu Flash Memory Business").

D. The Joint Venture has previously been formed by the filing of a Certificate of Formation with the Delaware Secretary of State.

E. AMD Investments has previously contributed to the Joint Venture the assets set forth on Annex A hereto (the "AMD Pre-Closing Contributed Assets").

F. AMD, AMD Investments, Fujitsu, Fujitsu Sub and the Joint Venture are entering into this Agreement, pursuant to which AMD Investments and Fujitsu Sub will transfer to the Joint Venture assets related to the AMD Flash Memory Business and assets related to the Fujitsu Flash Memory Business, respectively, in exchange for which AMD Investments and Fujitsu Sub will receive Membership Interests in the Joint Venture.

G. It is the intention of the parties to combine the AMD Flash Memory Business, the Fujitsu Flash Memory Business and the FASL (Japan) Flash Memory Business, and for the Joint Venture to succeed to and conduct the AMD Flash Memory Business, the Fujitsu Flash Memory Business and the FASL (Japan) Flash Memory Business (the "Joint Venture Business").

NOW, THEREFORE, in consideration of the premises, and the mutual representations, warranties, covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto intending to be legally bound by the terms hereof applicable to each of them, hereby agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following capitalized terms shall have the following meanings when used herein:

"4-Year Operations Plan" has the meaning set forth in the Operating Agreement.

"Additional Portion No. 1 Pension Benefit Liability" for any FASL Included Employee shall mean the PBO of such FASL Included Employee under the Additional Portion No. 1 of the Fujitsu Employee Pension Fund, determined as of the Establishment Date using the Specified Actuarial Assumptions.

"Additional Portion No. 3 Pension Benefit Liability" for any FASL Included Employee shall mean the PBO of such FASL Included Employee under the Additional Portion No. 3 of the Fujitsu Employee Pension Fund, determined as of the Establishment Date using the Specified Actuarial Assumptions.

"Affiliate" of a Person means any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. A Person shall be deemed an Affiliate of another Person only so long as such control relationship exists. The parties acknowledge and agree that neither Fujitsu nor AMD is presently controlled by any other Person. Notwithstanding the foregoing, neither the Joint Venture nor FASL (Japan) shall be deemed to be an Affiliate of either Fujitsu or AMD for purposes of this Agreement.

"After Tax Basis" means a basis such that any payment received by a Person shall be decreased by the amount of any reduction in Taxes resulting from the deduction of the expense indemnified against (and in the case of the Joint Venture being the indemnified Person, such payment shall be decreased by any reduction in Taxes resulting from the deduction by the Member that is not the indemnifying Person (or whose Affiliate is not the indemnifying Person) of its allocable share (based on such Member's Percentage Interest) of the expense indemnified against ("First Amount"), and if any such decrease is made, then such payment shall be decreased by an additional amount based on the other Member's Percentage Interest ("Second Amount"), such that the First Amount and Second Amount shall be in the same ratio as the

Members' respective Percentage Interests). In the event that the expense indemnified against is used to reduce Taxes by way of amortization or depreciation, payments made on an After Tax Basis shall be refunded in each taxable year of the Person who receives an indemnification payment by such Person under the principles of the preceding sentence. In the event a taxing authority shall treat any indemnification payment as includible in gross income or disallow any deduction taken into account hereunder, the indemnification shall be recomputed and further payments or refunds made in respect of the decrease in the indemnification amount paid. All determinations under Section 10.8(c) as to the existence of a reduction in Taxes shall be made in good faith by the indemnified Person (and in the case of the Joint Venture being the indemnified Person, by the Member that is not the indemnifying Person or whose Affiliate is not the indemnifying Person), and in this regard decisions by the indemnified Person (and in the case of the Joint Venture being the indemnified Person by the Member that is not the indemnifying Person or whose Affiliate is not the indemnifying Person) in respect of the treatment of tax items shall be made without regard to the fact that indemnity payments will be made on an After Tax Basis in accordance with the terms of the paragraph. Payments shall be made on an After Tax Basis taking into account only reductions in Taxes occurring in the taxable year in which the deduction, amortization or depreciation of the expense indemnified against first occurs and in the next two (2) succeeding taxable years. If requested by the indemnifying Person, the indemnified Person (and in the case of the Joint Venture being the indemnified Person, by the Member that is not the indemnifying Person or whose Affiliate is not the indemnifying Person), shall provide a copy of its tax returns to an independent tax professional (which may be such Person's auditor) which shall report to the indemnifying Person whether, in the opinion of such independent tax professional, (i) the computation as to the amount of a reduction in Taxes, if any, was accurate and (ii) the judgment as to the existence and amount of any reduction in Taxes was made in good faith. The determination of the independent tax professional shall be final and binding and not subject to further review. The costs of the review by the independent tax professional shall be borne by the indemnifying Person.

"AMD Benefits Liabilities" means Liabilities relating to any benefit calculated with respect to any time period ending prior to the Closing under the AMD Business Benefit Plans including any Liabilities relating to unpaid salary, commissions, bonuses, allowances, subsidies, reimbursements, shift differentials, social insurance payments, workers' compensation contributions, or the payroll amounts earned or accrued prior to Closing.

"AMD Business Benefit Plans" means any Benefit Plan or Foreign Plan maintained or contributed to, or required to be maintained or contributed to, by AMD or for the benefit of any present or former officers or employees of the AMD Flash Memory Business.

"AMD Business Assets" means the AMD Contributed Assets and all properties and assets of the AMD Contributed Subsidiaries, of whatsoever nature and wherever located, that are owned, leased or licensed by the AMD Contributed Subsidiaries immediately prior to the Closing and the AMD Pre-Closing Contributed Assets owned, leased or licensed by the Joint Venture immediately prior to the Closing, but excluding the AMD Excluded Assets. For purposes of the definitions of "AMD Excluded Liabilities," and "Transfer Taxes," and Sections 2.2, 2.3, 2.4 and 8.4, AMD Business Assets shall be deemed to include the Intellectual Property Rights contributed or otherwise assigned by AMD or its Affiliates to the Joint Venture or its Affiliates under the Intellectual Property Agreement.

"AMD California Assets" means the Sunnyvale Real Property and the assets listed on Annex B hereto.

"AMD China" means Advanced Micro Devices (Suzhou) Limited, a company organized under the laws of China and a wholly-owned Subsidiary of AMD Singapore.

"AMD Closing Date California Assets" means the assets listed on Annex C hereto.

"AMD Closing Date Contributed Fab 25 Assets" means the Austin Real Property and the assets listed on Annex D hereto.

"AMD Coatue Assets" means the assets listed on Annex E hereto.

"AMD Contributed Subsidiaries" means AMD Malaysia, AMD Singapore, AMD Thailand and AMD China. For the avoidance of doubt, AMD Contributed Subsidiaries does not include FASL (Japan).

"AMD Contributed Subsidiary Closing Balance Sheets" means the unaudited balance sheets as of the Closing of the AMD Contributed Subsidiaries attached hereto as Annex F.

"AMD Environmental Condition" means (a) the Handling or Release prior to the Closing by AMD, its Affiliates, the Joint Venture or any of their Predecessors or contractors of any Hazardous Substance in, on, from, under or to any AMD Operating Site, including the effects of such Handling or Release of Hazardous Substances on resources, Persons or property inside or outside the boundaries of any AMD Operating Site whether before or after Closing; (b) any presence or Release of any Hazardous Substance in, on, from, under or to the AMD Business Assets before or at the Closing, including the effects of such presence or Release on resources, Persons, or property inside or outside the boundaries of the AMD Business Assets whether before or after the Closing; (c) any other act or omission prior to the Closing of AMD, its Affiliates, the Joint Venture or any of their Predecessors in connection with the operation of the AMD Flash Memory Business or the AMD Business Assets or of the Joint Venture, any of the AMD Contributed Subsidiaries or its or their Predecessors that gives rise to Liability under any Environmental Law; and (d) any Coatue Environmental Condition.

"AMD Excluded Assets" means (a) cash and marketable securities of AMD and its Affiliates (other than cash and marketable securities of the AMD Contributed Subsidiaries), (b) accounts and notes receivable of AMD and its Affiliates (other than accounts and notes receivable of the AMD Contributed Subsidiaries), (c) the AMD Licensed Intellectual Property and (d) the assets set forth on Annex G hereto.

"AMD Excluded Liabilities" means all Liabilities of AMD and its Affiliates that are not AMD Assumed Liabilities, including, without limitation (a) Liabilities related to or arising from any of the AMD Excluded Assets, (b) Liabilities related to or arising from AMD Environmental Conditions, (c) Liabilities of AMD under Sections 2.3, 2.4 and 2.5, (d) Liabilities of AMD or any of its Affiliates that do not relate to the AMD Flash Memory Business, (e) Liabilities of AMD or any of its Affiliates related to or arising out of events or circumstances occurring in connection with the operation of the AMD Flash Memory Business or the AMD Business Assets prior to Closing, including Liabilities related to any time period ending prior to the Closing regarding performance or other obligations required to be performed prior to Closing under Contracts and Permits included in the AMD Business Assets, other than Liabilities to the extent reflected on the AMD Contributed Subsidiary Closing Balance Sheets (except as otherwise specifically provided in Sections 2.3 and 2.5 or any other provision of the Transaction Documents), (f) AMD Benefits Liabilities, except as otherwise specifically provided under Section 8.5 or any other provisions of the Transaction Documents, (g) Liabilities related to (A) any Proceedings pending against AMD or any of its Affiliates prior to the Closing and (B) any Proceedings instituted after the Closing arising from the operation of the AMD Flash Memory Business or the AMD Business Assets prior to the Closing and (h) any accounts or notes payable of AMD and its Affiliates outstanding immediately prior to the Closing, other than accounts or notes payable reflected on the AMD Contributed Subsidiary Closing Balance Sheets.

"AMD FASL (Japan) Additional Equity" means 162,837 shares of FASL (Japan) stock represented by certificate no. 2B0001.

"AMD FASL (Japan) Closing Date Contributed Equity" means 292,961 shares of FASL (Japan) stock represented by certificate nos. 1B0001, 3B0001, 3B0002, 3B0003, 3B0004, 3B0005, 3B0006, 3B0014, 3B0015, 3B0016 and 3B0017.

"AMD Inventory" means all of AMD's, AMD Investments' and the AMD Contributed Subsidiaries' wafers, die, raw materials, work in process and finished products with respect to the AMD Flash Memory Business, in each case, wherever located.

"AMD Licensed Intellectual Property" means the Intellectual Property Rights licensed by AMD to the Joint Venture or its Affiliates pursuant to the AMD-FASL Patent-Cross License Agreement and the Intellectual Property Agreement.

"AMD Malaysia" means FASL (Penang) Sdn. Bhd., a company organized under the laws of Malaysia.

"AMD Malaysia Equity" means all of the outstanding capital stock or other equity interests of AMD Malaysia.

"AMD Operating Site" means the AMD Business Assets and any Real Property or Facility owned, operated, leased or used at any time prior to Closing by AMD, its Affiliates or its or their Predecessors in connection with the operation of Coatue, the AMD Flash Memory Business or by Coatue, the Joint Venture, the AMD Contributed Subsidiaries, or its or their Subsidiaries or Predecessors, including any offsite disposal or treatment facilities used in connection with the Flash Memory Business or by the Joint Venture, the AMD Contributed Subsidiaries or its or their Subsidiaries or Predecessors.

"AMD Prospective Transferred Employees" means those employees of AMD listed on Annex H attached hereto who will be offered employment by the Joint Venture or its Affiliates.

"AMD Singapore" means AMD Holdings (Singapore) Pte. Ltd., a company organized under the laws of Singapore.

"AMD Singapore Equity" means all of the outstanding capital stock or other equity interests of AMD Singapore.

"AMD Thailand" means AMD (Thailand) Limited, a company organized under the laws of Thailand.

"AMD Thailand Equity" means all of the outstanding capital stock or other equity interests of AMD Thailand.

"Ancillary Documents" means the agreements, certificates, instruments or other documents to be executed and delivered in connection with this Agreement, including, without limitation, the agreements, certificates, instruments or other documents referenced in Section 4.1(b).

"Applicable Law" means, with respect to a Person, any domestic or foreign, national, federal, territorial, state or local constitution, statute, law (including principles of common law), treaty, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, legally binding directive, judgment, decree or other requirement or restriction of any arbitrator or Governmental Authority applicable to such Person or any of its Affiliates or any of their respective properties, assets, officers, directors, employees, consultants or agents (in connection with such officer's, director's, employee's, consultant's or agent's activities on behalf of such Person or any of its Affiliates).

"Austin Real Property" means the Real Property known as AMD buildings F25 and B4 located in Austin, Texas, and more particularly described in the Fab 25 Deed.

"Bangkok Real Property" means the Real Property located at Tambon Pakkred, Amphur Pakkred, Nonthaburi Province, Thailand, described in (a) the Land Title Deed No. 1061, Plot No. 225, Survey Page 17, (b) the Land Title Deed No. 17035, Plot No. 217, Survey Page 32, (c) Land Title Deed No. 17036, Plot No. 218, Survey Page 33 and (d) the factory building situated on the foregoing as No. 229 Moo 4.

"Basic Pension Benefit Liability" for any FASL Included Employee shall mean the PBO of such FASL Included Employee under the Basic Portion of the Fujitsu Employee Pension Fund, determined as of the Establishment Date using the Specified Actuarial Assumptions.

"Benefit Plan" means an Employee Benefit Plan or any other benefit arrangement, including, without limitation, (a) each employment or consulting agreement, (b) each arrangement providing for insurance coverage or workers' compensation benefits, (c) each incentive bonus, deferred bonus or other incentive compensation arrangement, (d) each arrangement providing termination allowance, severance or similar benefits, (e) each equity and equity-based compensation plan, (f) each deferred compensation plan, (g) each compensation policy and practice and (h) each vacation, vacation pay, and paid or unpaid leave policy and practice.

"Charter Documents" of any Person means such Person's articles of incorporation, by-laws, certificate of formation, limited liability company agreement or equivalent governance and organizational documents.

"Coatue" means Coatue Corporation, a Delaware corporation, a wholly owned Subsidiary of AMD.

"*Coatue Employees*" means Andrew Perlman, Aaron Mandell, Avi Goldberg, Juri Krieger, David Guan, Igor Sokolik, Stuart Spitzer, Richard Kingsborough, William Leonard and Michael Lineham.

"*Coatue Employee Contracts*" means (i) Separation Payment Agreement, dated June 6, 2003, by and among AMD and each of Andrew Perlman, Aaron Mandell, Avi Goldberg, Juri Krieger, Stuart Spitzer and David Guan, (ii) Offer Letters, dated June 6, 2003, from AMD to each of Andrew Perlman, Aaron Mandell, Avi Goldberg, Juri Krieger, David Guan, Igor Sokolik, Stuart Spitzer, Richard Kingsborough, William Leonard and Michael Linehan, and (iii) Side Letters, dated June 6, 2003, regarding Acquisition of Coatue Corporation by Advanced Micro Devices, Inc., by and between AMD, U.S. Bank National Association and each of Andrew Perlman, Aaron Mandell, Avi Goldberg, Juri Krieger, David Guan, Igor Sokolik, Stuart Spitzer, Richard Kingsborough, William Leonard and Michael Linehan.

"Coatue Environmental Condition" means the presence or Release of any Hazardous Substance associated with the Wells G & H Superfund Site that is present in soil or groundwater at, in, on, under or to the Coatue Property prior to Closing, including the effects of such Hazardous Substances on resources, Persons, or property inside or outside the boundaries of the Coatue Property whether before or after Closing. With respect to any Hazardous Substances detected in soil or groundwater at, in, on, under from or to the Coatue Property after Closing, AMD shall bear the burden of proving that such Hazardous Substance is not a Coatue Environmental Condition.

"Coatue Property" means the Real Property located at 25-NPR&S Olympia Avenue, Woburn, Massachusetts.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Contract" means agreements, contracts, notes, loans, evidences of indebtedness, purchase orders, letters of credit, indentures, security or pledge agreements, undertakings, practices, covenants not to compete, employment agreements, severance agreements, licenses, leases, instruments, obligations or commitments, whether oral or written.

"Contributing Party" means AMD Investments and Fujitsu Sub. The parties agree that each obligation to be performed in this Agreement by a Contributing Party shall be deemed also to be an obligation of the parent company of such Contributing Party (AMD in the case of AMD Investments and Fujitsu in the case of Fujitsu Sub).

"Employee Benefit Plan" means any employee benefit plan, as defined in Section 3(3) of ERISA.

"Environmental Law" means all Applicable Laws which regulate or relate to the protection or clean-up of the environment, the Handling or Release of Hazardous Substances, waste or materials, or other dangerous substances, wastes, pollution or materials (whether gas, liquid or solid), the health and safety of Persons as affected by such substances, including protection of the health and safety of employees, or the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources. Environmental Laws include, but are not limited to, the United States Federal Water Pollution Control Act, the United States Resource Conservation & Recovery Act, the United States Clean Water Act, the United States Safe Drinking Water Act, the United States Atomic Energy Act, the United States Occupational Safety and Health Act, the United States Toxic Substances Control Act, the United States Clean Air Act, the United States Comprehensive Environmental Response, Compensation and Liability Act, the United States Hazardous Materials Transportation Act, all associated amendments and subsequent related legislation, and all analogous or related Applicable Laws.

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

"ERISA Affiliate" of any Person means any other Person that, together with such Person as of the relevant measuring date under ERISA, was or is required to be treated as a single employer under Section 414 of the Code.

"Establishment Date" shall mean the date on which FASL (Japan) establishes its own employee pension fund. For purposes of clarification, AMD and Fujitsu confirm that the target Establishment Date is April 1, 2006.

"Fab 25 Loan Agreement" means the Amended and Restated Term Loan Agreement among the Joint Venture and General Electric Capital Corporation, Bank of America, N. A., and Merrill Lynch Capital, a Division of Merrill Lynch Financial Services Inc.

"Facilities" means all plants, offices, manufacturing facilities, support facilities, warehouses, improvements, administration buildings and amenities.

"FASL Included Employee" shall mean a FASL (Japan) Employee but shall exclude: (i) with respect to the period of time prior to the Launch Date, an employee of FASL (Japan) who was not previously an employee of Fujitsu or its Affiliates; and (ii) with respect to the period of time after the Launch Date, a newly hired employee of FASL (Japan) other than a Transferred Employee.

"FASL (Japan) Employee" shall mean an employee of FASL (Japan) including a Transferred Employee.

"FASL (Japan) Monden Property" means the Real Property owned by Fujitsu and leased by FASL (Japan) prior to Closing located at 6 Monden Industrial Park, Aizuwakamatsu City, Fukushima, Japan.

"FASL (Japan) Portion of the Unfunded Amount" for any FASL Included Employee shall mean the Unfunded Amount for such employee minus the Fujitsu Portion of the Unfunded Amount for such employee.

"Fixtures and Equipment" means furniture, fixtures, furnishings, machinery, equipment, vehicles, computer hardware, and other tangible personal property, whether owned or leased.

"Foreign Plan" means any plan, program, policy, arrangement or agreement established or maintained outside the United States which provides, or results in the provision of, the type of benefits described in Section 3(1) or 3(2) of ERISA, and which plan is not subject to ERISA or the Code.

"Fujitsu Benefits Liabilities" means Liabilities relating to any benefit calculated with respect to any time period ending prior to the Closing under the Fujitsu Business Benefit Plans including any Liabilities relating to unpaid salary, commissions, bonuses, allowances, subsidies, reimbursements, shift differentials, social insurance payments, workers' compensation contributions, or other payroll amounts earned or accrued prior to the Closing.

"Fujitsu Business Assets" means the Fujitsu Contributed Assets and all properties and assets of the Fujitsu Contributed Subsidiary, of whatsoever nature and wherever located, that are at the time of Closing owned, leased or licensed by the Fujitsu Contributed Subsidiary immediately prior to the Closing, but excluding the Fujitsu Excluded Assets. For purposes of the definitions of "Fujitsu Excluded Liabilities," and "Transfer Taxes," and Sections 2.2, 2.3, 2.4 and 8.4, Fujitsu Business Assets shall be deemed to include the Intellectual Property Rights contributed or otherwise assigned by Fujitsu or its Affiliates to the Joint Venture or its Affiliates under the Intellectual Property Agreement.

"Fujitsu Business Benefit Plans" means any Benefit Plan or Foreign Plan maintained or contributed to, or required to be maintained or contributed to, by Fujitsu or for the benefit of any present or former officers or employees of the Fujitsu Flash Memory Business.

"Fujitsu Contributed Subsidiary" means Fujitsu Malaysia. For the avoidance of doubt, Fujitsu Contributed Subsidiary does not include FASL (Japan).

"Fujitsu Contributed Subsidiary Closing Balance Sheet" means the unaudited balance sheet as of the Closing of the Fujitsu Contributed Subsidiary attached hereto as Annex I.

"Fujitsu Division Assets" means the assets described in Annex J.

"Fujitsu Employee Pension Fund" shall mean the Basic Portion, Additional Portion No. 1 and Additional Portion No. 3 of the Fujitsu Pension Fund (*Fujitsu Kousei Nenkin Kikin*) maintained for the benefit of, among other employees, Fujitsu Transferred Employees and Fujitsu Prospective Transferred Employees. For purposes of this Agreement, the term Fujitsu Employee Pension Fund shall not include the Additional Portion No. 2 or Additional Portion No. 4 of the Fujitsu Pension Fund.

"Fujitsu Environmental Condition" means (a) the Handling or Release prior to the Closing by Fujitsu or its Affiliates or its or their Predecessors or contractors of any Hazardous Substance, in, on, from, under or to any Fujitsu Operating Site, including the effects of such Handling or Release of Hazardous Substances on resources, Persons or property inside or outside the boundaries of any Fujitsu Operating Site, whether before or after the Closing; (b) any presence or Release of any Hazardous Substance in, on, from, under or to the Fujitsu Business Assets before or at the Closing, including the effects of such presence or Release on resources, Persons, or property inside or outside the boundaries of the Fujitsu Business Assets, whether before or after Closing; (c) any other act or omission prior to the Closing of Fujitsu, its Affiliates or its or their Predecessors in connection with the operation of the Fujitsu Flash Memory Business or the Fujitsu Business Assets or the Fujitsu Contributed Subsidiary or its Predecessors that gives rise to Liability under any Environmental Law; and (d) any Fujitsu Monden Environmental Condition.

"Fujitsu Excluded Assets" means (a) cash and marketable securities of Fujitsu and its Affiliates (other than cash and marketable securities of the Fujitsu Contributed Subsidiary, if any, reflected on the Fujitsu Contributed Subsidiary Closing Balance Sheet), (b) accounts and notes receivable of Fujitsu and its Affiliates (other than accounts and notes receivable of the Fujitsu Contributed Subsidiary, if any, reflected on the Fujitsu Contributed Subsidiary Closing Balance Sheet), (c) the Fujitsu Licensed Intellectual Property and (d) the assets listed on Annex K hereto.

"*Fujitsu Excluded Liabilities"* means all Liabilities of Fujitsu and its Affiliates that are not Fujitsu Assumed Liabilities, including, without limitation (a) Liabilities related to or arising from any of the Fujitsu Excluded Assets, (b) Liabilities related to or arising from Fujitsu Environmental Conditions, (c) Liabilities of Fujitsu under Sections 2.3, 2.4 and 2.5, (d) Liabilities of Fujitsu or any of its Affiliates that do not relate to the Fujitsu Flash Memory Business, (e) Liabilities of Fujitsu or any of its Affiliates related to or arising out of events or circumstances occurring in connection with the operation of the Fujitsu Flash Memory Business or the Fujitsu Business Assets prior to Closing, including Liabilities related to any time period ending prior to the Closing regarding performance or other obligations required to be performed prior to Closing under Contracts and Permits included in the Fujitsu Business Assets, other than Liabilities to the extent reflected on the Fujitsu Contributed Subsidiary Closing Balance Sheet (except as otherwise specifically provided in Sections 2.3 and 2.5 or any other provision of the Transaction Documents), (f) Fujitsu Benefits Liabilities, except as otherwise provided under Section 8.5 hereof or any other provision of the Transaction Documents, (g) Liabilities related to (i) any Proceedings pending against Fujitsu or any of its Affiliates prior to the Closing and (ii) any Proceedings instituted after the Closing arising from the operation of the Fujitsu Flash Memory Business or the Fujitsu Business Assets prior to the Closing and (h) any accounts or notes payable of Fujitsu and its Affiliates outstanding immediately prior to the Closing, other than accounts or notes payable reflected on the Fujitsu Contributed Subsidiary Closing Balance Sheet.

"Fujitsu FASL (Japan) Equity" means 487,955 shares of FASL (Japan) stock represented by certificate no. 1A001.

"Fujitsu Inventory" means all of Fujitsu's and the Fujitsu Contributed Subsidiary's wafers die, raw materials, work in process and finished products with respect to the Fujitsu Flash Memory Business, in each case, wherever located.

"Fujitsu Licensed Intellectual Property" means the Intellectual Property Rights licensed by Fujitsu to the Joint Venture or its Affiliates pursuant to the Fujitsu-FASL Patent-Cross License Agreement and the Intellectual Property Agreement.

"Fujitsu Malaysia" means Fujitsu Microelectronics (Malaysia) Sdn. Bhd., a company organized under the laws of Malaysia.

"Fujitsu Malaysia Equity" means all of the outstanding capital stock or other equity interests of Fujitsu Malaysia.

"Fujitsu Monden Environmental Condition" means the presence or Release at, in, on, under or from the Fujitsu Monden Property, prior to the Closing Date, to soil or groundwater at, in, on, under or to the FASL (Japan) Monden Property of any Hazardous Substances associated with, or that have resulted in, the detection of fluorine in groundwater at the FASL (Japan) Monden Property as described in the Phase II Environmental Site Assessment (ERM, Inc. June 6, 2003), including the effects of such presence or Release on resources, Persons, or property inside or outside the boundaries of the FASL (Japan) Monden Property whether before or after the Closing. In the case of an ongoing or continual Release of the above-referenced Hazardous Substances as of the Closing Date, Fujitsu Monden Environmental Condition includes any portion of the Release that occurs after the Closing Date.

"Fujitsu Monden Property" means the Real Property owned by Fujitsu located within the Monden Industrial Park in Aizuwakamatsu City, Fukushima, Japan, but not including the FASL (Japan) Monden Property.

"Fujitsu Operating Site" means any Fujitsu Business Assets and any Real Property or Facility owned, operated, leased or used at any time prior to the Closing by Fujitsu, its Affiliates or its or their Predecessors in connection with the operation of the Fujitsu Flash Memory Business or by the Fujitsu Contributed Subsidiary, or its Subsidiaries or Predecessors, including, without limitation, any offsite disposal or treatment facilities used in connection with the Fujitsu Flash Memory Business or by the Fujitsu Contributed Subsidiary, or its Subsidiaries or Predecessors.

"Fujitsu Portion of the Unfunded Amount" for any FASL Included Employee shall mean the product of the Unfunded Amount for that employee multiplied by the employee's years of service through the end of the Secondment Period and divided by such employee's total years of service through the Establishment Date, plus an additional 5% of such Unfunded Amount in consideration of the efforts of the parties to reconcile Japanese and United States accounting principles. For purposes of clarification, and solely by way of example, if the Fujitsu Portion of the Unfunded Amount when expressed as a percentage of a FASL Included Employee's Unfunded Amount prior to the additional 5% amount described in the preceding sentence is 60%, the total Fujitsu Portion of the Unfunded Amount for such FASL Included Employee shall be 65% of the total Unfunded Amount for that Employee.

"Fujitsu Prospective Transferred Employees" means those employees of Fujitsu and its Affiliates listed on Annex L attached hereto who will be transferred by Fujitsu and its Affiliates to FASL (Japan) or its Affiliates, either as of the Launch Date or at the end of the Secondment Period (as defined in the Fujitsu Secondment Agreement), as the case may be.

"Fujitsu Transferred Employees" means employees of Fujitsu who have been transferred from Fujitsu (or its Affiliates, as the case may be), including employees who transfer from Fujitsu as of the Launch Date and the Seconded Employees (as defined in the Fujitsu Secondment Agreement) who transfer from Fujitsu as of the Fujitsu Transfer Date (as defined in the Fujitsu Secondment Agreement).

"Governmental Authority" means any foreign, domestic, national, federal, territorial, state or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

"Handling" means any use, generation, storage, treatment, processing, transportation, recycling, disposal, or other handling or disposition of any kind, including the arrangement by contract, agreement or otherwise for such handling or disposition by any other Person.

"Hazardous Substance" means any pollutants, contaminants, chemicals, waste; any toxic, infectious, carcinogenic, reactive, corrosive, ignitable or flammable chemical or chemical compound; or any hazardous substance, material or waste, whether solid, liquid or gas, that is subject to regulation, control or remediation under, or which may form the basis of Liability under, any Environmental Laws. "Hazardous Substance" includes, without limitation, any quantity of asbestos in any form, urea formaldehyde, PCB's, radon gas, crude oil or any fraction thereof, all forms of natural gas, petroleum products, fractions or by-products, radioactive substances, sludges and slag.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"Initial Asset Transfer Amount" shall mean the initial amount of assets to be transferred from the Fujitsu Employee Pension Fund to the FASL (Japan) Employee Pension Fund on the Establishment Date in respect of the FASL (Japan) Employees as determined in accordance with Section 8.9(b)(iii), below.

"Intellectual Property Rights" has the meaning set forth in the Intellectual Property Agreement.

"Japan GAAP" means generally accepted accounting principles in Japan.

"Judgment" includes any (a) judicial or administrative judgment, order, writ, injunction, decree or award or (b) any Contract with any Governmental Authority that is or has been entered into in connection with any Proceeding.

"JV Environmental Condition" means (a) the Handling or Release, after the Closing Date by the Joint Venture, its Subsidiaries, or JV Predecessors of any Hazardous Substance, either in, on, from, under or to a JV Operating Site, including, without limitation, the effects of such Handling or Release of Hazardous Substances on resources, Persons, or property within or outside the boundaries of any JV Operating Site; (b) any other act or omission of the Joint Venture, its Subsidiaries or its or their JV Predecessors, subsequent to the Closing Date that gives rise to Liability or potential Liability under any Environmental Law; and (c) solely for purposes of Section 10.5 of this Agreement, the JV Monden Environmental Condition.

"JV Monden Environmental Condition" means the presence or Release at, in, on, under or from the FASL (Japan) Monden Property, prior to the Closing Date, to soil or groundwater at, in, on, under or to the Fujitsu Monden Property of any Hazardous Substances associated with, or that have resulted in, the detection of fluorine in groundwater at the FASL (Japan) Monden Property as described in the Phase II Environmental Site Assessment (ERM, Inc. June 6, 2003), including the effects of such presence or Release on resources, Persons, or property inside or outside the boundaries of the Fujitsu Monden Property whether before or after the Closing. In the case of an ongoing or continual Release of the above-referenced Hazardous Substances as of the Closing Date, JV Monden Environmental Condition includes any portion of the Release that occurs after the Closing Date.

"JV Operating Site" means any Real Property or Facility owned, leased or used by the Joint Venture, its Subsidiaries or its or their JV Predecessors, from and after Closing in connection with the operation of the Joint Venture Business, including any offsite disposal or treatment facilities utilized in connection with the Joint Venture Business.

"JV Predecessors" means any Person, the assets or obligations of which are acquired or assumed by the Joint Venture or its Subsidiaries or to which the Joint Venture or its Subsidiaries succeeds following the Closing Date.

"Knowledge of AMD" or *"Knowledge"* when used with respect to AMD or similar phrases means the actual knowledge of the individuals listed on Annex M hereto.

"Knowledge of the AMD Facility Managers" means the actual knowledge of the individuals listed on Annex N hereto.

"Knowledge of Fujitsu" or *"Knowledge"* when used with respect to Fujitsu or similar phrases means the actual knowledge of the individuals listed on Annex O hereto.

"Knowledge of the Fujitsu Facility Managers" means the actual knowledge of the individuals listed on Annex P hereto.

"Kuala Lumpur Real Property" means the following parcels of Real Property: (i) the single parcel known as Lot P.T. 752, Persiaran Kuala Selangor, located at Persiaran Kuala Selangor, Sek. 26 40000 Shah Alam, Selangor Darul Ehsan, Malaysia, with a total area of 1,742,400 square feet, and more particularly described in Land Title Deed No. 71752, Lot. No. 752 Mukim Damanasara and (ii) the two parcels known together as Lot P.T. 753, Persiaran Kuala Selangor, located at Persiaran Kuala Selangor, Sek. 26 40000 Shah Alam, Selangor Darul Ehsan, Malaysia, with total areas of 1,312,141 and 470,800 square feet, respectively, and more particularly described in Land Title Deed No. 71752, Lot. No. 753 Mukim Damanasara.

"Launch Date" means June 30, 2003.

"Liability" means, with respect to any Person, any liability, indebtedness, expense, guaranty, endorsement or obligation of or by such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether or not the same is required to be accrued on the financial statements of such Person.

"Lien" includes any mortgage, lien, pledge, security interest, conditional sale agreement, charge, claim, easement, right, condition, restriction or other encumbrance or defect of title of any nature whatsoever (including, without limitation, (a) any assessment, charge or other type of notice which is levied or given by any Governmental Authority and for which a lien could be filed and (b) any restriction on the use, voting, transfer or receipt of income), in each case excluding licenses of Intellectual Property Rights.

"Losses" means any and all costs, losses, Taxes, Liabilities, damages, lawsuits, deficiencies, claims, demands, and expenses (whether or not arising out of third-party claims), including, without limitation, interest, penalties, costs of mitigation or remediation, losses in connection with any Environmental Law (including, without limitation, any clean-up or remedial action), damages to the environment, reasonable attorneys' fees and all amounts paid in investigation, defense or settlement of any of the foregoing.

"Material Adverse Effect on the Joint Venture" means any facts or circumstances that would result in a material adverse effect on the business, operations, affairs, financial condition, results of operations, assets, Liabilities, reserves or any other aspect of the Joint Venture, taken as a whole, assuming consummation of the transactions contemplated hereby.

"Material Contract" means Contracts that satisfy one or more of the following criteria: (a) Contracts not made in the ordinary course of business, (b) Contracts to purchase, sell or otherwise transfer any (i) Real Property or (ii) personal property with a purchase price in excess of US$10 million, whether a party is the buyer, seller, grantor or grantee thereunder, (c) Contracts involving future expenditures or Liabilities, actual or potential, in excess of US$10 million, (d) Contracts containing covenants limiting the freedom of the Joint Venture, a Contributing Party, an AMD Contributed Subsidiary, a Fujitsu Contributed Subsidiary or

Prospective Transferred Employees to engage in any line of business or compete with any Person or pursuant to which any material benefit is required to be given or lost as a result of so competing, (e) operating or other agreements with respect to partnerships, limited liability companies and joint ventures or other Contracts involving sharing of profits, (f) employment contracts and severance agreements with Prospective Transferred Employees, (g) labor or union contracts with respect to Prospective Transferred Employees, (h) Real Property Leases, (i) Contracts for borrowed money in excess of US$10 million, (j) Material Personal Property Leases, (k) Contracts to acquire a business or the equity of another Person and (l) Contracts that involve the license of Intellectual Property Rights that are material to the operation of the AMD Flash Memory Business or the Fujitsu Flash Memory Business. Notwithstanding the foregoing, "Material Contract" does not include any Contract one of the principal purposes of which is the granting of a license to Third Party Other IP Rights (as defined in the Intellectual Property Agreement) to AMD, Fujitsu or any of their Affiliates.

"Material Personal Property Leases" means leases for personal property with payments that exceed US$2.5 million per year or US$10 million in the aggregate.

"Member" has the meaning given to it in the Operating Agreement.

"Membership Interest" has the meaning given to it in the Operating Agreement.

"NVM" means a non-volatile memory device wherein information stored in a memory cell is maintained without power consumption and the write time (including erase time if there is an erase operation prior to a write operation) exceeds the read time, allowing the device to function primarily as a reading device.

"Penang Real Property" means the Real Property leased from Penang Development Corporation and located at AM 1, Bayan Lepas Free Trade Zone, Phase I, Penang, Malaysia and AM 2, 4, EDC, Bayas Lepas Free Trade Zone, Phase 2, Penang, Malaysia.

"Pension Benefits" shall mean pension benefits accrued under the Basic Portion, Additional Portion No. 1 and Additional Portion No. 3 of the Fujitsu Employee Pension Fund.

"Percentage Interest" has the meaning given to it in the Operating Agreement.

"Permits" means all approvals, authorizations, certificates, consents, licenses, orders, franchises, qualifications, registrations and permits or other similar authorizations of a Governmental Authority (and any other Person) required under Applicable Law necessary for the operation of the AMD Flash Memory Business and the AMD Business Assets or the Fujitsu Flash Memory Business and the Fujitsu Business Assets, as applicable, in each case, excluding licenses of Intellectual Property Rights.

"Permitted Liens" means (a) Liens for Taxes or charges or claims by a Governmental Authority (i) not yet due and payable, or (ii) being contested in good faith in appropriate Proceedings, (b) statutory Liens of landlords, Liens of carriers, workmen, repairmen, warehousepersons, mechanics and materialpersons and other similar Liens imposed by law incurred in the ordinary course of business for sums (i) not yet due and payable, or (ii) being

contested in good faith in appropriate Proceedings, (c) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance and other similar types of social security programs or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations, in each case incurred or made in the ordinary course of business, consistent with past practice, (d) easements, covenants, restrictions, rights of way, and other non-monetary imperfections of title or encumbrances that are a matter of public record and do not, individually or in the aggregate, materially affect the marketability of the property subject thereto or materially interfere with the present or proposed use of such property, (e) other encumbrances or minor matters that individually or in the aggregate are not material in amount and do not materially detract from or interfere with the value or the present or intended use of the property to which such encumbrance(s) relate(s), (f) zoning, building or similar restrictions relating to or affecting property which would not, individually or in the aggregate, materially interfere with the present use or intended use of the affected property, (g) conditions which would be disclosed by a survey or physical inspection which, in either case, would not individually or in the aggregate materially interfere with the present use or intended use of the affected property, (h) Liens securing the Fab 25 Loan Agreement and (i) Liens set forth on Annex Q hereto.

"Permitted Title Exceptions" means (a) Liens for Taxes not yet due and payable or Taxes being contested in good faith in appropriate Proceedings; (b) as to the Penang Real Property, the Bangkok Real Property, the Suzhou Real Property, the Kuala Lumpur Real Property, the Sunnyvale Real Property and the Austin Real Property, easements, covenants, conditions, restrictions, rights of way, non-monetary encumbrances and non-monetary title defects which would not, individually or in the aggregate, materially interfere with the right or ability of the Joint Venture to use or operate the affected property in the Joint Venture Business; (c) as to the Sunnyvale Real Property, the exceptions set forth in Section 7.6(a) hereof; (d) as to the Austin Real Property, the exceptions set forth in Section 7.6(b) hereof; (e) workmen's, repairmen's, mechanics', carriers' or other similar Liens arising or incurred in the ordinary course of business; (f) zoning, building, or similar restrictions relating to or affecting property which would not, individually or in the aggregate, materially interfere with the right or ability of the Joint Venture to use or operate the affected property in the Joint Venture Business; (g) Liens affecting the interest of the owner of the land underlying any right of way or easement benefiting the AMD Contributed Owned Real Property or the Fujitsu Contributed Owned Real Property (as the case may be); (h) conditions which would be disclosed by a current, accurate survey or physical inspection which, in either case, would not individually or in the aggregate materially interfere with the right or ability of the Joint Venture to use and operate the affected property in the conduct of the Joint Venture Business; and (i) Liens securing the Fab 25 Loan Agreement.

"Person" means any person or entity, whether an individual, trustee, corporation, partnership, limited partnership, limited liability company, trust, unincorporated organization, business association, firm, joint venture, other legal entity or Governmental Authority.

"Personal Property Leases" means all existing leases, subleases, licenses, options, rights, concessions or other agreements or arrangements with respect to personal property (excluding licenses of Intellectual Property Rights).

"Post-Launch Transition Period" shall mean the period beginning on July 1, 2003 and ending on the Establishment Date.

"Predecessor" of a Person means any other Person, the assets or liabilities of which have been acquired or assumed by such Person or to which such Person has succeeded.

"Pre-Launch Transition Period" shall mean the period beginning on September 21, 2001 and ending June 30, 2003.

"Pre-Secondment Period" shall mean the period prior to April 16, 1993.

"Projected Benefit Obligation" or *"PBO"* is the projected benefit obligation as that term is defined in SFAS 87, as of the Establishment Date.

"Prospective Transferred Employees" means the AMD Prospective Transferred Employees and Fujitsu Prospective Transferred Employees.

"Real Property" means real property together with all Facilities, fixtures, easements, licenses, options and all other rights appurtenant thereto.

"Real Property Leases" means all existing leases, subleases, licenses, sublicenses, occupancy agreements, options, rights, concessions or other agreements or arrangements with respect to Real Property.

"Release" means any release, threatened release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment.

"Remediation Activity" means any cleanup, response, removal, remedial, corrective or other action to clean up, detoxify, decontaminate, treat, contain, prevent, cure, mitigate or otherwise remedy any Release of any Hazardous Substance; any action to comply with any Environmental Law or Permit; and any inspection, investigation (including subsurface investigations), study, monitoring, assessment, sampling and testing (including soil and/or groundwater sampling activities), laboratory or other analysis, or evaluation relating to any Hazardous Substances or to anything referred to herein.

"Representative" means any officer, director, principal, attorney, agent, employee or other representative.

"Required Consents" means the Required AMD Consents and the Required Fujitsu Consents.

"Required Contractual Consents" means the Required AMD Contractual Consents and the Required Fujitsu Contractual Consents.

"Required Governmental Approvals" means the Required AMD Governmental Approvals and the Required Fujitsu Governmental Approvals.

"Secondment Period" shall mean the period beginning on April 16, 1993 and ending on September 20, 2001.

"Shared Facility" shall mean any Facility owned or operated by AMD or Fujitsu, or their respective Affiliates, that is required or used as of the Closing Date for the collection, handling, storage or discharge of wastes in connection with the ownership, operation and use of the AMD Business Assets and the AMD Flash Memory Business, or the Fujitsu Business Assets and the Fujitsu Flash Memory Business, respectively, that is not conveyed, transferred, or assigned to the Joint Venture as of the Closing Date, including the wastewater and storm water collection and discharge systems serving the Austin Real Property or the neighboring AMD property as of the Closing Date.

"Shared Permit" shall mean any material Permit held by AMD or Fujitsu, or their respective Affiliates, that is required under Environmental Law for the ownership, operation and use of the AMD Business Assets and the AMD Flash Memory Business, or the Fujitsu Business Assets and the Fujitsu Flash Memory Business, respectively, that is not conveyed, transferred, or assigned to the Joint Venture as of the Closing Date, including the (a) Industrial Waste Discharge Permit No. 16506116 issued by the City of Austin and (b) Air Emissions Operating Permit No. 6995 issued by the Texas Commission on Environmental Quality.

"Significant Reduction-In-Force at FASL Japan" is defined as an involuntary termination of employment by FASL (Japan) of ten percent (10%) or more of the FASL Included Employees within any six-month period occurring within the first five years following the Launch Date.

"Specified Actuarial Assumptions" used to calculate all pension costs and liabilities, and to derive the amounts of pension assets to be allocated under this Agreement shall, unless otherwise stated to the contrary herein, be based on the actuarial assumptions used by the Fujitsu Employee Pension Fund's actuary in preparing such fund's most recent Japan GAAP financial statements, as of the effective date of any calculation using Specified Actuarial Assumptions; *provided, however*, that for purposes of this Agreement 2.5% shall be the discount rate to be used for such purposes, unless a different rate is subsequently agreed to in writing by Fujitsu and AMD.

"Stand-Alone NVM Product" means a semiconductor product (including a single chip or a multiple chip or system product) containing NVM dedicated to data storage wherein all circuitry (including logic circuitry) contained therein is solely to accept, store, retrieve or access information or instructions and cannot manipulate such information or execute instructions.

"Subsidiary" of a Person means (a) any corporation, company or other legal entity (other than a partnership) in an unbroken chain of corporations, companies or other legal entities beginning with such Person, if each of the corporations, companies or entities other than the last corporation, company or entity in the unbroken chain then owns stock or other equity interests possessing more than fifty percent (50%) of the total combined voting power of all classes of stock or other equity interests in one of the other corporations, companies or other legal entities in such chain, (b) any partnership in which the Person is a general partner or (c) any partnership in which the Person possesses more than a fifty percent (50%) interest in the total capital or total income of such partnership. Notwithstanding the foregoing, neither the Joint Venture nor FASL (Japan) shall be deemed to be a Subsidiary of either AMD or Fujitsu for purposes of this Agreement.

"Sunnyvale Real Property" means the Real Property located at 913, 915 and 943 DeGuigne, Sunnyvale, California and more particularly described in the Grant Deed executed on May 16, 2003 by AMD Investments and filed in the real property records of Santa Clara County, California as document number 17046682.

"Suzhou Real Property" means the Real Property described in the Contract for transfer of the right-to-use of the land in respect of 5.9 hectacres in the Singapore-Suzhou township between China-Singapore Suzhou Industrial Park Development Co., Ltd. and Advanced Micro Devices (Suzhou) Limited, dated December 1995.

"Tax" means all taxes, levies, imposts and fees imposed by any Governmental Authority (domestic or foreign) of any nature, including but not limited to federal, state, local or foreign net income tax, alternative or add-on minimum tax, profits or excess profits tax, franchise tax, gross income, adjusted gross income or gross receipts tax, employment related tax (including employee withholding or employer payroll tax, FICA or FUTA), real or personal property tax or ad valorem tax, sales or use tax, excise tax, stamp tax or duty, any withholding or back up withholding tax, value added tax, severance tax, prohibited transaction tax, premiums tax, occupation tax, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Authority (domestic or foreign) responsible for the imposition of any such tax.

"Tax Return" means all returns, reports, forms, certificates or other information required to be filed with any Governmental Authority with respect to any Tax.

"Transaction Documents" means this Agreement and the Ancillary Documents.

"Transfer Taxes" means all federal, state, local or foreign sales, use, transfer, real property transfer, mortgage recording, stamp duty, capital, value-added or similar taxes that may be imposed in connection with the direct or indirect transfer to the Joint Venture of AMD Business Assets or Fujitsu Business Assets or assumption of AMD Assumed Liabilities or Fujitsu Assumed Liabilities by the Joint Venture, together with any interest, additions to tax or penalties with respect thereto and any interest in respect of such additions to tax and penalties.

"Transferred Employees" shall mean (i) Fujitsu Transferred Employees, (ii) Fujitsu Prospective Transferred Employees who have been seconded by Fujitsu or its Affiliates to FASL (Japan) but have not yet become Fujitsu Transferred Employees on the Establishment Date and (iii) former employees of Fujitsu and its Affiliates who transferred to FASL (Japan) prior to the Launch Date.

"Unfunded Amount" for any FASL Included Employee shall mean, as of the Establishment Date, the sum of such employee's (i) Basic Pension Benefit Liability plus (ii) Additional Portion No. 1 Pension Benefit Liability plus (iii) the Additional Portion No. 3 Pension Benefit Liability minus (iv) the Initial Asset Transfer Amount attributable to him or her.

"Unit" has the meaning given to it in the Operating Agreement.

"U.S. GAAP" means generally accepted accounting principles in the United States.

1.2 Index of Other Defined Terms. In addition to those terms defined above, the following terms shall have the respective meanings given thereto in the sections indicated below:

Defined Term	Section
"Agreement"	Preamble
"AMD"	Preamble
"AMD Asset Purchase Agreement"	4.1(b)
"AMD Asset Sale Promissory Note"	4.1(c)
"AMD Assumed Liabilities"	2.2
"AMD Closing Date Contributed Assets"	2.1(a)
"AMD Contributed Assets"	2.1(b)
"AMD Contributed Contracts"	2.1(a)
"AMD Contributed Leased Real Property"	5.6(a)
"AMD Contributed Owned Real Property"	5.6(b)
"AMD Contributed Permits"	5.9(a)
"AMD Deductible"	10.8(a)
"AMD Distribution Agreement"	4.1(b)
"AMD Entities"	5.1
"AMD Employment Agreements"	5.11(a)
"AMD-FASL Patent Cross-License Agreement"	4.1(b)
"AMD Flash Memory Business"	Recitals

Defined Term	Section
“AMD Flash Memory Business Income Statements”	5.24
“AMD Indemnitees”	10.4
“AMD Investments”	Preamble
“AMD Post-Closing Contributed Assets”	2.1(b)
“AMD Pre-Closing Contributed Assets”	Recitals
“AMD Pre-Closing Taxes”	2.4
“AMD Promissory Note”	4.1(c)
“AMD Services Agreement”	4.1(b)
“AMD Site”	5.15(a)
“AMD Technology Services Agreement”	4.1(b)
“AMD Threshold”	10.8(a)
“Applicable Interest Rate”	8.9(b)
“Assumed Liabilities”	2.2
“Austin Title Policy”	7.6(b)
“Claimant”	10.9(a)
“Closing”	4.1(a)
“Closing Date”	4.1(a)
“Confidentiality Agreement”	12.13(b)
“Contribution Consideration”	Article III
“Fab 25 Deed”	4.1(b)
“FASL/AMD Services Agreement	4.1(b)
“FASL (Japan)”	Recitals
“FASL (Japan) Employee Pension Fund”	8.9(b)

Defined Term	Section
“FASL (Japan) Flash Memory Business”	Recitals
“FASL (Japan) Termination Agreement”	4.1(b)
“Fujitsu”	Preamble
“Fujitsu-AMD Patent Cross-License Agreement”	4.1(b)
“Fujitsu Assumed Liabilities”	2.2
“Fujitsu Closing Date Contributed Assets”	2.1(c)
“Fujitsu Contributed Assets”	2.1(d)
“Fujitsu Contributed Contracts”	2.1(c)
“Fujitsu Contributed Leased Real Property”	6.6(a)
“Fujitsu Contributed Owned Real Property”	6.6(b)
“Fujitsu Contributed Permits”	6.9(a)
“Fujitsu Deductible”	10.8(a)
“Fujitsu Distribution Agreement”	4.1(b)
“Fujitsu Employment Agreements”	6.11(a)
“Fujitsu Entities”	6.1
“Fujitsu-FASL Patent Cross-License Agreement”	4.1(b)
“Fujitsu Flash Memory Business”	Recitals
“Fujitsu Flash Memory Business Income Statements”	6.24
“Fujitsu Indemnitees”	10.5
“Fujitsu Post-Closing Contributed Assets”	2.1(d)
“Fujitsu Pre-Closing Taxes”	2.4
“Fujitsu Promissory Note”	4.1(c)
“Fujitsu Secondment Agreement”	4.1(b)

Defined Term	Section
“Fujitsu Services Agreement”	4.1(b)
“Fujitsu Site”	6.15(a)
“Fujitsu Sub”	Preamble
“Fujitsu Technology Services Agreement”	4.1(b)
“Fujitsu Threshold”	10.6(a)
“Indemnifying Party”	10.9(a)
“Intellectual Property Agreement”	4.1(b)
“Investment Company Act”	5.22
“Joint Venture”	Preamble
“Joint Venture Business”	Recitals
“JV Indemnitees”	10.2
“Lease Agreement (AMD Malaysia)”	4.1(b)
“Manufacturing Service Agreement”	4.1(b)
“Non-Competition Agreement”	4.1(b)
“Operating Agreement”	4.1(b)
“Parent Guaranty”	4.1(b)
“Proceedings”	5.7
“Remediation Agreement”	4.1(b)
“Required AMD Consents”	5.9(b)
“Required AMD Contractual Consent”	5.9(b)
“Required AMD Governmental Approval”	5.9(b)
“Required Fujitsu Consents”	6.9(b)
“Required Fujitsu Contractual Consent”	6.9(b)

Defined Term	Section
"Required Fujitsu Governmental Approval"	6.9(b)
"Restructuring"	7.1
"Second Closing Date"	2.1(b)
"Seconded Employee Payroll Servicing Agreement"	4.1(b)
"Securities Act"	5.23
"Straddle Period"	2.4
"Supplemental Payment"	8.9(b)
"Sunnyvale Title Policy"	7.6(a)
"Tax Concessions"	5.14
"Third Party Claim"	10.9(a)

1.3 Interpretation.

(a) Certain Terms. The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "including" is not limited and means "including without limitation."

(b) Section References; Titles and Subtitles. Unless otherwise noted, all references to Sections, Annexes, Schedules and Exhibits herein are to Sections, Annexes, Schedules and Exhibits of this Agreement. The titles, captions and headings of this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(c) References to Persons, Agreements and Statutes. Unless otherwise expressly provided herein, (i) references to a Person include its successors and permitted assigns, (ii) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements and other modifications thereto or supplements thereof and (iii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such statute or regulation.

ARTICLE II.

CONTRIBUTION OF ASSETS

2.1 Agreement to Contribute and Accept. Upon the terms and subject to the conditions of this Agreement and in reliance upon the representations, warranties and agreements herein set forth:

(a) AMD Investments shall, and AMD shall cause AMD Investments to, convey, transfer, assign and deliver to the Joint Venture on the Closing Date, and the Joint Venture shall accept from AMD Investments, free and clear of all Liens, other than Permitted Liens, all of AMD Investments' right, title and interest in and to the following (the "AMD Closing Date Contributed Assets"):

(i) US$70,851.00 by wire transfer of immediately available funds to an account designated by the Joint Venture at least two (2) days prior to the Closing Date;

(ii) the AMD Closing Date Contributed Fab 25 Assets;

(iii) the AMD Closing Date California Assets;

(iv) the AMD FASL (Japan) Closing Date Contributed Equity;

(v) the AMD Coatue Assets;

(vi) the AMD Inventory that is not owned by the AMD Contributed Subsidiaries;

(vii) subject to Section 7.1, (A) all Contracts of AMD or any of its Affiliates which are exclusively related to the AMD Flash Memory Business, the AMD Business Assets (other than Contracts) or the operation thereof, except for those Contracts listed on Annex R hereto and (B) the Contracts listed on Annex S hereto of AMD or any of its Affiliates, but excluding in each case, Contracts one of the principal purposes of which is the granting of Third Party Other IP Rights (as defined in the Intellectual Property Agreement) to AMD or an Affiliate of AMD (collectively, the "AMD Contributed Contracts"); and

(viii) subject to Section 7.1, all AMD Contributed Permits.

(b) On a date to be agreed upon by AMD and Fujitsu, but in no event later than July 18, 2003 (the "Second Closing Date"), provided that neither the Joint Venture nor FASL (Japan) shall have been dissolved or have taken actions to cause such dissolution as of the Second Closing Date, AMD Investments shall, and AMD shall cause AMD Investments to, convey, transfer, assign and deliver to the Joint Venture, and the Joint Venture shall accept from AMD Investments, free and clear of all Liens, other than Permitted Liens, all of AMD Investments' right, title and interest in and to the AMD FASL (Japan) Additional Equity (the "AMD Post-Closing Contributed Assets" and together with the AMD Closing Date Contributed Assets and the AMD Pre-Closing Contributed Assets, the "AMD Contributed Assets") pursuant to documents and/or instruments in form and substance reasonably acceptable to Fujitsu and Fujitsu Sub, duly executed and delivered by AMD Investments and/or its applicable Affiliates.

In no event shall the AMD Contributed Assets include any of the AMD Excluded Assets.

(c) Fujitsu Sub shall, and Fujitsu shall cause Fujitsu Sub to, convey, transfer, assign and deliver to the Joint Venture on the Closing Date, and the Joint Venture shall accept from Fujitsu Sub, free and clear of all Liens, other than Permitted Liens, all of Fujitsu Sub's right, title and interest in and to the following (the "Fujitsu Closing Date Contributed Assets"):

(i) US$55,120,608.00 by wire transfer of immediately available funds to an account designated by the Joint Venture at least two (2) days prior to the Closing Date;

(ii) the Fujitsu FASL (Japan) Equity;

(iii) the Fujitsu Malaysia Equity;

(iv) the Fujitsu Inventory that is not owned by the Fujitsu Contributed Subsidiary;

(v) subject to Section 7.1, (A) all Contracts of Fujitsu or any of its Affiliates which are exclusively related to the Fujitsu Flash Memory Business, the Fujitsu Business Assets (other than Contracts) or the operation thereof, except for those Contracts listed on Annex T hereto and (B) all Contracts listed on Annex U hereto of Fujitsu or any of its Affiliates, but excluding in each case Contracts one of the principal purposes of which is the granting of Third Party Other IP Rights (as defined in the Intellectual Property Agreement) to Fujitsu or an Affiliate of Fujitsu (collectively, the "Fujitsu Contributed Contracts"); and

(vi) subject to Section 7.1, all Fujitsu Contributed Permits.

(d) On the Second Closing Date, subject to AMD Investments making its contribution pursuant to Section 2.1(b), Fujitsu Sub shall, and Fujitsu shall cause Fujitsu Sub to, deliver to the Joint Venture as a capital contribution US$84,879,392.00 by wire transfer of immediately available funds to an account designated by the Joint Venture at least two (2) days prior to the Second Closing Date (the "Fujitsu Post-Closing Contributed Assets" and together with the Fujitsu Closing Date Contributed Assets, the "Fujitsu Contributed Assets").

In no event shall the Fujitsu Contributed Assets include any of the Excluded Fujitsu Assets.

2.2 Assumption of Liabilities. Notwithstanding anything to the contrary set forth in the definition of AMD Excluded Liabilities or Fujitsu Excluded Liabilities, but otherwise subject to the terms and conditions of this Agreement and the Ancillary Documents and in reliance upon the representations, warranties and agreements herein set forth, the Joint Venture, effective as of the Closing, will assume and perform and in due course pay and discharge (or cause its applicable Affiliates to perform, pay and discharge) the following Liabilities of the Contributing Parties and their Affiliates (and with respect to Section 2.2(f), FASL (Japan)): (a) any Liabilities arising out of or based upon events or circumstances occurring after the Closing in connection with or resulting from the operation of the Joint Venture Business, including product warranty

claims made with respect to the sale of products by the Joint Venture and its Subsidiaries after the Closing, whether or not such products were manufactured prior to the Closing; (b) any amounts payable by a Contributing Party or its Affiliates and any other Liabilities (executory or otherwise) of a Contributing Party or its Affiliates that accrue or relate to the period after the Closing under any Contract included in (i) the AMD Business Assets and (ii) the Fujitsu Business Assets, provided that, the Joint Venture shall assume such Liabilities with respect to (A) any Coatue Employee Agreement only to the extent that the Coatue Employees who are parties to such Coatue Employee Agreement become employees of the Joint Venture or a Subsidiary of the Joint Venture and (B) the Coatue Employee Contract referred to as Side Letter by and between Juri Krieger regarding the investment in the Russian Federation only to the extent the investment in the Russian Federation provided for therein occurs after the fourth anniversary of the date hereof; (c) any amounts payable by the Joint Venture pursuant to Sections 2.3, 2.4 and 2.5 and other Liabilities specifically assumed under other provisions of the Transaction Documents; (d) Liabilities to the extent reflected as accruals or reserves on the AMD Contributed Subsidiary Closing Balance Sheets (except as otherwise specifically provided in Sections 2.3 or 2.5 or in any other provision of the Transaction Documents); (e) Liabilities to the extent reflected as accruals or reserves on the Fujitsu Contributed Balance Sheets; (f) Liabilities of FASL (Japan); (g) Liabilities for product warranty and product return claims with respect to product sales made prior to the Closing by AMD, Fujitsu or their Affiliates up to the sum of the reserves for such claims contributed by AMD and Fujitsu, respectively, as set forth on Schedules 5.26 and 6.26; and (h) Liabilities with respect to accrued but unused vacation and sabbatical as of the Closing Date for the AMD Prospective Transferred Employees and the Fujitsu Prospective Transferred Employees up to the sum of the reserves and accruals for such Liabilities contributed by AMD and Fujitsu, respectively, as set forth on Schedules 5.26 and 6.26 (collectively, the "Assumed Liabilities"). The Assumed Liabilities described above that relate to the AMD Flash Memory Business being assumed by the Joint Venture are referred to herein as the "AMD Assumed Liabilities" and the Assumed Liabilities described above that relate to the Fujitsu Flash Memory Business being assumed by the Joint Venture are referred to as the "Fujitsu Assumed Liabilities." In the event that payment is received by a Contributing Party or its Affiliates as payment for the performance of services or the provision of products, which performance of services or provision of products is an Assumed Liability hereunder, such Contributing Party shall, or shall cause its respective Affiliates to, pay over to the Joint Venture the amounts so received in respect of such Assumed Liability.

EXCEPT FOR THE ASSUMED LIABILITIES WHICH ARE HEREBY EXPRESSLY ASSUMED, THE JOINT VENTURE DOES NOT ASSUME ANY LIABILITIES, DEBTS, OBLIGATIONS OR DUTIES OF ANY CONTRIBUTING PARTY OF ANY KIND OR NATURE WHATSOEVER.

2.3 Certain Prorations. On the Closing Date, or as promptly as practicable following the Closing Date, but in no event later than sixty (60) calendar days thereafter, the water, gas, electricity and other utilities, common area maintenance reimbursements to lessors, local business or other transferable license or Permit fees and other similar periodic charges payable with respect to (a) the AMD Business Assets shall be prorated between AMD and the Joint Venture and (b) the Fujitsu Business Assets shall be prorated between Fujitsu and the Joint Venture, with AMD or Fujitsu (as the case may be) bearing such costs and expenses attributable to the period through and including the Closing Date, and the Joint Venture bearing such costs and expenses attributable to the period after the Closing Date.

2.4 Taxes. Except as otherwise provided in this Agreement and to the extent reflected on the AMD Contributed Subsidiary Closing Balance Sheets and the Fujitsu Contributed Subsidiary Closing Balance Sheet, (a) all Taxes (other than Transfer Taxes) in respect of the AMD Business Assets for the period or portions of periods ending at or prior to the Closing shall be borne solely by AMD ("AMD Pre-Closing Taxes") and (b) all Taxes (other than Transfer Taxes) in respect of the Fujitsu Business Assets for the period or portions of periods ending at or prior to the Closing shall be borne solely by Fujitsu ("Fujitsu Pre-Closing Taxes"). For purposes of the foregoing, any Taxes that are imposed on a periodic basis and are payable for a Tax period that includes (but does not end on) the Closing Date (a "Straddle Period"), the portion of such Tax that relates to the portion of such Tax period ending on the Closing Date shall (A) in the case of any Taxes other than Taxes based upon or related to income or receipts, be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction, the numerator of which is the number of days in the Tax period ending on the Closing Date and the denominator of which is the number of days in the entire Tax period, and (B) in the case of any Tax based upon or related to income or receipts, be deemed equal to the amount which would by payable if the relevant Tax period ended on the Closing Date. For purposes of this Section 2.4, all relevant periods in respect of personal property, real property and similar Taxes imposed by the State of California shall be treated as beginning after the Closing Date, and such Taxes in respect of the AMD Business Assets and the Fujitsu Business Assets shall be paid by the Joint Venture. AMD and Fujitsu shall each pay to the Joint Venture, within fifteen (15) days prior to the date on which Taxes are due with respect to Straddle Periods, that amount equal to the applicable portion of such Taxes which relates to the portion of such Taxable period ending on the Closing Date. Except as otherwise provided in this Agreement, all Taxes in respect of the AMD Business Assets and the Fujitsu Business Assets for the period or portions of periods beginning after the Closing shall be borne by the Joint Venture or, to the extent that the Joint Venture is taxed as a flow-through entity, with respect to income or franchise Taxes, by the Members.

2.5 Rents.

(a) AMD Investments shall, or shall cause its Subsidiaries to, pay minimum or basic rent under the Personal Property Leases and the Real Property Leases included in the AMD Business Assets through the end of the calendar month in which the Closing Date occurs, and the Joint Venture shall reimburse AMD for such rent accrued commencing with the Closing Date through the end of such month as part of the post-Closing proration.

(b) Fujitsu Sub shall, or shall cause its Subsidiaries to, pay minimum or basic rent under the Personal Property Leases and the Real Property Leases included in the Fujitsu Business Assets through the end of the calendar month in which the Closing Date occurs, and the Joint Venture shall reimburse Fujitsu for such rent accrued commencing with the Closing Date through the end of such month as part of the post-Closing proration.

ARTICLE III.

CONTRIBUTION CONSIDERATION

In consideration for the contribution and assignment to the Joint Venture of the assets contributed hereunder and under the Intellectual Property Agreement, in addition to the Joint Venture's assumption of the Assumed Liabilities, the Joint Venture will issue to AMD Investments and Fujitsu Sub, Units of the Membership Interests of the Joint Venture, following which, AMD Investments will hold sixty-percent (60%) of the Units of Membership Interests of the Joint Venture (which shall include the Units issued in consideration for the contribution of the AMD Pre-Closing Contributed Assets) and Fujitsu Sub will hold forty-percent (40%) of the Units of Membership Interests of the Joint Venture (collectively, the "Contribution Consideration"). Such respective percentage ownership of Units of Membership Interests of the Joint Venture shall not be affected by the contribution, on the Second Closing Date, of the AMD Post-Closing Contributed Assets and the Fujitsu Post-Closing Contributed Assets.

ARTICLE IV.

THE CLOSING

4.1 The Closing.

(a) Unless this Agreement shall have been terminated and the transactions herein shall have been abandoned pursuant to Section 11.1, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place on a date which shall be the later to occur of (i) June 30, 2003 or (ii) the second business day following the satisfaction or waiver of all conditions to closing set forth in Article IX, other than those that by their nature are to be satisfied at the Closing (the "Closing Date"), at the offices of Latham & Watkins located at 505 Montgomery Street, San Francisco, California 94111, and shall be effective as of 12:01 a.m. Pacific Standard time on such date, unless another date, time or place is agreed to in writing by the parties hereto.

(b) On the Closing Date, the applicable Contributing Party shall, or shall cause its applicable Affiliates to, deliver to the Joint Venture (or its Subsidiaries, as applicable) and the other parties thereto (as applicable) the following:

(i) duly executed instruments transferring the AMD FASL (Japan) Closing Date Contributed Equity (together with the stock certificates representing such equity interests), Fujitsu FASL (Japan) Equity (together with the stock certificates representing such equity interests) and the Fujitsu Malaysia Equity;

(ii) duly executed bills of sale, grant deeds or similar instruments with respect to the AMD Inventory, the Fujitsu Inventory, the AMD Closing Date California Assets, the AMD Closing Date Contributed Fab 25 Assets and the AMD Coatue Assets in form and substance reasonably satisfactory to the Contributing Parties;

(iii) duly executed assignment and assumption agreements with respect to the AMD Contributed Contracts, the AMD Contributed Permits, the Fujitsu Contributed Contracts and the Fujitsu Contributed Permits in form and substance reasonably satisfactory to the Contributing Parties;

(iv) duly executed assignment and assumption agreements with respect to the Real Property Leases and Personal Property Leases included in the AMD Business Assets and the Fujitsu Business Assets transferred at Closing in form and substance reasonably satisfactory to the Contributing Parties;

(v) duly executed grant deeds or substantially similar instruments with respect to the owned real property included in the AMD Business Assets and the Fujitsu Business Assets transferred at Closing in form and substance reasonably satisfactory to the Contributing Parties;

(vi) a duly executed Asset Purchase Agreement in the form attached hereto as Exhibit 1 (the "AMD Asset Purchase Agreement");

(vii) a duly executed Operating Agreement in the form attached hereto as Exhibit 2 (the "Operating Agreement");

(viii) a duly executed FASL (Japan) Termination Agreement in the form attached hereto as Exhibit 3 (the "FASL (Japan) Termination Agreement");

(ix) a duly executed AMD-FASL Patent Cross-License Agreement in the form attached hereto as Exhibit 4 (the "AMD-FASL Patent Cross-License Agreement");

(x) a duly executed Fujitsu-FASL Patent Cross-License Agreement in the form attached hereto as Exhibit 5 (the "Fujitsu-FASL Patent Cross-License Agreement");

(xi) a duly executed Fujitsu-AMD Patent Cross-License Agreement in the form attached hereto as Exhibit 6 (the "Fujitsu-AMD Patent Cross-License Agreement");

(xii) a duly executed Intellectual Property Contribution and Ancillary Matters Agreement in the form attached hereto as Exhibit 7 (the "Intellectual Property Agreement");

(xiii) a duly executed AMD Distribution Agreement in the form attached hereto as Exhibit 8 (the "AMD Distribution Agreement");

(xiv) a duly executed Fujitsu Distribution Agreement in the form attached hereto as Exhibit 9 (the "Fujitsu Distribution Agreement");

(xv) a duly executed AMD General and Administrative Services Agreement in the form attached hereto as Exhibit 10 (the "AMD Services Agreement");

(xvi) a duly executed Fujitsu General and Administrative Services Agreement in the form attached hereto as Exhibit 11 (the "Fujitsu Services Agreement");

(xvii) a duly executed FASL/AMD General Administrative Services Agreement in the form attached hereto as Exhibit 12 (the "FASL/AMD Services Agreement");

(xviii) a duly executed AMD Information Technology Services Agreement in the form attached hereto as Exhibit 13 (the "AMD Technology Services Agreement");

(xix) a duly executed Fujitsu Information Technology Services Agreement in the form attached hereto as Exhibit 14 (the "Fujitsu Technology Services Agreement");

(xx) a duly executed Fujitsu Secondment and Transfer Agreement in the form attached hereto as Exhibit 15 (the "Fujitsu Secondment Agreement");

(xxi) a duly executed Lease Agreement (AMD Malaysia) in the form attached hereto as Exhibit 16 (the "Lease Agreement (AMD Malaysia)");

(xxii) a duly executed Non-Competition Agreement in the form attached hereto as Exhibit 17 (the "Non-Competition Agreement");

(xxiii) a duly executed Parent Guaranty in form and substance reasonably satisfactory to the parties hereto under which Fujitsu and AMD shall guaranty in accordance with applicable provisions of the Operating Agreement the performance of the Joint Venture of its obligations under the Fab 25 Loan Agreement (the "Parent Guaranty");

(xxiv) a duly executed Remediation Agreement in the form attached hereto as Exhibit 18 (the "Remediation Agreement");

(xxv) a duly executed Special Warranty in the form attached hereto as Exhibit 19 under which AMD Investments will transfer the Austin Real Property to the Joint Venture (the "Fab 25 Deed");

(xxvi) a duly executed Letter Agreement Regarding FMM Environmental Compliance in the form attached hereto as Exhibit 20;

(xxvii) Fab 25 Loan Agreement and related agreements and documents;

(xxviii)a duly executed Payroll Servicing Agreement in the form attached hereto as Exhibit 21 regarding Seconded Employees (the "Seconded Employee Payroll Servicing Agreement"); and

(xxix) a duly executed Manufacturing Services Agreement in the form attached hereto as Exhibit 22 (the "Manufacturing Services Agreement").

(c) On the Closing Date, the Contributing Parties shall cause the Joint Venture to deliver (or, where applicable, FASL (Japan) to deliver) to the Contributing Parties:

(i) the Contribution Consideration;

(ii) duly executed assignment and assumption agreements with respect to the AMD Contributed Contracts, the AMD Contributed Permits, the Fujitsu Contributed Contracts and the Fujitsu Contributed Permits in form and substance reasonably satisfactory to the Contributing Parties;

(iii) duly executed assignment and assumption agreements with respect to the Real Property Leases and the Personal Property Leases included in the AMD Contributed Assets and the Fujitsu Contributed Assets in form and substance reasonably satisfactory to the Contributing Parties;

(iv) a duly executed AMD Asset Purchase Agreement and Promissory Note in the form attached to the AMD Asset Purchase Agreement (the "AMD Asset Sale Promissory Note");

(v) a duly executed Operating Agreement;

(vi) a duly executed FASL (Japan) Termination Agreement;

(vii) a duly executed AMD-FASL Patent Cross-License Agreement;

(viii) a duly executed Fujitsu-FASL Patent Cross-License Agreement;

(ix) a duly executed Intellectual Property Agreement;

(x) a duly executed AMD Distribution Agreement;

(xi) a duly executed Fujitsu Distribution Agreement;

(xii) a duly executed AMD Services Agreement;

(xiii) a duly executed Fujitsu Services Agreement;

(xiv) a duly executed FASL/AMD Services Agreement;

(xv) a duly executed AMD Technology Services Agreement;

(xvi) a duly executed Fujitsu Technology Services Agreement;

(xvii) a duly executed Fujitsu Secondment Agreement;

(xviii) a duly executed Lease Agreement (AMD Malaysia);

(xix) a duly executed Non-Competition Agreement;

(xx) a duly executed Promissory Note in the form attached hereto as Exhibit 23 (the "Fujitsu Promissory Note");

(xxi) a duly executed Promissory Note in the form attached hereto as Exhibit 24 (the "AMD Promissory Note");

(xxii) a duly executed Remediation Agreement;

(xxiii) a duly executed Seconded Employee Payroll Servicing Agreement; and

(xxiv) a duly executed Manufacturing Services Agreement.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF AMD

As an inducement to Fujitsu, Fujitsu Sub and the Joint Venture to enter into this Agreement and to consummate the transactions contemplated hereby, AMD and AMD Investments represent and warrant to Fujitsu, Fujitsu Sub and the Joint Venture as follows:

5.1 Corporate Existence and Power. Each of AMD, AMD Investments and the AMD Contributed Subsidiaries and the Joint Venture (the "AMD Entities") is a corporation duly organized, validly existing and in good standing (to the extent such concept exists in the relevant jurisdiction) under the laws of its jurisdiction of incorporation or organization. Each of the AMD Entities has all corporate power and corporate authority required to conduct its business as now conducted and to own, lease and operate its AMD Business Assets as now owned, leased and operated. Each of the AMD Entities is duly qualified to do business and is in good standing (to the extent such concept exists in the relevant jurisdiction) as a foreign corporation in each jurisdiction where the character of the property owned or leased or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so qualified or in good standing is not reasonably likely to result in a Material Adverse Effect on the Joint Venture.

5.2 Authorization. The execution, delivery and performance by each of the AMD Entities of the Transaction Documents to which it is a party (or is contemplated to be a party at Closing) and the consummation by each of the AMD Entities of the transactions contemplated hereby and thereby are within the organizational powers of such AMD Entity and have been duly authorized by all necessary action (including, where necessary, stockholder action) on the part of such AMD Entity. Other than as have been taken or obtained, no Proceeding on the part of any AMD Entity is, and no other organizational approval is, or will be necessary to authorize the Transaction Documents to which it is a party (or is contemplated to be a party at Closing) and the transactions contemplated thereby. This Agreement has been duly and validly executed and delivered by AMD and AMD Investments and constitutes the legal, valid and binding agreement of AMD and AMD Investments, enforceable against AMD and AMD Investments in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of

equity. As of the Closing Date, each of the Ancillary Documents to which AMD or any of the other AMD Entities is a party will have been duly and validly executed and delivered by AMD and/or such applicable AMD Entities and will constitute the legal, valid and binding agreements of AMD and/or such applicable AMD Entities, enforceable against AMD and/or such applicable AMD Entities in accordance with their terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

5.3 Governmental Authorization. The execution, delivery and performance by each of the AMD Entities of each Transaction Document to which it is a party (or is contemplated to be a party at Closing) require no action by, consent or approval of, or filing with, any Governmental Authority, except for (a) the Required AMD Governmental Approvals, (b) under the HSR Act, applicable European Union Commission merger notification requirements or similar competition laws in other applicable foreign jurisdictions, and (c) other than any actions, consents, approvals or filings which, if not taken, obtained or made, are not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to enter into and perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

5.4 Non-Contravention. The execution, delivery and performance by each AMD Entity of each Transaction Document to which it is a party (or is contemplated to be a party at Closing) does not and will not (a) contravene or conflict with the Charter Documents of such AMD Entity; (b) assuming all filings required to be made to obtain the Required AMD Governmental Approvals, under the HSR Act, applicable European Union Commission merger notification requirements and similar competition laws in other applicable foreign jurisdictions will be made, contravene or conflict with or constitute a violation of any provision of any Applicable Law binding upon or applicable to any AMD Entity or any of the AMD Business Assets; (c) except as set forth on Schedule 5.4, constitute a default under or give rise to any right of termination, cancellation or acceleration of, or to a loss of any benefit, or otherwise change the existing rights or obligations thereunder to which any AMD Entity is entitled under, any Material Contract or Permit included in the AMD Business Assets; or (d) result in the creation or imposition of any Lien on any AMD Business Asset, other than Permitted Liens, except, with respect to clauses (b), (c) and (d), to the extent such contravention, conflict, violation, loss of benefit, default, right, or other change, individually or in the aggregate, is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to enter into and perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

5.5 Inventory. Either AMD Investments or another AMD Entity holds good and valid title to the AMD Inventory, free and clear of all Liens, other than Permitted Liens. The AMD Inventory was acquired and maintained in accordance with the regular business practices of AMD and its Affiliates, consists of items of quality and quantity usable or saleable in the ordinary course of business, and is valued by AMD at reasonable amounts in accordance with U.S. GAAP, applied in a manner consistent with AMD's past practices, at prices equal to the lower of cost or market value on a first-in, first-out basis. None of such inventory is obsolete, unusable, slow-moving, damaged or unsaleable in the ordinary course of business, except for such items of inventory which have been written down to realizable market value, or for which adequate reserves have been provided in a manner consistent with AMD's past practices.

5.6 Properties; Leases.

(a) Either AMD Investments or another AMD Entity has a good and valid leasehold or license interest in (i) the leased Real Property included in the AMD Business Assets (the "AMD Contributed Leased Real Property") and (ii) the leased personal property included in the AMD Business Assets, in each case, free and clear of all Liens, except to the extent such Liens constitute a Permitted Title Exception or a Permitted Lien, respectively.

(b) Either AMD Investments or another AMD Entity holds good and marketable title to, and is in possession of, all of the owned Real Property included in the AMD Business Assets (the "AMD Contributed Owned Real Property"), free and clear of all Liens, except to the extent such Liens constitute a Permitted Title Exception.

(c) AMD Investments or another AMD Entity holds good and valid title to all material Fixtures and Equipment owned by AMD Investments, another AMD Entity or the Joint Venture included in the AMD Business Assets, free and clear of all Liens, other than Permitted Liens.

(d) Schedule 5.6(d) sets forth an accurate and complete list of all Real Property Leases and Material Personal Property Leases included in the AMD Business Assets (including all subleases and sublicenses to which the applicable AMD Entity is a party related to the AMD Contributed Leased Real Property or leased personal property included in the AMD Business Assets or any interest therein). AMD has made available to Fujitsu true and correct copies of such Real Property Leases and Material Personal Property Leases. To the Knowledge of AMD, there is no pending or threatened condemnation, expropriation, taking or other form of eminent domain Proceeding against all or any portion of the AMD Contributed Leased Real Property.

(e) Schedule 5.6(e)(i) includes a list of all AMD Contributed Owned Real Property. Except as contemplated by the Transaction Documents, none of the AMD Contributed Owned Real Property or any interest thereon is subject to any Real Property Lease. To the Knowledge of AMD, except as set forth on Schedule 5.6(e)(ii), the current use and operation of the AMD Contributed Owned Real Property and the AMD Contributed Leased Real Property are in material compliance with all Applicable Laws (including, without limitation, laws relating to zoning and land use) and public and private covenants and restrictions, and neither AMD nor its Affiliates has received any notice of material non-compliance with any Applicable Laws. There is no pending or to the Knowledge of AMD, threatened, condemnation, expropriation, taking or other form of eminent domain Proceeding against all or any portion of the AMD Contributed Owned Real Property.

(f) All tangible AMD Business Assets (and such assets as are subject to Material Personal Property Leases and Real Property Leases) material to the AMD Flash Memory Business are in good operating condition and repair, ordinary wear and tear and immaterial defects excepted.

(g) AMD has made available to Fujitsu copies of Contracts or other documents that (i) evidence title and ownership to the AMD Contributed Owned Real Property, the loss of title, ownership or use of which would be reasonably likely to have a Material Adverse Effect on the Joint Venture or (ii) evidence Liabilities material to the Joint Venture, the payment or performance of which are secured by Liens on the AMD Contributed Owned Real Property or AMD Contributed Leased Real Property.

5.7 Litigation; Other Proceedings. Except as set forth on Schedule 5.7, there are no (a) actions, suits, hearings, arbitrations, proceedings (public or private) or investigations, including special assessment proceedings or other proceedings to impose Liens, that have been brought by or against any Governmental Authority or any other Person (collectively, "Proceedings") pending or, to the Knowledge of AMD, threatened, against or affecting any of the AMD Entities or the AMD Business Assets or (b) existing Judgments of any Governmental Authority affecting any of the AMD Entities or the AMD Business Assets, in each case under clauses (a) and (b), which, individually or in the aggregate, are reasonably likely to have, (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to enter into and perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). There are no Proceedings pending or, to the Knowledge of AMD, threatened, against or affecting the AMD Entities or the AMD Business Assets which seek to enjoin or rescind the transactions contemplated by this Agreement or otherwise prevent any AMD Entity from complying with the terms and provisions of the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

5.8 Contracts.

(a) Other than Real Property Leases and Material Personal Property Leases, Schedule 5.8 lists all written Material Contracts (or summaries of oral Material Contracts) included in the AMD Business Assets. AMD has made available to Fujitsu true and complete copies of all such written Material Contracts.

(b) Each of the Material Contracts included in the AMD Business Assets is in full force and effect and is valid, binding and enforceable against each AMD Entity that is a party thereto and, to the Knowledge of AMD as of the date hereof, each other party thereto, in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity. Each of the AMD Entities has complied in all material respects with all such Material Contracts to which it is a party and is not in material default under any of such Material Contract and, to the Knowledge of AMD, there exists no condition nor has there been any occurrence which (with or without notice, lapse of time or both) would reasonably be expected to result in such a default by an AMD Entity under any such Material Contracts, except where such default is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). To the Knowledge of AMD, (i) no other contracting party is in material default under any of the Material Contracts included in the AMD Business Assets and (ii) there exists no condition nor has there been any occurrence which (with or without notice, lapse of time or both) would reasonably be expected to result in such a default by any such party under any such Material Contracts, except where such default is not reasonably likely to result in a Material Adverse Effect on the Joint Venture.

5.9 Permits.

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(a) Except as set forth on Schedule 5.9(a), the AMD Entities have obtained all material Permits necessary for the ownership, operation and use of the AMD Business Assets and the AMD Flash Memory Business in substantially the same manner as currently owned, operated and used (the "AMD Contributed Permits"), and each AMD Contributed Permit is valid and remains in full force and effect. None of the AMD Entities is in default (or has failed to comply), nor has any AMD Entity received any notice of any claim of default or failure to comply, with respect to any AMD Contributed Permit, except where such default is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). Except as set forth on Schedule 5.9(a), upon the consummation of the Closing, each of the AMD Contributed Permits shall be in full force and effect and the Joint Venture shall be entitled to the benefits thereof and rights thereunder, except to the extent the failure of which is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

(b) Schedule 5.9(b) lists (i) each governmental or other registration, filing, application, notice, transfer, consent, approval, order, qualification and waiver (each, a "Required AMD Governmental Approval") required under Applicable Law to be obtained by any of the AMD Entities by virtue of the execution and delivery of Transaction Documents or the consummation of the transactions contemplated thereby to avoid the loss of any material AMD Contributed Permit, and (ii) each Material Contract included in the AMD Business Assets with respect to which the consent of the other party or parties thereto must be obtained by any of the AMD Entities by virtue of the execution and delivery of the Transaction Documents or the consummation of the transactions contemplated thereby to avoid the invalidity of the transfer of such Material Contract, the termination thereof, a breach or default thereunder or any other material change or modification to the terms thereof (excluding the consents required or otherwise addressed under the provisions of the Intellectual Property Agreement, each, a "Required AMD Contractual Consent" and together with the Required AMD Governmental Approvals, the "Required AMD Consents").

5.10 Compliance with Laws. Except as set forth on Schedule 5.10, each of the AMD Entities is in compliance in all material respects with all Applicable Laws relating to or applicable to the AMD Flash Memory Business and the AMD Business Assets, including all Environmental Laws, currently in effect including, without limitation, those relating to equal employment opportunity practices and the import and export of goods except for any non-compliance or violations which individually or in the aggregate are not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to perform its obligations under the Transaction Documents to which

it is a party (or is contemplated to be a party at Closing). Except as set forth on Schedule 5.10, none of the AMD Entities has received any written notice from any Governmental Authority of any allegation that the AMD Flash Memory Business or any AMD Business Assets is not in compliance with any Applicable Law, other than with respect to matters that have been resolved or that individually or in the aggregate are not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

5.11 Employment Agreements; Change in Control; and Employee Benefits.

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(a) Except as set forth on Schedule 5.11(a), there are no employment, consulting, agency, commission, bonus or incentive compensation, severance pay, continuation pay, termination pay or indemnification agreements or other similar agreements of any nature whatsoever included in Contracts that are included in the AMD Business Assets (collectively, "AMD Employment Agreements") between AMD or any ERISA Affiliate of AMD, on the one hand, and any current or former officer, director, employee, consultant or agent of AMD or any ERISA Affiliate of AMD, on the other hand. Without limiting the generality of the foregoing, except as set forth on Schedule 5.11(a), there are no AMD Employment Agreements or any other similar agreements to which AMD or its Affiliates is a party under which the transactions contemplated by this Agreement will require (i) any payment by AMD or the Joint Venture, or (ii) any consent or waiver from any officer, director, employee, consultant or agent of AMD, any ERISA Affiliate of AMD or the Joint Venture.

(b) AMD has made true and correct copies of all governing instruments and related agreements pertaining to the AMD Business Benefit Plans available to Fujitsu.

5.12 Labor and Employment Matters. Except as disclosed on Schedule 5.12:

(a) No collective bargaining agreement exists that is binding on AMD or its Affiliates relating to AMD Prospective Transferred Employees, and to the Knowledge of AMD, no petition has been filed or Proceedings instituted by an AMD Prospective Transferred Employee or group of AMD Prospective Transferred Employees with any labor relations board seeking recognition of a bargaining representative.

(b) There is no (i) labor strike, slow down or stoppage pending or, to the Knowledge of AMD, threatened, against or directly affecting the AMD Contributed Assets (including the AMD Contributed Subsidiaries) or the AMD Prospective Transferred Employees or (ii) Proceeding arising out of or under any collective bargaining agreement pending, or, to the Knowledge of AMD, threatened, against or directly affecting the AMD Contributed Assets (including the AMD Contributed Subsidiaries) or the AMD Prospective Transferred Employees, that in either case is reasonably likely to result in a Material Adverse Effect on the Joint Venture.

(c) None of the AMD Entities has received any notice of, and AMD does not have Knowledge of, any actual or threatened dispute, controversy or Proceeding with respect to claims of, or obligations to, any AMD Prospective Transferred Employee or group of AMD Prospective Transferred Employees related to allegations of unfair labor practices, discrimination or breach of contract.

(d) Each of the AMD Entities has complied and is currently complying, in respect of all AMD Prospective Transferred Employees, with all Applicable Laws respecting employment and employment practices and the protection of the health and safety of employees, except where such non-compliance is not reasonably likely to result in a Material Adverse Effect on the Joint Venture.

5.13 Insurance. All insurance coverage applicable to the AMD Entities, the AMD Flash Memory Business and the AMD Business Assets is in full force and effect, insures the AMD Entities in reasonably sufficient amounts against all risks usually insured against by Persons operating similar businesses or properties of similar size in the localities where such businesses or properties are located. No notice of cancellation or nonrenewal of such coverage has been received by any of the AMD Entities.

5.14 Tax Matters. Each of the AMD Contributed Subsidiaries has timely filed or will timely file when due all Tax Returns required by Applicable Law for periods ending at or before the Closing Date, and such Tax Returns are true and correct in all material respects (or, as to such Tax Returns not yet filed, will be true and correct in all material respects). Each of the AMD Contributed Subsidiaries has timely paid all material Taxes owed by such AMD Contributed Subsidiary (whether or not shown to be payable on Tax Returns or on subsequent assessments) for any period ending prior to the Closing Date, except for Taxes shown as a current Liability on the AMD Contributed Subsidiary Closing Sheets. None of the AMD Contributed Subsidiaries is under any legal or contractual obligation to pay the Tax Liabilities of any third party or to indemnify any third party with respect to any Tax. No AMD Contributed Subsidiary is the subject of an entity classification election under U.S. Treasury Regulations Section 301.7701-3. No AMD Contributed Subsidiary is a party to any joint venture or partnership. No AMD Contributed Subsidiary is currently the subject of audit or any Tax-related Proceeding by any Governmental Authority and, to AMD's Knowledge, no such audit or Proceeding is threatened. No AMD Contributed Subsidiary has any obligation to make any payment of any amount to any Person which would not be deductible by reasons of Code Section 280G. All aspects of the business of any AMD Contributed Subsidiary has been conducted at all times in accordance with the terms and conditions of all Tax rulings and Tax concessions (collectively, "Tax Concessions") provided by a relevant Government Authority and no AMD Contributed Subsidiary is subject to any obligation to pay any amount to any Governmental Authority with respect to any Tax Concession if its operations change in any manner after the Closing Date.

5.15 Environmental Matters. To the Knowledge of AMD and the AMD Facility Managers, except as set forth in Schedule 5.15:

(a) Neither AMD nor it Affiliates or its or their Predecessors has Handled or Released any Hazardous Substances at, on, under, to or from any AMD Business Assets or any Real Property or Facility owned, operated, leased or used at any time prior to Closing by the Joint Venture, the AMD Contributed Subsidiaries, or its or their Subsidiaries or Predecessors,

including any offsite disposal or treatment facilities used by the Joint Venture, the AMD Contributed Subsidiaries or its or their Subsidiaries or Predecessors (collectively, "AMD Site") in violation of any applicable Environmental Law, or that has resulted in, or could reasonably be expected to result in, any Liability or potential Liability to AMD or its Affiliates under any Environmental Law.

(b) No Release of any Hazardous Substance has occurred, or is occurring, at, on, under, from or to any AMD Site, and no Hazardous Substances are present on, in or under any AMD Site, regardless of how the Hazardous Substance(s) came to rest there, in violation of any applicable Environmental Law or that could reasonably be expected to result in any Liability to AMD or its Affiliates under any Environmental Law.

(c) No underground tanks are or have been owned or operated by AMD or its Affiliates at the AMD Business Assets or any other location formerly owned, operated, leased or used by any of the AMD Contributed Subsidiaries. No underground storage tanks, landfills, surface impoundments, waste piles or other land treatment, land storage or disposal areas are or have been located on, in or under any of the AMD Business Assets, and no PCBs or asbestos-containing materials are located on, in or under any of the AMD Business Assets.

(d) Neither AMD nor its Affiliates has received written notice of any assertion by any Governmental Authority or other Person that any of them may be a potentially responsible party in connection with any AMD Site. There are no Proceedings that are pending or, to the Knowledge of AMD, threatened by any Governmental Authority or Person against AMD or its Affiliates relating to any AMD Site or any of the AMD Contributed Subsidiaries arising under or pursuant to any Environmental Law. Neither AMD nor its Affiliates has received any written notice from any Governmental Authority or Person that is outstanding or has not been resolved and, to the Knowledge of AMD, no condition or circumstance exists, that (with or without notice or lapse of time or both) would reasonably be likely to give rise to, or serve as a basis for, the commencement of any such Proceeding. Neither AMD nor its Affiliates has entered into or received, nor is AMD or its Affiliates in default under, any Judgment of any Governmental Authority under any Environmental Law relating to any AMD Site or any of the AMD Contributed Subsidiaries.

(e) There are no closures or substantial modifications to any equipment or Facilities used in connection with the Handling or Release of Hazardous Substances (including wastewater), or any operational changes that could reasonably be expected to require such closure or modifications, currently planned within five (5) years after the date hereof by any of the AMD Entities on any AMD Site, and no such closures or modifications are required to effect the transactions contemplated hereby.

(f) No Lien has arisen or, to the Knowledge of AMD, is threatened on or against any of the AMD Business Assets under or as a result of a violation of, or any other Liability under, any Environmental Laws.

5.16 Capitalization of AMD Contributed Subsidiaries.

(a) The entire authorized capital stock and other equity interests of AMD Malaysia consists of 5,000,000 ordinary shares of RM1 per share, of which 3,800,000 shares are issued and outstanding and held of record, beneficially and directly by the Joint Venture. The entire authorized capital stock and other equity interests of AMD Thailand consists of 2,350,000 ordinary shares, par value Baht 100 per share, of which 2,349,994 shares are issued and outstanding and held of record, beneficially and directly by the Joint Venture, 1 share is issued and outstanding and held of record, beneficially and directly by Hector de J. Ruiz, 1 share is issued and outstanding and held of record, beneficially and directly by Robert J. Rivet, 1 share is issued and outstanding and held of record, beneficially and directly by Thomas M. McCoy, 1 share is issued and outstanding and held of record, beneficially and directly by J. Michael Woollems, 1 share is issued and outstanding and held of record, beneficially and directly by Hollis O'Brien and 1 share is issued and outstanding and held of record, beneficially and directly by Clyde Charles Stiteler. The entire authorized capital stock and other equity interests of AMD Singapore consists of 100,000 ordinary shares, par value Singapore US$1.00 per share, of which 89,279 shares are issued and outstanding and held of record, beneficially and directly by the Joint Venture. The entire authorized capital stock and other equity interests of AMD China consists of US$36,000,000 in registered capital, all of which is issued and outstanding and held of record, beneficially and directly by AMD Singapore. All of the issued and outstanding shares of capital stock of each of AMD Malaysia, AMD Thailand, AMD Singapore and AMD China have been duly authorized, are validly issued, fully paid, non-assessable and free and clear of any pre-emptive rights and Liens.

(b) Except as set forth in the Transaction Documents, there are no (i) outstanding subscriptions, options, calls, warrants or other rights of any kind to acquire any shares of capital stock or other voting securities or equity interests of any AMD Contributed Subsidiary or the Joint Venture, (ii) outstanding securities convertible into any shares of capital stock or other voting securities or equity interests of any AMD Contributed Subsidiary or the Joint Venture, (iii) obligations that might require any AMD Contributed Subsidiary or the Joint Venture to issue any such options, warrants, rights or securities or (iv) contractual obligations of any AMD Contributed Subsidiary or the Joint Venture to sell, issue or otherwise dispose of or repurchase, redeem or otherwise acquire any shares of capital stock or other equity interests of any such company.

(c) AMD Investments has delivered to Fujitsu true and correct copies of the currently effective Charter Documents of each of the AMD Contributed Subsidiaries.

(d) AMD or an AMD Affiliate has good and valid title to the AMD FASL (Japan) Closing Date Contributed Equity and the AMD FASL (Japan) Additional Equity, free and clear of any Liens, options or rights of first offer or first refusal with respect thereto. Upon the transfer of the foregoing shares to the Joint Venture in accordance with the terms of this Agreement, the Joint Venture has or will have good and valid title thereto, free and clear of any Liens, options or rights of first offer or first refusal with respect thereto.

(e) Except as set forth in Schedule 5.16(e), none of the AMD Contributed Subsidiaries is currently engaged in any material respect in any business or business activity other than the AMD Flash Memory Business or holds any material interests or assets other than as used in the AMD Flash Memory Business.

5.17 Brokers. Neither AMD nor any of its Affiliates is a party to any contract, agreement, arrangement or understanding with any Person which will result in the obligation of Fujitsu or any of its Affiliates or the Joint Venture or any of its Subsidiaries (including the AMD Contributed Subsidiaries and FASL (Japan)) to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby.

5.18 Related Party Agreements. Except for this Agreement, the agreements expressly contemplated by this Agreement and as set forth in Schedule 5.18, there are no Contracts between AMD or any of its Affiliates, on the one hand, and any AMD Contributed Subsidiary, the Joint Venture or FASL (Japan), on the other hand.

5.19 No Other Agreements to Sell AMD Contributed Assets. Except as provided herein, none of the AMD Entities has any legal obligation, absolute or contingent, to any Person other than the Joint Venture to sell, assign, lease or sublease or otherwise transfer, convey or place any Lien on any of the material AMD Business Assets, other than (a) agreements regarding the sale of inventory of the AMD Flash Memory Business which were entered into in the ordinary course of business and in a manner consistent with past practices and (b) agreements among AMD Entities to sell or transfer AMD Business Assets in a manner such that they can be contributed or sold to the Joint Venture as contemplated by the Transaction Documents.

5.20 Absence of Changes. Since March 31, 2003, (a) the AMD Flash Memory Business has been conducted in all material respects in the ordinary course (except in connection with or as otherwise contemplated by the Transaction Documents) consistent with past practice and (b) there has been no change or event relating to the AMD Flash Memory Business which, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect the Joint Venture.

5.21 Securities Act; Investment Company Act. AMD Investments is an "accredited investor" as that term is defined in Rule 501 promulgated under the Securities Act of 1933, as amended (the "Securities Act"); (b) AMD Investments has acquired or is acquiring its Membership Interest in the Joint Venture for AMD Investments' own account as an investment and without a view to the distribution thereof; (c) AMD Investments is aware that the Membership Interests have not been registered under the Securities Act or any state securities laws, and may not be resold or transferred by AMD Investments without appropriate registration or the availability of an exemption from such requirements, and then only upon compliance with the terms and conditions set forth in this Agreement; and (d) if AMD Investments is a Person other than an individual and beneficially owns (as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act") ten percent (10%) or more of the outstanding voting securities of the Joint Venture (taking into account all Membership Interests which AMD Investments has agreed to purchase), AMD Investments is not, and but for the exceptions provided in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act would not be, an investment company under such Investment Company Act.

5.22 Sufficiency of Contributed Assets. (a) To the Knowledge of AMD and the AMD Facility Managers, upon consummation of the transactions contemplated by the Transaction Documents, the tangible assets and properties of the Joint Venture and its Subsidiaries (including rights under the Ancillary Documents) will include all of the material tangible assets and properties necessary for the conduct of the AMD Flash Memory Business as presently conducted and (b) AMD and AMD Investments have used commercially reasonable efforts in good faith to provide that upon consummation of the transactions contemplated by the Transaction Documents, the tangible assets and properties of the Joint Venture and its Subsidiaries will include all of the material tangible assets and properties necessary for the conduct of the AMD Flash Memory Business as presently conducted.

5.23 Warranty Claims. Except as set forth in Schedule 5.23, during the past three (3) years, product warranty claims made against the AMD Entities with respect to products sold by the AMD Entities in connection with the AMD Flash Memory Business have not exceeded an aggregate of US$5,000,000 for any particular product.

5.24 Financial Statements. AMD and AMD Investments have previously delivered to Fujitsu and Fujitsu Sub unaudited operating income statements of the AMD Flash Memory Business for the fiscal year ended December 31, 2002 (the "AMD Flash Memory Business Income Statements"). The AMD Flash Memory Business Income Statements were prepared in accordance with the books and records of AMD and fairly present in all material respects the results of operations, for the period then ended, of the AMD Flash Memory Business.

5.25 AMD Member. AMD is the direct or indirect owner of all of the issued and outstanding shares of capital stock or other equity interests of its affiliated Member(s). There are no outstanding options, warrants, conversion or exchange privileges, preemptive rights, rights of first refusal or other rights with respect to, or to purchase or obtain any of the capital stock or other equity interests of AMD's affiliated Member (or of any Subsidiary of AMD holding an interest in the AMD Member(s)).

5.26 Value of Assets. Schedule 5.26 lists all of the AMD Business Assets and AMD Investments' good faith determination of the net book value of the AMD Business Assets.

ARTICLE VI.

REPRESENTATIONS AND WARRANTIES OF FUJITSU

As an inducement to AMD, AMD Investments and the Joint Venture to enter into this Agreement and to consummate the transactions contemplated hereby, Fujitsu and Fujitsu Sub represent and warrant to AMD, AMD Investments and the Joint Venture as follows:

6.1 Corporate Existence and Power. Each of Fujitsu, Fujitsu Sub, and the Fujitsu Contributed Subsidiary (the "Fujitsu Entities") is a corporation duly organized and validly existing and in good standing (to the extent such concept exists in the relevant jurisdiction) under the laws of its jurisdiction of incorporation or organization. Each Fujitsu Entity has all corporate

power and corporate authority required to conduct its business as now conducted and to own, lease and operate its Fujitsu Business Assets as now owned, leased and operated. Each Fujitsu Entity is duly qualified to do business and is in good standing (to the extent such concept exists in the relevant jurisdiction) as a foreign corporation in each jurisdiction where the character of the property owned or leased or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so qualified or in good standing is not reasonably likely to result in a Material Adverse Effect on the Joint Venture.

6.2 Authorization. The execution, delivery and performance by each Fujitsu Entity of the Transaction Documents to which it is a party (or is contemplated to be a party at Closing) and the consummation by each Fujitsu Entity of the transactions contemplated hereby and thereby are within such Fujitsu Entity's organizational powers and have been duly authorized by all necessary action (including, where necessary, stockholder action) on the part of such Fujitsu Entity. Other than as have been taken or obtained, no Proceeding on the part of any Fujitsu Entity is, and no other organizational approval is, or will be necessary to authorize the Transaction Documents to which it is a party (or is contemplated to be a party at Closing) and the transactions contemplated thereby. This Agreement has been duly and validly executed and delivered by Fujitsu and Fujitsu Sub, and constitutes the legal, valid and binding agreement of Fujitsu and Fujitsu Sub, enforceable against Fujitsu and Fujitsu Sub in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity. As of the Closing Date, each of the Ancillary Documents to which Fujitsu or any of the other Fujitsu Entities is a party will have been duly and validly executed and delivered by Fujitsu and/or such applicable Fujitsu Entities and will constitute the legal, valid and binding agreements of Fujitsu and/or such applicable Fujitsu Entities, enforceable against Fujitsu and/or such applicable Fujitsu Entities in accordance with their terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

6.3 Governmental Authorization. The execution, delivery and performance by each Fujitsu Entity of each Transaction Document to which it is a party (or is contemplated to be a party at Closing) require no action by, consent or approval of, or filing with, any Governmental Authority, except for (a) the Required Fujitsu Governmental Approvals, (b) under the HSR Act, applicable European Union Commission merger notification requirements or similar competition laws in other applicable foreign jurisdictions, and (c) other than any actions, consents, approvals or filings which, if not taken, obtained or made, are not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any Fujitsu Entity to enter into and perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

6.4 Non-Contravention. The execution, delivery and performance by each Fujitsu Entity of each Transaction Document to which it is a party (or is contemplated to be a party at Closing) does not and will not (a) contravene or conflict with the Charter Documents of such Fujitsu Entity; (b) assuming all filings required to be made to obtain the Required Fujitsu Governmental Approvals, under the HSR Act, applicable European Union Commission merger notification requirements and similar competition laws in other applicable foreign jurisdictions

will be made, contravene or conflict with or constitute a violation of any provision of any Applicable Law binding upon or applicable to any Fujitsu Entity or any of the Fujitsu Business Assets; (c) except as set forth on Schedule 6.4, constitute a default under or give rise to any right of termination, cancellation or acceleration of, or to a loss of any benefit, or otherwise change the existing rights or obligations thereunder to which any Fujitsu Entity is entitled under any Material Contract or Permit included in the Fujitsu Business Assets; or (d) result in the creation or imposition of any Lien on any Fujitsu Business Asset, other than Permitted Liens, except, with respect to clauses (b), (c) and (d), to the extent such contravention, conflict, violation, loss of benefit, default, right, or other change, individually or in the aggregate, is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any Fujitsu Entity to enter into and perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

6.5 Inventory. Either Fujitsu Sub or another Fujitsu Entity holds good and valid title to the Fujitsu Inventory, free and clear of all Liens, other than Permitted Liens. The Fujitsu Inventory was acquired and maintained in accordance with the regular business practices of Fujitsu and its Affiliates, consists of items of quality and quantity usable or saleable in the ordinary course of business, and is valued by Fujitsu at reasonable amounts in accordance with Japan GAAP, applied in a manner consistent with Fujitsu's past practices, at prices equal to the lower of cost or market value on a first-in, first-out basis. None of such inventory is obsolete, unusable, slow-moving, damaged or unsaleable in the ordinary course of business, except for such items of inventory which have been written down to realizable market value, or for which adequate reserves have been provided in a manner consistent with Fujitsu's past practices.

6.6 Properties; Leases.

(a) Either Fujitsu Sub or another Fujitsu Entity has a good and valid leasehold or license interest in (i) the leased Real Property included in the Fujitsu Business Assets (the "Fujitsu Contributed Leased Real Property") and (ii) the leased personal property included in the Fujitsu Business Assets, in each case, free and clear of all Liens, except to the extent such Liens constitute a Permitted Title Exception or a Permitted Lien, respectively.

(b) Either Fujitsu Sub or another Fujitsu Entity holds good and marketable title to, and is in possession of, all of the owned Real Property included in the Fujitsu Business Assets (the "Fujitsu Contributed Owned Real Property"), free and clear of all Liens, except to the extent such Liens constitute a Permitted Title Exception.

(c) Fujitsu Sub or another Fujitsu Entity holds good and valid title to all material Fixtures and Equipment owned by Fujitsu Sub or another Fujitsu Entity included in the Fujitsu Business Assets, free and clear of all Liens, other than Permitted Liens.

(d) Schedule 6.6(d) sets forth an accurate and complete list of all Real Property Leases and Material Personal Property Leases included in the Fujitsu Business Assets (including all subleases and sublicenses to which the applicable Fujitsu Entity is a party related to the Fujitsu Contributed Leased Real Property or leased personal property included in the Fujitsu Business Assets or any interest therein). Fujitsu has made available to AMD true and

correct copies of such Real Property Leases and Material Personal Property Leases. To the Knowledge of Fujitsu, there is no pending or threatened condemnation, expropriation, taking or other form of eminent domain Proceeding against all or any portion of the Fujitsu Contributed Leased Real Property.

(e) Schedule 6.6(e)(i) includes a list of all Fujitsu Contributed Owned Real Property. Except as contemplated by the Transaction Documents, none of the Fujitsu Contributed Owned Real Property or any interest thereon is subject to any Real Property Lease. To the Knowledge of Fujitsu, except as set forth on Schedule 6.6(e)(ii), the current use and operation of the Fujitsu Contributed Owned Real Property and the Fujitsu Contributed Leased Real Property are in material compliance with all Applicable Laws (including, without limitation, laws relating to zoning and land use) and public and private covenants and restrictions, and neither Fujitsu nor its Affiliates has received any notice of material non-compliance with any Applicable Laws. There is no pending, or to the Knowledge of Fujitsu, threatened, condemnation, expropriation, taking or other form of eminent domain Proceeding against all or any portion of the Fujitsu Contributed Owned Real Property.

(f) All tangible Fujitsu Business Assets (and such assets as are subject to Material Personal Property Leases and Real Property Leases) material to the Fujitsu Flash Memory Business are in good operating condition and repair, ordinary wear and tear and immaterial defects excepted.

(g) Fujitsu has made available to AMD copies of Contracts or other documents that (i) evidence title and ownership to the Fujitsu Contributed Owned Real Property, the loss of title, ownership or use of which would be reasonably likely to have a Material Adverse Effect on the Joint Venture or (ii) evidence Liabilities material to the Joint Venture, the payment or performance of which are secured by Liens on the Fujitsu Contributed Owned Real Property or Fujitsu Contributed Leased Real Property.

6.7 Litigation; Other Proceedings. Except as set forth on Schedule 6.7, there are no (a) Proceedings pending or, to the Knowledge of Fujitsu, threatened, against or affecting any of the Fujitsu Entities or the Fujitsu Business Assets or (b) existing Judgments of any Governmental Authority affecting any of the Fujitsu Entities or the Fujitsu Business Assets, in each case under clauses (a) and (b), which, individually or in the aggregate, are reasonably likely to have, (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any Fujitsu Entity to enter into and perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). There are no Proceedings pending or, to the Knowledge of Fujitsu, threatened, against or affecting the Fujitsu Entities or the Fujitsu Business Assets which seek to enjoin or rescind the transactions contemplated by this Agreement or otherwise prevent any Fujitsu Entity from complying with the terms and provisions of the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

6.8 Contracts.

(a) Other than Real Property Leases and Material Personal Property Leases, Schedule 6.8 lists all written Material Contracts (or summaries of oral Material Contracts) included in the Fujitsu Business Assets. Fujitsu has made available to AMD true and complete copies of all such written Material Contracts.

(b) Each of the Material Contracts included in the Fujitsu Business Assets is in full force and effect and is valid, binding and enforceable against each Fujitsu Entity that is a party thereto and, to the Knowledge of Fujitsu as of the date hereof, each other party thereto, in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity. Each Fujitsu Entity has complied in all material respects with all such Material Contracts to which it is a party and is not in material default under any of such Material Contracts and, to the Knowledge of Fujitsu, there exists no condition nor has there been any occurrence which (with or without notice, lapse of time or both) would reasonably be expected to result in such a default by a Fujitsu Entity under any such Material Contracts, except where such default is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any Fujitsu Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). To the Knowledge of Fujitsu, (i) no other contracting party is in material default under any of the Material Contracts included in the Fujitsu Business Assets and (ii) there exists no condition nor has there been any occurrence which (with or without notice, lapse of time or both) would reasonably be expected to result in such a default by such party under any such Material Contracts, except where such default is not reasonably likely to result in a Material Adverse Effect on the Joint Venture.

6.9 Permits.

(a) Except as set forth on Schedule 6.9(a), the Fujitsu Entities have obtained all material Permits necessary for the ownership, operation and use of the Fujitsu Business Assets and the Fujitsu Flash Memory Business in substantially the same manner as currently owned, operated and used (the "Fujitsu Contributed Permits"), and each Fujitsu Contributed Permit is valid and remains in full force and effect. No Fujitsu Entity is in default (or has failed to comply), nor has any Fujitsu Entity received any notice of any claim of default or failure to comply, with respect to any Fujitsu Contributed Permit, except where such default is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any Fujitsu Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). Except as set forth on Schedule 6.9(a), upon the consummation of the Closing, each of the Fujitsu Contributed Permits shall be in full force and effect and the Joint Venture shall be entitled to the benefits thereof and rights thereunder, except to the extent the failure of which is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any Fujitsu Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

(b) Schedule 6.9(b) lists (i) each governmental or other registration, filing, application, notice, transfer, consent, approval, order, qualification and waiver (each, a "Required Fujitsu Governmental Approval") required under Applicable Law to be obtained by any of the Fujitsu Entities by virtue of the execution and delivery of Transaction Documents or the consummation of the transactions contemplated thereby to avoid the loss of any material Fujitsu Contributed Permit, and (ii) each Material Contract included in the Fujitsu Business Assets with respect to which the consent of the other party or parties thereto must be obtained by any of the Fujitsu Entities by virtue of the execution and delivery of the Transaction Documents or the consummation of the transactions contemplated thereby to avoid the invalidity of the transfer of such Material Contract, the termination thereof, a breach or default thereunder or any other material change or modification to the terms thereof (excluding the consents required or otherwise addressed under the provisions of the Intellectual Property Agreement, each, a "Required Fujitsu Contractual Consent" and together with the Required Fujitsu Governmental Approvals, the "Required Fujitsu Consents").

6.10 Compliance with Laws. Except as set forth on Schedule 6.10, each Fujitsu Entity is in compliance in all material respects with all Applicable Laws relating to or applicable to the Fujitsu Flash Memory Business and the Fujitsu Business Assets, including all Environmental Laws, currently in effect including, without limitation, those relating to equal employment opportunity practices and the import and export of goods except for any non-compliance or violations which individually or in the aggregate are not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any Fujitsu Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). Except as set forth on Schedule 6.10, none of the Fujitsu Entities has received any written notice from any Governmental Authority of any allegation that the Fujitsu Flash Memory Business or any Fujitsu Business Assets is not in compliance with any Applicable Law, other than with respect to matters that have been resolved or that individually or in the aggregate are not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any Fujitsu Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

6.11 Employment Agreements; Change in Control; and Employee Benefits.

(a) Except as set forth on Schedule 6.11(a), there are no employment, consulting, agency, commission, bonus or incentive compensation, severance pay, continuation pay, termination pay or indemnification agreements or other similar agreements of any nature whatsoever included in Contracts that are included in the Fujitsu Business Assets (collectively, "Fujitsu Employment Agreements") between Fujitsu or any ERISA Affiliate of Fujitsu, on the one hand, and any current or former officer, director, employee, consultant or agent of Fujitsu or any ERISA Affiliate of Fujitsu, on the other hand. Without limiting the generality of the foregoing, except as set forth on Schedule 6.11(a), there are no Fujitsu Employment Agreements or any other similar agreements to which Fujitsu or its Affiliates is a party under which the transactions contemplated by this Agreement will require (i) any payment by Fujitsu or the Joint Venture, or (ii) any consent or waiver from any officer, director, employee, consultant or agent of Fujitsu, any ERISA Affiliate of Fujitsu or the Joint Venture.

(b) Fujitsu has made true and correct copies of all governing instruments and related agreements pertaining to the Fujitsu Business Benefit Plans available to AMD.

6.12 Labor and Employment Matters. Except as disclosed on Schedule 6.12:

(a) No collective bargaining agreement exists that is binding on Fujitsu or its Affiliates relating to Fujitsu Prospective Transferred Employees, and to the Knowledge of Fujitsu, no petition has been filed or Proceedings instituted by a Fujitsu Prospective Transferred Employee or group of Fujitsu Prospective Transferred Employees with any labor relations board seeking recognition of a bargaining representative.

(b) There is no (i) labor strike, slow down or stoppage pending or, to the Knowledge of Fujitsu, threatened, against or directly affecting the Fujitsu Contributed Assets (including the Fujitsu Contributed Subsidiary) or the Fujitsu Prospective Transferred Employees or (ii) Proceeding arising out of or under any collective bargaining agreement pending, or, to the Knowledge of Fujitsu, threatened, against or directly affecting the Fujitsu Contributed Assets (including the Fujitsu Contributed Subsidiary) or the Fujitsu Prospective Transferred Employees, that in either case is reasonably likely to result in a Material Adverse Effect on the Joint Venture.

(c) None of the Fujitsu Entities has received any notice of, and Fujitsu does not have Knowledge of, any actual or threatened dispute, controversy or Proceeding with respect to claims of, or obligations to, any Fujitsu Prospective Transferred Employee or group of Fujitsu Prospective Transferred Employees related to allegations of unfair labor practices, discrimination or breach of contract.

(d) Each of the Fujitsu Entities has complied and is currently complying, in respect of all Fujitsu Prospective Transferred Employees, with all Applicable Laws respecting employment and employment practices and the protection of the health and safety of employees, except where such non-compliance is not reasonably likely to result in a Material Adverse Effect on the Joint Venture.

6.13 Insurance. All insurance coverage applicable to the Fujitsu Entities, the Fujitsu Flash Memory Business and the Fujitsu Business Assets is in full force and effect, insures the Fujitsu Entities in reasonably sufficient amounts against all risks usually insured against by Persons operating similar businesses or properties of similar size in the localities where such businesses or properties are located. No notice of cancellation or nonrenewal of such coverage has been received by any of the Fujitsu Entities.

6.14 Tax Matters. The Fujitsu Contributed Subsidiary has timely filed or will timely file when due all Tax Returns required by Applicable Law for periods ending at or before the Closing Date, and such Tax Returns are true and correct in all material respects (or, as to such Tax Returns not yet filed, will be true and correct in all material respects). The Fujitsu Contributed Subsidiary has timely paid all material Taxes owed by such Fujitsu Contributed Subsidiary (whether or not shown to be payable on Tax Returns or on subsequent assessments) for any period ending prior to the Closing Date, except for Taxes shown as a current Liability on the Fujitsu Contributed Subsidiary Closing Sheets. The Fujitsu Contributed Subsidiary is not under any legal or contractual obligation to pay the Tax Liabilities of any third party or to

indemnify any third party with respect to any Tax. The Fujitsu Contributed Subsidiary is not the subject of an entity classification election under U.S. Treasury Regulations Section 301.7701-3. The Fujitsu Contributed Subsidiary is not a party to any joint venture or partnership. The Fujitsu Contributed Subsidiary is not currently the subject of audit or any Tax-related Proceeding by any Governmental Authority and, to Fujitsu's Knowledge, no such audit or Proceeding is threatened. The Fujitsu Contributed Subsidiary has no obligation to make any payment of any amount to any Person which would not be deductible by reasons of Code Section 280G. All aspects of the business of the Fujitsu Contributed Subsidiary has been conducted at all times in accordance with the terms and conditions of all Tax Concessions provided by a relevant Government Authority and the Fujitsu Contributed Subsidiary is not subject to any obligation to pay any amount to any Governmental Authority with respect to any Tax Concession if its operations change in any manner after the Closing Date.

6.15 Environmental Matters. To the Knowledge of Fujitsu and the Fujitsu Facility Managers, except as set forth in Schedule 6.15:

(a) Neither Fujitsu nor its Affiliates or its or their Predecessors has Handled or Released any Hazardous Substances at, on, under, to or from any Fujitsu Business Assets or any Real Property or Facility owned, operated, leased or used at any time prior to Closing by the Fujitsu Contributed Subsidiary, or its Subsidiaries or Predecessors, including, without limitation, any offsite disposal or treatment facilities used by the Fujitsu Contributed Subsidiary, or its Subsidiaries or Predecessors (collectively, "Fujitsu Site") in violation of any applicable Environmental Law, or that has resulted in, or could reasonably be expected to result in, any Liability or potential Liability to Fujitsu or its Affiliates under any Environmental Law.

(b) No Release of any Hazardous Substance has occurred, or is occurring, at, on, under, from or to any Fujitsu Site, and no Hazardous Substances are present on, in or under any Fujitsu Site, regardless of how the Hazardous Substance(s) came to rest there, in violation of any applicable Environmental Law or that could reasonably be expected to result in any Liability to Fujitsu or its Affiliates under any Environmental Law.

(c) No underground tanks are or have been owned or operated by Fujitsu or its Affiliates at the Fujitsu Business Assets or any other location formerly owned, operated, leased or used by the Fujitsu Contributed Subsidiary. No underground storage tanks, landfills, surface impoundments, waste piles or other land treatment, land storage or disposal areas are or have been located on, in or under any of the Fujitsu Business Assets, and no PCBs or asbestos-containing materials are located on, in or under any of the Fujitsu Business Assets.

(d) Neither Fujitsu nor its Affiliates has received written notice of any assertion by any Governmental Authority or other Person that any of them may be a potentially responsible party in connection with any Fujitsu Site. There are no Proceedings that are pending or, to the Knowledge of Fujitsu, threatened by any Governmental Authority or Person against Fujitsu or its Affiliates relating to any Fujitsu Site or of the Fujitsu Contributed Subsidiary arising under or pursuant to any Environmental Law. Neither Fujitsu nor its Affiliates has received any written notice from any Governmental Authority or Person that is outstanding or has not been resolved and, to the Knowledge of Fujitsu, no condition or circumstance exists, that

(with or without notice or lapse of time or both) would reasonably be likely to give rise to, or serve as a basis for, the commencement of any such Proceeding. Neither Fujitsu nor its Affiliates has entered into or received, nor is Fujitsu or its Affiliates in default under, any Judgment of any Governmental Authority under any Environmental Law relating to any Fujitsu Site or the Fujitsu Contributed Subsidiary.

(e) There are no closures or substantial modifications to any equipment or Facilities used in connection with the Handling or Release of Hazardous Substances (including wastewater), or any operational changes that could reasonably be expected to require such closure or modifications, currently planned within five (5) years after the date hereof by any of the Fujitsu Entities on any Fujitsu Site, and no such closures or modifications are required to effect the transactions contemplated hereby.

(f) No Lien has arisen or, to the Knowledge of Fujitsu, is threatened on or against any of the Fujitsu Business Assets under or as a result of a violation of, or any other Liability under, any Environmental Laws.

6.16 Capitalization of the Fujitsu Contributed Subsidiary.

(a) The entire authorized capital stock and other equity interests of Fujitsu Malaysia consists of 150,000,000 shares of RM1 per share, of which 101,200,000 shares are issued and outstanding and held of record, beneficially and directly by Fujitsu Sub. Following the transactions contemplated hereby the Joint Venture shall hold of record and directly all of the outstanding capital stock and equity interest in Fujitsu Malaysia. All of the issued and outstanding shares of capital stock of Fujitsu Malaysia have been duly authorized, are validly issued, fully paid, non-assessable and free and clear of any pre-emptive rights and Liens.

(b) Except as set forth in the Transaction Documents, there are no (i) outstanding subscriptions, options, calls, warrants or other rights of any kind to acquire any shares of capital stock or other voting securities or equity interests of the Fujitsu Contributed Subsidiary, (ii) outstanding securities convertible into any shares of capital stock or other voting securities or equity interests of the Fujitsu Contributed Subsidiary, (iii) obligations that might require the Fujitsu Contributed Subsidiary to issue any such options, warrants, rights or securities or (iv) contractual obligations of the Fujitsu Contributed Subsidiary to sell, issue or otherwise dispose of or repurchase, redeem or otherwise acquire any shares of capital stock or other equity interests of any such company.

(c) Fujitsu Sub has delivered to AMD true and correct copies of the currently effective Charter Documents of the Fujitsu Contributed Subsidiary.

(d) Fujitsu or a Fujitsu Affiliate has, immediately prior to the transfer of such shares to the Joint Venture, good and valid title to the Fujitsu FASL (Japan) Equity, free and clear of any Liens, options or rights of first offer or first refusal with respect thereto. Upon the transfer of the foregoing shares to the Joint Venture in accordance with the terms of this Agreement, the Joint Venture will have good and valid title thereto, free and clear of any Liens, options or rights of first offer or first refusal with respect thereto.

(e) Except as set forth in Schedule 6.16(e), the Fujitsu Contributed Subsidiary is not currently engaged in any material respect in any business or business activity other than the Fujitsu Flash Memory Business or holds any material interests or assets other than as used in the Fujitsu Flash Memory Business.

6.17 Brokers. Neither Fujitsu nor any of its Affiliates is a party to any contract, agreement, arrangement or understanding with any Person which will result in the obligation of AMD or any of its Affiliates or the Joint Venture or any of its Subsidiaries (including the Fujitsu Contributed Subsidiary and FASL (Japan)) to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby.

6.18 Related Party Agreements. Except for this Agreement, the agreements expressly contemplated by this Agreement and as set forth in Schedule 6.18, there are no Contracts between Fujitsu or any of its Affiliates, on the one hand, and the Fujitsu Contributed Subsidiary, the Joint Venture or FASL (Japan), on the other hand.

6.19 No Other Agreements to Sell Fujitsu Contributed Assets. Except as provided herein, no Fujitsu Entity has any legal obligation, absolute or contingent, to any Person other than the Joint Venture to sell, assign, lease or sublease or otherwise transfer, convey or place any Lien on any of the material Fujitsu Business Assets, other than (a) agreements regarding the sale of inventory of the Fujitsu Flash Memory Business which were entered into in the ordinary course of business and in a manner consistent with past practices and (b) agreements among Fujitsu Entities to sell or transfer Fujitsu Business Assets in a manner such that they can be contributed or sold to the Joint Venture as contemplated by the Transaction Documents.

6.20 Absence of Changes. Since March 31, 2003, (a) the Fujitsu Flash Memory Business has been conducted in all material respects in the ordinary course (except in connection with or as otherwise contemplated by the Transaction Documents) consistent with past practice and (b) there has been no change or event relating to the Fujitsu Flash Memory Business which, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect the Joint Venture.

6.21 Securities Act; Investment Company Act. (a) Fujitsu Sub is an "accredited investor" as that term is defined in Rule 501 promulgated under the Securities Act; (b) Fujitsu Sub has acquired or is acquiring its Membership Interest in the Joint Venture for Fujitsu Sub's own account as an investment and without a view to the distribution thereof; (c) Fujitsu Sub is aware that the Membership Interests have not been registered under the Securities Act or any state securities laws, and may not be resold or transferred by Fujitsu Sub without appropriate registration or the availability of an exemption from such requirements and then only upon compliance with the terms and conditions set forth in this Agreement; and (d) if Fujitsu Sub is a Person other than an individual and beneficially owns (as defined in the Investment Company Act) ten percent (10%) or more of the outstanding voting securities of the Joint Venture (taking into account all Membership Interests which Fujitsu Sub has agreed to purchase), Fujitsu Sub is not, and but for the exceptions provided in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act would not be, an investment company under such Investment Company Act.

6.22 Sufficiency of Contributed Assets. (a) To the Knowledge of Fujitsu and the Fujitsu Facility Managers, upon consummation of the transactions contemplated by the Transaction Documents, the tangible assets and properties of the Joint Venture and its Subsidiaries (including rights under the Ancillary Documents) will include all of the material tangible assets and properties necessary for the conduct of the Fujitsu Flash Memory Business as presently conducted and (b) Fujitsu and Fujitsu Sub have used commercially reasonable efforts in good faith to provide that upon consummation of the transactions contemplated by the Transaction Documents, the tangible assets and properties of the Joint Venture and its Subsidiaries will include all of the material tangible assets and properties necessary for the conduct of the Fujitsu Flash Memory Business as presently conducted.

6.23 Warranty Claims. Except as set forth in Schedule 6.23, during the past three (3) years product warranty claims made against the Fujitsu Entities with respect to products sold by the Fujitsu Entities in connection with the Fujitsu Flash Memory Business have not exceeded an aggregate of US$5,000,000 for any particular product.

6.24 Financial Statements. Fujitsu and Fujitsu Sub have previously delivered to AMD and AMD Investments unaudited operating income statements of the Fujitsu Flash Memory Business for the fiscal year ended March 31, 2003 (the "Fujitsu Flash Memory Business Income Statements"). The Fujitsu Flash Memory Business Income Statements were prepared in accordance with the books and records of Fujitsu and fairly present in all material respects the results of operations, for the period then ended, of the Fujitsu Flash Memory Business.

6.25 Fujitsu Member. Fujitsu is the direct or indirect owner of all of the issued and outstanding shares of capital stock or other equity interests of its affiliated Member(s). There are no outstanding options, warrants, conversion or exchange privileges, preemptive rights, rights of first refusal or other rights with respect to, or to purchase or obtain any of the capital stock or other equity interests of Fujitsu's affiliated Member (or of any Subsidiary of Fujitsu holding an interest in the Fujitsu Member(s)).

6.26 Value of Assets. Schedule 6.26 lists all of the Fujitsu Business Assets and Fujitsu Sub's good faith determination of the net book value of the Fujitsu Business Assets.

ARTICLE VII.

COVENANTS OF THE CONTRIBUTING PARTIES

Each Contributing Party hereby covenants and agrees with the other Contributing Party as follows:

7.1 Required Consents.

(a) Such Contributing Party shall use its commercially reasonable efforts to obtain its Required Consents prior to the Closing Date. To the extent that any Required Consents have not been obtained prior to the Closing Date, the applicable Contributing Party shall use its commercially reasonable efforts to obtain such Required Consents as soon thereafter as practicable. In the event any Required Consent is not obtained, the applicable Contributing

Party shall use its commercially reasonable efforts to structure the transaction with respect to the Contract or Permit in question in a manner that will not result in a default under such Contract or Permit, but that will result in the Joint Venture obtaining the benefits and incurring the obligations that it would have otherwise obtained or incurred had the applicable Required Consent or Required Governmental Approval been obtained (a "Restructuring"). Neither Contributing Party shall be required to make any payments in order to obtain a Required Consent. In the event any such request for payment is made by a Person with respect to which a Required Consent is being solicited and both Contributing Parties agree in writing to make such payment, such payment shall be reimbursed by the Joint Venture. In connection with a Restructuring, the Joint Venture shall reimburse such Contributing Party for the reasonable costs or expenses incurred by that Contributing Party after the Closing Date with respect to conferring the benefits of the applicable Contract to the Joint Venture; *provided* that without the written consent of both Contributing Parties, in no event shall the Joint Venture reimburse any Contributing Party in excess of the costs the Joint Venture would have incurred if such Contract had been assigned to the Joint Venture with a Required Consent on the Closing Date. On and after the Closing Date, each Contributing Party shall comply with all conditions and requirements set forth in (a) all Required Governmental Approvals that have been obtained as necessary to keep the same in full force and effect assuming continued compliance with the terms thereof by the Joint Venture and (b) all Required Contractual Consents that have been obtained as necessary to keep the same effective and enforceable against the Persons giving such Required Contractual Consents, assuming continued compliance with the terms thereof by the Joint Venture. Notwithstanding anything to the contrary in this Agreement, but subject to Article IX, if a Contributing Party is unable to obtain a Required Consent after having complied with its obligations under this Section 7.1, such Contributing Party shall have no liability to the other Contributing Party or the Joint Venture as a result of its failure to obtain such Required Consent. To the extent any Contract or Permit is not capable of being transferred, assigned or conveyed without the consent or waiver of a party thereto (other than a Contributing Party and its Affiliates) or the issuer thereof, or any other third party (including any Governmental Authority) and such consent or waiver has not been obtained, or if such transfer, assignment or conveyance would constitute a breach thereof or violation of Applicable Law, this Agreement shall not constitute an obligation to transfer, assignment or conveyance thereof, and the applicable Contributing Party shall hold any such Contract or Permit for the benefit of FASL, subject to the foregoing provisions of this Section 7.1.

7.2 Maintenance of Insurance Policies. Neither Contributing Party shall, after the date hereof, take or fail to take any action that would adversely affect the applicability of any insurance in effect on the Closing Date that covers all or any part of the AMD Business Assets, the Fujitsu Business Assets and the Prospective Transferred Employees, as such insurance applies for periods prior to the Closing Date. The Contributing Parties shall provide for the continuation of such insurance for a reasonable period through and following the Closing, and at least until the Joint Venture has initially complied with the provisions of Section 7.18 of the Operating Agreement; provided that such coverage for periods following the Closing shall be at the expense of the Joint Venture.

7.3 Litigation and Adverse Developments. Each Contributing Party shall give prompt written notice to the other Contributing Party of (a) the occurrence, or failure to occur, of any event which occurrence or failure to occur is reasonably likely to cause any representation or warranty of that Contributing Party contained in this Agreement to be untrue or inaccurate in any material respect and (b) any material failure of that Contributing Party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder. Each Contributing Party will promptly advise the other Contributing Party in writing of the commencement of any dispute, claim or Proceeding, against or involving the AMD Flash Memory Business, the Fujitsu Flash Memory Business, the AMD Business Assets or the Fujitsu Business Assets that is reasonably likely to result in a Material Adverse Effect on the Joint Venture.

7.4 Further Assurances. At any time or from time to time after the Closing, each Contributing Party shall (a) at the reasonable request of the Joint Venture or the other Contributing Party, promptly execute and deliver any further instruments or documents as may reasonably be requested to effect, record or verify the transfer to and vesting in the Joint Venture of the right, title and interest in and to the AMD Business Assets or the Fujitsu Business Assets, as applicable, free and clear of all Liens (except Permitted Liens) in accordance with the terms of the Transaction Documents and (b) take all such further action as the Joint Venture or the other Contributing Party may reasonably request in order to evidence or otherwise facilitate the consummation of the transactions contemplated hereby. After the Closing, each Contributing Party shall as reasonably appropriate: (i) refer to the Joint Venture all inquiries relating to the AMD Business Assets or the Fujitsu Business Assets, as applicable, and (ii) promptly deliver to the Joint Venture any mail, packages and other communications addressed to such Contributing Party relating to the AMD Flash Memory Business or the Fujitsu Flash Memory Business, as applicable.

7.5 No Sale of Assets. Except for the sale of inventory in the ordinary course of business, consistent with past practice, each Contributing Party will not, and will cause its Affiliates and Representatives not to, directly or indirectly, (a) solicit any inquiries or proposals or enter into or continue any discussions, negotiations or agreements relating to the direct or indirect transfer of the AMD Business Assets or the Fujitsu Business Assets, as applicable, to any Person other than the Joint Venture, the other Contributing Party or their respective Affiliates or (b) provide any assistance or any information to or otherwise cooperate with any Person in connection with any such inquiry, proposal or transaction.

7.6 Title Policies.

(a) AMD Investments shall, and AMD shall cause AMD Investments to, cause a reputable title insurance company to issue and deliver to the Joint Venture on the Closing Date an ALTA Owner's Policy of Title Insurance (Form B rev. 10/17/70) in an amount acceptable to Fujitsu insuring fee simple title to the Sunnyvale Real Property in the Joint Venture, subject only to exception nos. 1 through 15 contained in the pro-forma policy issued by First American Title Company, under Order No. NCS-25563-SC, dated as of June 25, 2003 (the "Sunnyvale Title Policy"). The Sunnyvale Title Policy shall provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Facilities on the Sunnyvale Real Property, and shall contain such special endorsements as Fujitsu may require. AMD shall execute and deliver to the title company issuing such policy an owner's affidavit sufficient to support the issuance of the Sunnyvale Title Policy.

(b) AMD Investments shall, and AMD shall cause AMD Investments to, cause a reputable title insurance company to issue and deliver to the Joint Venture on the Closing Date an ALTA Owner's Policy of Title Insurance (Texas Form T-1) in an amount acceptable to Fujitsu (which must be an amount authorized by Rule R-3 promulgated by the Texas State Board of Insurance) insuring fee simple title to the Austin Real Property in the Joint Venture, subject only to exception nos. 10.a through 10.c, 10.h through 10.u, 10.x, 10.aa through 10.yy and 10.B1 through 10.F1 contained in the commitment for title insurance (Texas Form T-7) most recently issued by Republic Title of Texas, Inc., under its GF No. 03R12618 ND6 (the "Austin Title Policy"). The Austin Title Policy shall provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Facilities on the Austin Real Property, and shall contain such special endorsements as Fujitsu may require. AMD shall execute and deliver to title company issuing such policy an owner's affidavit sufficient to support the issuance of the Austin Title Policy.

(c) The Joint Venture shall reimburse AMD Investments for the cost of the premiums for such policies.

ARTICLE VIII.
MUTUAL COVENANTS

The Joint Venture, AMD and Fujitsu hereby covenant and agree as follows:

8.1 Transition. Prior to the Closing Date, the Joint Venture, AMD and Fujitsu each shall use all commercially reasonable efforts to identify and make appropriate arrangements for dealing with any transition problems that may be involved in effectuating the transactions contemplated by the Transaction Documents.

8.2 Diligence in Pursuit of Conditions Precedent. The Joint Venture, AMD and Fujitsu each shall use all commercially reasonable efforts to fulfill their respective obligations hereunder and under the Ancillary Documents, and shall reasonably cooperate with the other parties in regard to the same in order to effect the Closing. The Joint Venture, AMD and Fujitsu each shall use all commercially reasonable efforts to obtain all Required Consents.

8.3 Covenant to Satisfy Conditions. The Joint Venture, AMD and Fujitsu each shall use all commercially reasonable efforts to ensure that the other conditions set forth in Article IX hereof are satisfied, insofar as such matters are within the control of the Joint Venture, AMD or Fujitsu, as applicable. The Joint Venture, AMD and Fujitsu each further covenant and agree, with respect to a pending or threatened preliminary or permanent injunction, or other order, decree or ruling or statute, rule, regulation or executive order, that would adversely affect the ability of the parties hereto to consummate the transactions contemplated by the Transaction Documents to use commercially reasonable efforts to prevent or lift the entry, enactment or promulgation thereof, as the case may be.

8.4 Taxes.

(a) Transfer Taxes will be borne by the Joint Venture, except that AMD or its Affiliates shall bear the Transfer Taxes relating to the transfer of the equity interests of the AMD Contributed Subsidiaries (and/or the indirect contribution of assets thereof through the transfer of such interests) to the Joint Venture and that Fujitsu or its Affiliates shall bear the Transfer Taxes relating to the transfer of the equity interests of the Fujitsu Contributed Subsidiary (and/or the indirect contribution of assets thereof through the transfer of such interests) to the Joint Venture.

(b) Each of the Contributing Parties shall (i) provide the Joint Venture with such assistance as the Joint Venture may reasonably request in connection with the preparation of any Tax Return and the conduct of any audit or other examination by any taxing authority or in connection with judicial or administrative Proceedings relating to any liability for Taxes and (ii) retain and provide the Joint Venture with all records or other information that may be relevant to the preparation of any Tax Returns, or the conduct of any audit or examination, or other Tax Proceeding. Each Contributing Party shall retain all records and documents it reasonably determines may be relevant to such Tax Returns and shall not destroy or otherwise dispose of any such records or documents without first offering such materials to the Joint Venture.

(c) Each of the Contributing Parties will provide the Joint Venture with all Tax information, including, but not limited to, the tax basis of the AMD Business Assets or Fujitsu Business Assets (as applicable) at the Closing Date, as reasonably requested by the Joint Venture.

(d) AMD shall have the right and obligation to timely prepare and file, or cause to be prepared and filed when due, any Tax Return that is required to include the operations, ownership, assets or activities of the AMD Business Assets for periods ending on or before the Closing Date. Fujitsu shall have the right and obligation to timely prepare and file, or cause to be prepared and filed when due, any Tax Return that is required to include the operations, ownership, assets or activities of the Fujitsu Business Assets for periods ending on or before the Closing Date.

(e) The Joint Venture shall have the right and obligation to timely prepare and file, or cause to be prepared and filed when due, any Tax Return that is required to include the operations, ownership, assets or activities of the Joint Venture Business for any periods after the Closing Date, including any Straddle Periods; *provided*, that any such Tax Returns relating to a Straddle Period shall not be filed without the prior review and comment of the applicable Contributing Party and shall be prepared on a basis consistent with past practices of the applicable Contributing Party to the extent permitted by Applicable Law and in a manner that does not distort taxable income (e.g., by accelerating income or deferring deductions).

8.5 Employee Matters.

(a) Availability of Prospective Employees. AMD and Fujitsu will use Best Efforts (as defined in the Fujitsu Secondment Agreement) to provide that each AMD Prospective Transferred Employee and Fujitsu Prospective Transferred Employee, as the case may be, will

devote substantially all of such individual's business time to the performance of reasonably appropriate work and services for the Joint Venture or its Subsidiaries (unless otherwise provided in an Ancillary Document). AMD and Fujitsu also will use Best Efforts (as defined in the Fujitsu Secondment Agreement) to encourage each AMD Prospective Transferred Employee and Fujitsu Prospective Transferred, as the case may be, to accept the Joint Venture's and its Subsidiaries' (including FASL (Japan)'s) offers of employment.

(b) Offers of Employment; Secondment. As of the Launch Date, (i) the Joint Venture will extend offers of employment to all of the AMD Prospective Transferred Employees, other than those AMD Prospective Transferred Employees based in Europe and Asia who will be seconded to the Joint Venture or a Subsidiary of the Joint Venture for an appropriate period of time following the Launch Date, and (ii) AMD and Fujitsu will cause FASL (Japan) to extend offers of employment to the managers and executives among the Fujitsu Prospective Transferred Employees listed on Annex V hereto. With respect to Fujitsu Prospective Transferred Employees who do not transfer employment as of the Launch Date, Fujitsu will use its Best Efforts (as defined in the Fujitsu Secondment Agreement), or Fujitsu will cause its applicable Subsidiaries to use their respective Best Efforts (as defined in the Fujitsu Secondment Agreement) to, second such Fujitsu Prospective Transferred Employees to the Joint Venture or its designated Subsidiaries pursuant to the Fujitsu Secondment Agreement.

(c) Compensation.

(i) Managers and Above. The Fujitsu Prospective Transferred Employees who transfer employment as of the Launch Date and all other employees of the Joint Venture and its Subsidiaries ranking at a level equal to (A) manager and (B) executive and corporate level director and vice president shall receive as of the Launch Date salaries, bonuses and benefit plans, programs and other arrangements described in Annex W (Managers) and Annex X (Executives), respectively. As of the Launch Date, Fujitsu shall have provided each Fujitsu employee transferring to the Joint Venture or its Subsidiaries as of the Launch Date with a summary of the salary, bonus and benefit plans, programs and other arrangements that he or she shall receive effective as of the Launch Date from the Joint Venture or its applicable Subsidiary after transferring to the Joint Venture or its applicable Subsidiary.

(ii) Employees. The Joint Venture and its Subsidiaries (including FASL (Japan) will offer the Prospective Transferred Employees and all other employees of the Joint Venture and its Subsidiaries who rank at a level below manager, executive and corporate level director and vice president, salary, bonus and benefit plans, programs and other arrangements at least as favorable to such employees as the salary, bonus and benefit plans, programs and other arrangements described on Annex Y. In addition, former employees of Fujitsu and its Affiliates who transfer to FASL (Japan) and all other employees of FASL (Japan) who rank at a level below manager, executive and corporate level director and vice president shall be entitled, during the period from the Launch Date until the second anniversary of the termination of the Secondment Period (as defined in the Fujitsu Secondment Agreement) to participate in salary, bonus and benefit plans, programs and other arrangements that are either (i) more favorable in the aggregate or (ii) substantially comparable in the aggregate to the salary, bonus and benefit plan opportunities provided by Fujitsu or its Affiliates as of the Launch Date.

(d) Management Organizational Charts. The parties agree that as of the Launch Date, the organizational chart of the employees ranking at levels equal to and above manager of each of the Joint Venture and FASL (Japan) shall be as set forth in Annex Z.

(e) Accrued Vacation. The Joint Venture and FASL (Japan) shall recognize and assume all accrued but unused vacation, floating holidays, and sick days as of the Launch Date of the Prospective Transferred Employees who become employees of the Joint Venture or its Subsidiaries (including FASL (Japan)).

(f) Reimbursements Relating to Certain Fujitsu Benefits Obligations.

(i) Mandatory Workers' Compensation Insurance Coverage. To the extent FASL (Japan) receives a credit for amounts paid by Fujitsu to provide mandatory workers' compensation insurance coverage for Fujitsu Transferred Employees prior to the Launch Date based on a retrospective premium adjustment for the fiscal year ending March 31, 2004, the Joint Venture shall cause FASL (Japan) to promptly pay over any such amounts to Fujitsu; provided, however, that, if FASL (Japan) is required to pay an additional amount based on such a retrospective premium adjustment for mandatory workers' compensation insurance coverage for Fujitsu Transferred Employees provided prior to the Launch Date, Fujitsu shall promptly remit the appropriate additional amounts to FASL (Japan).

(ii) Housing Rental Subsidies. With respect to any housing rental subsidies paid by Fujitsu to any Fujitsu Transferred Employees relating to periods after the Launch Date, the Joint Venture shall cause FASL (Japan) to promptly reimburse Fujitsu for such amounts.

(g) Cooperation of the Parties. Fujitsu and AMD shall confer in good faith to determine the amounts and timing of any payments to be made pursuant to this Section 8.5.

(h) Payment of Pre-Closing Compensation and Benefits. Following the Closing, the Joint Venture shall cause FASL (Japan) to invoice Fujitsu for the aggregate amount of compensation and benefits earned or accrued by the Fujitsu Transferred Employees prior to the Launch Date pursuant to the Fujitsu Business Benefit Plans, unless otherwise provided in the Transaction Documents.

(i) Treatment of Certain Foreign Affiliates of Fujitsu. With respect to those Fujitsu Prospective Transferred Employees listed on Annex AA and the AMD Prospective Transferred Employees listed on Annex BB promptly after the Closing, AMD and Fujitsu shall, in good faith and by taking into consideration any potential tax consequences, discuss and agree upon in writing the timing and method of secondment with, and/or transfer of employment to, the Joint Venture or one or more Affiliates of the Joint Venture.

8.6 Ancillary Documents. On the Closing Date, the Joint Venture, AMD, AMD Investments, Fujitsu and Fujitsu Sub shall execute and shall cause their Affiliates to execute and deliver all documents required to be delivered pursuant to Sections 4.1(b) and (c) hereof.

8.7 Resale and Other Tax Certificates. The Joint Venture shall provide to each Contributing Party such resale or other tax-related certificates reasonably requested by such Contributing Party, and each Contributing Party shall provide to the Joint Venture such resale or other tax-related certificates reasonably requested by the Joint Venture.

8.8 Shared Permits and Facilities. On and after the Closing Date:

(a) AMD and Fujitsu shall each maintain without lapse and, if necessary, obtain modifications and renewal or reissuance of their respective Shared Permits, such that the Joint Venture continues to have the benefits and rights thereunder necessary for the Joint Venture's continued operation, support, and expansion, whether currently planned or as future business plans may warrant. AMD or Fujitsu, as applicable, and the Joint Venture shall each comply with all terms of the Shared Permits and any Environmental Laws applicable to their respective operations and activities authorized or regulated pursuant to the Shared Permits or conducted at the Shared Facilities. AMD or Fujitsu, as applicable, and the Joint Venture shall each cooperate in good faith and enter into mutually acceptable arrangements or agreements to provide for a commercially reasonable allocation of rights, responsibilities and costs between AMD or Fujitsu, as applicable, and the Joint Venture, with respect to activities required to maintain and comply with their respective Shared Permits, cooperation and communication between the parties, communications with Governmental Authorities, inspection and auditing of facilities and records and confidentiality.

(b) AMD or Fujitsu, as applicable, and the Joint Venture shall each ensure mutual, continued, and unimpeded access to and use of their respective Shared Facilities and shall maintain their respective Shared Facilities in good working order and repair, such that the Joint Venture continues to have the access and use thereto necessary for the Joint Venture's continued operation, support, and expansion, whether currently planned or as future business plans may warrant. Access shall be subject to the standard policies, rules and regulations regarding safety and health and personal and professional conduct generally applicable to the site where the Shared Facility is located. AMD or Fujitsu, as applicable, and the Joint Venture shall each cooperate in good faith and enter into mutually acceptable arrangements or agreements to provide for a reasonable allocation of rights, responsibilities and costs between AMD or Fujitsu, as applicable, and the Joint Venture with respect to the use of their respective Shared Facilities.

(c) In the event that any material modification or termination of a Shared Permit or any material modification of a Shared Facility or termination of a right of use and access to a Shared Facility becomes necessary or desirable by either AMD or Fujitsu on the one hand, or the Joint Venture on the other, AMD or Fujitsu, as applicable, and the Joint Venture shall negotiate in good faith to reach mutual agreement on all aspects of the proposed changes, including allocation of the responsibilities and costs, as well as the appropriate strategy to achieve the desired results, *provided,* that (i) any such allocation of responsibilities and costs or strategy in connection with any material modification or termination that is reasonably likely to have a material adverse impact on the Joint Venture's operations shall be subject to review and approval by Fujitsu or AMD, whichever is not a party to the Shared Permit or Shared Facility, and which approval shall not be unreasonably withheld or delayed and (ii) such party shall be given prior written notice of the proposed material modification or termination and shall

acknowledge receipt of such notification within three (3) business days. Notwithstanding anything to the contrary in this Agreement, neither AMD or Fujitsu on the one hand, nor the Joint Venture on the other, shall have any liability to the other party as a result of its failure to obtain governmental consent of any proposed modification, provided that such party has diligently pursued and fully satisfied its obligations hereunder and under any other arrangement or agreement between AMD or Fujitsu, as applicable, and the Joint Venture to obtain such modification.

8.9 Pension Matters.

(a) Phase I Pension Fund Operations.

(i) Effective as of the Launch Date, FASL (Japan) shall continue as a participating member of the Fujitsu Employee Pension Fund, and FASL (Japan) Employees shall accrue Pension Benefits in accordance with the terms of such Fund and with Fujitsu's applicable rules, regulations and policies. FASL (Japan)'s participation in the Fujitsu Employee Pension Fund shall be subject to the usual rules applied by the Fund to other Affiliates of Fujitsu, including actuarial assumptions, interest rates and funding methods, which shall be used to determine all matters relating to FASL (Japan)'s participation in such Fund, including the accrual of benefits, the calculation of liabilities, and the amount and timing of premium payments or other contributions to the Fund from such Affiliates (including both employer and employee contributions).

(ii) Allocation/Limitation of Pension Contribution Obligations. During the Post-Launch Transition Period, FASL (Japan) shall bear 100% of the responsibility for paying the pension premiums for the Pension Benefits accrued by FASL (Japan) Employees; provided that the calculation of the amount of such premium payments with respect to FASL (Japan) is consistent with the calculation of the amount of the premium payments that applies to the other participating employers in the Fujitsu Employee Pension Fund during such period. In the event that the Establishment Date is after April 1, 2006, then Fujitsu shall indemnify FASL (Japan) for any contributions it makes to the Fujitsu Employee Pension Fund for any twelve month period following April 1, 2006 but prior to the Establishment Date, to the extent of (i) any increase in such annual contribution rate in excess of 0.5% of covered payroll multiplied by the number of complete calendar years since April 1, 2006, above the annual contribution rate in effect on March 31, 2006, and (ii) any increase in such annual contribution rate in excess of 3% of payroll above the annual contribution rate in effect on March 31, 2006.

(b) Phase II Pension Fund Operations.

(i) Establishment of FASL (Japan) Employee Pension Fund. Effective as of the Establishment Date, FASL (Japan) shall establish an employee pension fund covering the FASL (Japan) Employees (the "FASL (Japan) Employee Pension Fund"). The FASL (Japan) Employee Pension Fund shall be established and maintained in accordance with all applicable regulations of the Japanese government. Any administrative costs associated with the establishment and maintenance of the FASL (Japan) Employee Pension Fund shall be borne by FASL (Japan). Subject to the foregoing, FASL (Japan) shall develop the FASL (Japan)

Employee Pension Fund in good faith consultation and cooperation with Fujitsu and AMD with the goals of meeting the business interests of FASL (Japan). Within a reasonable period of time following the Launch Date, FASL (Japan), Fujitsu and AMD shall establish mutually acceptable procedures for the development of the FASL (Japan) Employee Pension Fund in order to provide each of FASL (Japan), Fujitsu and AMD with a reasonable opportunity to participate in the development and review of any proposed plan (including its documentation) prior to adoption by FASL (Japan)'s board of directors. During the development of the FASL (Japan) Employee Pension Fund, each of FASL (Japan), Fujitsu and AMD shall acknowledge and consider in good faith the comments, concerns and other considerations provided by the other parties. The Joint Venture acknowledges that the foregoing process is essential to the development and establishment of the FASL (Japan) Employee Pension Fund.

(ii) In connection with the establishment of the FASL (Japan) Employee Pension Fund, Fujitsu shall cause the Fujitsu Employee Pension Fund to transfer the Initial Asset Transfer Amount to the FASL (Japan) Employee Pension Fund.

(iii) The Initial Asset Transfer Amount associated with the accrued Pension Benefits under the Fujitsu Employee Pension Fund shall be determined according to the formula set forth below; provided, however, that, in the event applicable Japanese law is inconsistent with the following formula, then such applicable laws shall govern the calculation of the Initial Asset Transfer Amount.

Initial Asset Transfer Amount =	The market value of all the assets in the Fujitsu Employee Pension Fund as of the Establishment Date multiplied by a fraction, the numerator of which is the PBO of FASL (Japan) Employees as of the Establishment Date and the denominator of which is the aggregate PBO of all participants under the Fujitsu Employee Pension Fund as of the Establishment Date. To determine the Initial Asset Transfer Amount attributable to any FASL Included Employee, this amount shall be further multiplied by a fraction, the numerator of which is the PBO of such FASL Included Employee as of the Establishment Date and the denominator of which is the aggregate PBO of all FASL (Japan) Employees as of the Establishment Date.

For purposes of this Section 8.9(b)(iii), all PBO calculations shall be based on the Specified Actuarial Assumptions. In addition, the Initial Asset Transfer Amount for each FASL (Japan) Employee shall be calculated separately with respect to the portion of his or her PBO that is attributable to the Basic Portion of the Fujitsu Employee Pension Fund, the Additional Portion No. 1 of the Fujitsu Employee Pension Fund or the Additional Portion No. 3 of the Fujitsu Employee Pension Fund, and the assets to be transferred from the Fujitsu Employee Pension Fund to fund such portion of the Initial Asset Transfer Amount shall be drawn from the portion of the Fujitsu Employee Pension

Fund to which such portion of such FASL (Japan) Employee's PBO is attributable. Initial Asset Transfer Amount calculations will be performed by the actuary for the Fujitsu Employee Pension Fund. Such actuary will provide sufficiently detailed data, assumption, and calculation method information to enable an independent actuary, selected by FASL (Japan) in consultation with Fujitsu, and subject to the approval of FASL LLC, to fully confirm the results.

(iv) Provided the Initial Asset Transfer Amount is transferred to the FASL (Japan) Employee Pension Fund, following the Establishment Date, the FASL (Japan) Employee Pension Fund shall assume all Pension Benefits liabilities for the FASL (Japan) Employees.

(v) At the end of each twelve-month period following the Establishment Date, Fujitsu will make a payment (the "Supplemental Payment") to FASL (Japan) in the amount necessary to amortize the Fujitsu Portion of the Unfunded Amount for each FASL Included Employee over a ten-year period using level annual payments, at an interest rate of 1.5% (the "Applicable Interest Rate") except to any extent the amount of payments has already been calculated to take into account an interest factor. Such Supplemental Payments shall be subject to set-off by any amounts owed by FASL (Japan) to Fujitsu under any applicable agreements if Fujitsu has not paid in full such Supplemental Payment for that twelve (12) month period within fifteen (15) days following written notice to Fujitsu from FASL (Japan) of the amount of any underpayment. FASL (Japan) shall transfer any Supplemental Payment that it receives from Fujitsu to the FASL (Japan) Employee Pension Fund within the time required by Applicable Law. Similarly, FASL (Japan) will make a Supplemental Payment to the FASL (Japan) Employee Pension Fund in the amount necessary to amortize using level annual payments the FASL (Japan) Portion of the Unfunded Amount for each FASL Included Employee over a ten-year period, at the Applicable Interest Rate.

(vi) In the event the ownership interest of Fujitsu Sub together with Fujitsu and any other Affiliates of Fujitsu in FASL (Japan) falls below 5%, Fujitsu's obligation to make any remaining Supplemental Payments shall accelerate and shall be payable in full as of the date of the change in ownership interest to 5% or less.

(vii) Fujitsu and FASL (Japan), at their respective elections, may prepay all or any part of the unamortized portion of the Fujitsu Portion or FASL (Japan) Portion, respectively, of the Unfunded Amount for all FASL Included Employees at any time without penalty; and provided further, that, at its election, Fujitsu may pay such amount or offset (fully or partially) such amount from any amounts then owing by FASL (Japan) to Fujitsu under any applicable agreements.

(viii) Following the complete amortization of the Fujitsu Portion of the Unfunded Amount for all FASL Included Employees, Fujitsu shall be discharged from further liability relating to Pension Benefits accrued by such employees prior to the Establishment Date.

(ix) In the event of a Significant Reduction-In-Force at FASL Japan, Fujitsu shall be entitled to a redetermination of its Supplemental Payments. For each FASL Included Employee whose termination is the direct result of such Significant Reduction-In-Force, a revised Basic Pension Benefit Liability, Additional Portion No. 1 Pension Benefit Liability, and Additional Portion No. 3 Pension Benefit Liability will be calculated as at the Establishment Date, taking into account the participant's actual benefits as at the date of his or her termination. The sum of these revised liabilities for all such affected employees will be subtracted from the sum of the liabilities originally calculated for such employees to determine the reduction in each employee's liabilities. The aggregate reductions in these liabilities across all affected employees may be used to reduce the then-outstanding Supplemental Payments, on an actuarially equivalent basis.

(x) Cooperation by the Parties. AMD and Fujitsu acknowledge and understand the complexities associated with funding the liabilities associated with the Pension benefits accrued by the FASL Included Employees as described above and agree to cooperate to implement the foregoing provisions and to take all reasonable steps to minimize the costs associated with providing Pension benefits to the FASL (Japan) Employees prior to the Establishment Date.

ARTICLE IX.

CONDITIONS TO CLOSING

9.1 Conditions to AMD's Obligations. The obligation of AMD Investments to, and AMD to cause AMD Investments to, contribute and deliver the AMD Closing Date Contributed Assets to the Joint Venture and to take, or cause its Affiliates to take, the other actions required to be taken by it or its Affiliates at the Closing, shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions (any of which may be waived by AMD):

(a) Representations and Warranties. All representations and warranties of Fujitsu and Fujitsu Sub contained in Article VI of this Agreement that are qualified as to materiality or Material Adverse Effect on the Joint Venture shall be true and correct as of the date of this Agreement and at and as of the Closing Date as if such representations and warranties were made on and as of the Closing Date (except those representations and warranties which are made as of a specific date, which shall be true and correct only as of such date); and the representations and warranties of Fujitsu and Fujitsu Sub contained in Article VI of this Agreement that are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date (except those representations and warranties which are made as of a specific date, which shall be so true and correct only as of such date).

(b) Agreements and Covenants. All agreements and covenants of Fujitsu and Fujitsu Sub contained in this Agreement that are required to be performed by Fujitsu or Fujitsu Sub prior to or on the Closing Date shall have been performed or satisfied by Fujitsu or Fujitsu Sub in all material respects.

(c) No Injunction, etc. Consummation of the transactions contemplated hereby and by the Ancillary Documents shall not have been restrained, enjoined or otherwise prohibited by any Applicable Law or Judgment of any Governmental Authority. No material Proceeding pertaining to the transactions contemplated by the Transaction Documents shall be pending.

(d) Closing Certificates. Each of Fujitsu and Fujitsu Sub shall have delivered to AMD a certificate dated as of the Closing Date, and signed by a duly authorized officer, representing and confirming that each of the conditions set forth in Sections 9.1(a) and 9.1(b) have been satisfied (unless waived by AMD) and that each of the material Required Fujitsu Consents have been obtained (unless waived by AMD).

(e) Approvals. Each of the following shall have occurred:

(i) All filings required pursuant to the HSR Act with respect to the transactions contemplated by the Transaction Documents shall have been made, and the applicable waiting period, including any extension thereof pursuant to the HSR Act, shall have expired or been terminated, and neither the United States Department of Justice nor the Federal Trade Commission shall have instituted any Proceeding to enjoin or delay the consummation of the transactions contemplated by the Transaction Documents; and

(ii) All other material Required Fujitsu Consents shall have been obtained.

(f) Sale of Fujitsu Division Assets. Fujitsu shall have transferred all right, title and interest in and to the Fujitsu Division Assets, free and clear of all Liens other than Permitted Liens, to FASL (Japan).

(g) Other Agreements. The Fujitsu Entities and the Joint Venture (and its Subsidiaries, which shall include FASL (Japan)) shall have executed and delivered all of the agreements set forth in Section 4.1(b) and (c) to which they are contemplated to be a party in the forms attached as exhibits hereto.

(h) 4-Year Operations Plan. AMD and Fujitsu shall have agreed in writing upon the initial 4-Year Operations Plan.

(i) Indemnification Agreements. The Joint Venture shall have entered into indemnification agreements (in a form reasonably acceptable to the Joint Venture, AMD and Fujitsu) with each of the Managers (as defined in the Operating Agreement).

9.2 Conditions to Fujitsu's Obligations. The obligation of Fujitsu Sub to, and Fujitsu to cause Fujitsu Sub to, contribute and deliver the Fujitsu Closing Date Contributed Assets to the Joint Venture and to take, or cause its Affiliates to take, the other actions required to be taken by it or its Affiliates at the Closing, shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions (any of which may be waived by Fujitsu):

(a) Representations and Warranties. All representations and warranties of AMD and AMD Investments contained in Article V of this Agreement that are qualified as to materiality or Material Adverse Effect on the Joint Venture shall be true and correct as of the date of this Agreement and at and as of the Closing Date as if such representations and warranties were made on and as of the Closing Date (except those representations and warranties which are made as of a specific date, which shall be true and correct only as of such date); and the representations and warranties of AMD and AMD Investments contained in Article V of this Agreement that are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date (except those representations and warranties which are made as of a specific date, which shall be so true and correct only as of such date).

(b) Agreements and Covenants. All agreements and covenants of AMD and AMD Investments contained in this Agreement that are required to be performed by AMD or AMD Investments prior to or on the Closing Date shall have been performed or satisfied by AMD or AMD Investments in all material respects.

(c) No Injunction, etc. Consummation of the transactions contemplated hereby and by the Ancillary Documents shall not have been restrained, enjoined or otherwise prohibited by any Applicable Law or Judgment of any Governmental Authority. No material Proceeding pertaining to the transactions contemplated by the Transaction Documents shall be pending.

(d) Closing Certificates. Each of AMD and AMD Investments shall have delivered to Fujitsu a certificate dated as of the Closing Date, and signed by a duly authorized officer, representing and confirming that each of the conditions set forth in Sections 9.2(a) and 9.2(b) have been satisfied (unless waived by Fujitsu) and that each of the material Required AMD Consents have been obtained (unless waived by Fujitsu).

(e) Approvals. Each of the following shall have occurred:

(i) All filings required pursuant to the HSR Act with respect to the transactions contemplated by the Transaction Documents shall have been made, and the applicable waiting period, including any extension thereof pursuant to the HSR Act, shall have expired or been terminated, and neither the United States Department of Justice nor the Federal Trade Commission shall have instituted any Proceeding to enjoin or delay the consummation of the transactions contemplated by the Transaction Documents; and

(ii) All other material Required AMD Consents shall have been obtained.

(f) Other Agreements. The AMD Entities and the Joint Venture (and its Subsidiaries, which shall include FASL (Japan)) shall have executed and delivered all of the agreements set forth in Section 4.1(b) and (c) to which they are contemplated to be a party in the forms attached as exhibits hereto.

(g) 4-Year Operations Plan. Fujitsu and AMD shall have agreed in writing upon the initial 4-Year Operations Plan.

(h) Indemnification Agreements. The Joint Venture shall have entered into indemnification agreements (in a form reasonably acceptable to the Joint Venture, AMD and Fujitsu) with each of the Managers (as defined in the Operating Agreement).

(i) Title Policies. The Sunnyvale Title Policy and the Austin Title Policy shall have been issued in accordance with Section 7.6.

ARTICLE X.

SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS AND INDEMNIFICATION

10.1 Survival of Representations and Warranties. All representations and warranties contained in this Agreement and the Intellectual Property Agreement shall be deemed continuing representations and warranties and shall survive the Closing (a) indefinitely, with respect to the representations and warranties set forth in Sections 5.2 and 6.2 (Authorization); (b) until ninety (90) days after the expiration of the applicable statute of limitations, with respect to the representations and warranties set forth in Sections 5.14, and 6.14 (Tax Matters); (c) for a period of five (5) years with respect to the representations and warranties set forth in Sections 5.15 and 6.15 (Environmental Matters); and (d) for a period of eighteen (18) months after the Closing Date, with respect to all other such representations and warranties, including the representations and warranties in the Intellectual Property Agreement.

10.2 Indemnification of Joint Venture by AMD.

(a) Subject to Section 10.8, AMD shall indemnify and hold harmless the Joint Venture, its Subsidiaries and its and their Representatives (the "JV Indemnitees") against and with respect to, and shall reimburse the JV Indemnitees for, without duplication, any and all Losses incurred in connection with, arising out of, resulting from or incident to (i) a breach of any representation or warranty of AMD or AMD Investments contained herein or in the Intellectual Property Agreement; (ii) a breach of any covenant or agreement of AMD or AMD Investments contained herein or in any bill of sale, assignment and assumption agreement or other conveyance documents relating hereto delivered to the Joint Venture hereunder or in connection herewith; and (iii) any AMD Excluded Liabilities.

(b) In addition to the indemnification obligations set forth in Section 10.2(a), if the representations and warranties set forth in Section 5.22 are breached, AMD shall or shall cause the appropriate AMD Affiliate, to sell, assign or otherwise transfer to the Joint Venture, and the Joint Venture shall purchase or otherwise accept, such material tangible assets as necessary to cure such breach of Section 5.22. The purchase price in any sale, assignment or other transfer under this Section 10.2(b) shall be no greater than the net book value of the subject assets as determined to the reasonable satisfaction of Fujitsu and the Joint Venture from the books and records of AMD and its Subsidiaries or Affiliates.

10.3 Indemnification of Joint Venture by Fujitsu.

(a) Subject to Section 10.8, Fujitsu shall indemnify and hold harmless the JV Indemnitees against and with respect to, and shall reimburse the JV Indemnitees for, without duplication, any and all Losses incurred in connection with, arising out of, resulting from or incident to (i) a breach of any representation or warranty of Fujitsu or Fujitsu Sub contained herein or in the Intellectual Property Agreement; (ii) a breach of any covenant or agreement of Fujitsu or Fujitsu Sub contained herein or in any bill of sale, assignment and assumption agreement or other conveyance documents relating hereto delivered to the Joint Venture hereunder or in connection herewith; and (iii) any Fujitsu Excluded Liabilities.

(b) In addition to the indemnification obligations set forth in Section 10.3(a), if the representations and warranties set forth in Section 6.22 are breached, Fujitsu shall or shall cause the appropriate Fujitsu Affiliate, to sell, assign or otherwise transfer to the Joint Venture, and the Joint Venture shall purchase or otherwise accept, such material tangible assets as necessary to cure such breach of Section 6.22. The purchase price in any sale, assignment or other transfer under this Section 10.3(b) shall be no greater than the net book value of the subject assets as determined to the reasonable satisfaction of AMD and the Joint Venture from the books and records of Fujitsu and its Subsidiaries or Affiliates.

10.4 Indemnification of AMD by the Joint Venture. Subject to Section 10.8, the Joint Venture shall indemnify and hold harmless AMD and each of its Affiliates (excluding the Joint Venture and its Subsidiaries) and its and their Representatives (collectively, the "AMD Indemnitees") against and with respect to, and shall reimburse the AMD Indemnitees for, without duplication, any and all Losses incurred in connection with, arising out of, resulting from or incident to (a) a breach of any covenant or agreement by the Joint Venture contained herein or in any assignment and assumption agreements delivered to AMD hereunder or in connection herewith; (b) any and all Assumed Liabilities (other than those caused by a breach of any representation or warranty by AMD or its Affiliates or nonfulfillment of any covenant or agreement of AMD or its Affiliates contained herein or in any bill of sale, assignment and assumption agreement or other conveyance documents relating hereto delivered to the Joint Venture hereunder or in connection herewith); and (c) any and all Liabilities incurred or arising after the Closing Date in connection with the operation of the Joint Venture Business, including, without limitation, JV Environmental Conditions but excluding any Liability subject to indemnification pursuant to Section 10.2.

10.5 Indemnification of Fujitsu by the Joint Venture. Subject to Section 10.8, the Joint Venture shall indemnify and hold harmless Fujitsu and each of its Affiliates (excluding the Joint Venture and its Subsidiaries) and its and their Representatives (collectively, the "Fujitsu Indemnitees") against and with respect to, and shall reimburse the Fujitsu Indemnitees for, without duplication, any and all Losses incurred in connection with, arising out of, resulting from or incident to (a) a breach of any covenant or agreement by the Joint Venture contained herein or in any assignment and assumption agreements delivered to Fujitsu hereunder or in connection herewith; (b) any and all Assumed Liabilities (other than those caused by a breach of any representation or warranty by Fujitsu or its Affiliates or nonfulfillment of any covenant or agreement of Fujitsu or its Affiliates contained herein or in any bill of sale, assignment and

assumption agreement or other conveyance documents relating hereto delivered to the Joint Venture hereunder or in connection herewith); and (c) any and all Liabilities incurred or arising after the Closing Date in connection with the operation of the Joint Venture Business, including, without limitation, JV Environmental Conditions but excluding any Liability subject to indemnification pursuant to Section 10.3.

10.6 Indemnification of Fujitsu by AMD. Subject to Section 10.8, AMD shall indemnify and hold harmless the Fujitsu Indemnitees against and with respect to, and shall reimburse the Fujitsu Indemnitees for, without duplication, any and all Losses incurred in connection with, arising out of, resulting from or incident to (a) a breach of any representation or warranty of AMD or AMD Investments contained herein or in the Intellectual Property Agreement; (b) a breach of any covenant or agreement of AMD or AMD Investments contained herein or in any bill of sale, assignment and assumption agreement or other conveyance documents relating hereto delivered to the Joint Venture hereunder or in connection herewith; and (c) any AMD Excluded Liabilities.

10.7 Indemnification of AMD by Fujitsu. Subject to Section 10.8, Fujitsu shall indemnify and hold harmless the AMD Indemnitees against and with respect to, and shall reimburse the AMD Indemnitees for, without duplication, any and all Losses incurred in connection with, arising out of, resulting from or incident to (a) a breach of any representation or warranty of Fujitsu or Fujitsu Sub contained herein or in the Intellectual Property Agreement; (b) a breach of any covenant or agreement of Fujitsu or Fujitsu Sub contained herein or in any bill of sale, assignment and assumption agreement or other conveyance documents relating hereto delivered to the Joint Venture hereunder or in connection herewith; and (c) any Fujitsu Excluded Liabilities.

10.8 Limitations on Indemnification.

(a) Notwithstanding Sections 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7 hereof, the rights and obligations under this Article X of the JV Indemnitees, the AMD Indemnitees and the Fujitsu Indemnitees are subject to the following:

(i) the JV Indemnitees, the AMD Indemnitees and the Fujitsu Indemnitees shall not be entitled to any recovery under Sections 10.2(a)(i), 10.3(a)(i) 10.6(a) or 10.7(a), unless the claim for indemnification is made within the time period of survival set forth in Section 10.1; *provided*, that if any claim for indemnification pursuant to this Agreement which relates to a representation or warranty is made prior to the time such representation or warranty terminates under Section 10.1, then such representation and warranty shall survive solely for purposes of such claim until such time as it has been finally resolved in accordance with the terms of this Agreement;

(ii) the JV Indemnitees shall not be entitled to any indemnification hereunder under Section 10.2(a)(i) unless and until the Losses that the JV Indemnitees are entitled to be indemnified for under Section 10.2(a)(i) of this Agreement and Section 9.2(a) of the AMD Asset Purchase Agreement exceed, in the aggregate, US$15 million (the "AMD Deductible"), in which event the JV Indemnitees shall be entitled to recover all such Losses, excluding Losses included in the determination of the AMD Deductible;

(iii) the JV Indemnitees shall not be entitled to any indemnification hereunder under Section 10.3(a)(i) unless and until the Losses that the JV Indemnitees are entitled to be indemnified for under such Section exceed, in the aggregate, US$15 million (the "Fujitsu Deductible"), in which event the JV Indemnitees shall be entitled to recover all such Losses, excluding Losses included in the determination of the Fujitsu Deductible;

(iv) a Fujitsu Indemnitee shall not be entitled to any indemnification under Section 10.6 unless (A) the Loss is the result of a Third Party Claim made or threatened directly against such Fujitsu Indemnitee, or (B) if clause (A) is not applicable, Fujitsu determines in good faith that the Losses that the Fujitsu Indemnitees are entitled to be indemnified for under Section 10.6 and Section 9.4 of the AMD Asset Purchase Agreement exceed, in the aggregate, US$100 million (the "AMD Threshold"), in which event the Fujitsu Indemnitees shall be entitled to recover all such Losses, including Losses included in the determination of the AMD Threshold;

(v) an AMD Indemnitee shall not be entitled to any indemnification under Section 10.7 unless (A) the Loss is the result of a Third Party Claim made or threatened directly against such AMD Indemnitee, or (B) if clause (A) is not applicable, AMD determines in good faith that the Losses that the AMD Indemnitees are entitled to be indemnified for under Section 10.7 exceed, in the aggregate, US$100 million (the "Fujitsu Threshold"), in which event the AMD Indemnitees shall be entitled to recover all such Losses, including Losses included in the determination of the Fujitsu Threshold; and

(vi) the aggregate maximum liability (A) of AMD to the JV Indemnitees and the Fujitsu Indemnitees, collectively, for Losses under Section 10.2(a)(i) and 10.6(a) of this Agreement together with Losses under Section 9.2(a) and Section 9.4(a) of the AMD Asset Purchase Agreement and (B) of Fujitsu to the JV Indemnitees and the AMD Indemnitees, collectively, for Losses under Section 10.3(a)(i) and Section 10.7(a), in the case of each of (A) and (B) shall not in any event exceed US$400 million.

(vii) if, based upon a substantially identical underlying factual basis, (A) an arbitrator, court, tribunal or other judicial authority determines in an enforceable award, judgment or decision that AMD or an Affiliate of AMD shall make payments to, or on behalf of, the Joint Venture, and to or on behalf of Fujitsu or an Affiliate of Fujitsu, in satisfaction of a breach of contract claim, indemnification claim, enforcement action or other legal or equitable claims of the Joint Venture and of Fujitsu or an Affiliate of Fujitsu (other than in each case, for indemnification of Fujitsu or an Affiliate of Fujitsu against a Third Party Claim), related to any Transaction Document or the transactions contemplated thereunder, and (B) AMD makes the payments in satisfaction of the claims of the Joint Venture, the amounts payable to, or on behalf of, Fujitsu or its Affiliate by AMD or its Affiliate shall be reduced by an amount equal to the product of (X) Fujitsu's Membership Interest at the time of the claim of the Joint Venture multiplied by (Y) the aggregate amount paid by AMD to, or on behalf of, the Joint Venture, in satisfaction of the claim of the Joint Venture.

(viii) if, based upon a substantially identical underlying factual basis, (A) an arbitrator, court, tribunal or other judicial authority determines in an enforceable award, judgment or decision that Fujitsu or an Affiliate of Fujitsu shall make payments to, or on behalf of, the Joint Venture, and to or on behalf of AMD or an Affiliate of Fujitsu, in satisfaction of a breach of contract claim, indemnification claim, enforcement action or other legal or equitable claims of the Joint Venture and of AMD or an Affiliate of AMD (other than in each case, for indemnification of AMD or an Affiliate of AMD against a Third Party Claim), related to any Transaction Document or the transactions contemplated thereunder, and (B) Fujitsu makes the payments in satisfaction of the claim of the Joint Venture, the amounts payable to, or on behalf of, AMD or its Affiliate by Fujitsu or its Affiliate shall be reduced by an amount equal to the product of (X) AMD's Membership Interest at the time of the claim of the Joint Venture multiplied by (Y) the aggregate amount paid by Fujitsu to, or on behalf of, the Joint Venture, in satisfaction of the claim of the Joint Venture.

(b) The parties hereto agree that irreparable damage would occur if the representations and warranties set forth in Section 5.22 or 6.22 are breached. Accordingly, AMD, AMD Investments and the Joint Venture shall be entitled to specifically enforce the provisions of Section 10.3(b) as provided in Section 12.11, and Fujitsu, Fujitsu Sub and the Joint Venture shall be entitled to specifically enforce the provisions of Section 10.2(b) as provided in Section 12.11, in each case in addition to any other remedy to such parties are entitled at law or in equity.

(c) The parties shall make appropriate adjustments for insurance proceeds actually received (with respect to Losses) in calculating such Losses under this Agreement. Any insurance proceeds actually recovered by an indemnified party to the extent relating to any Losses previously paid by an Indemnifying Party hereunder shall be paid over promptly to such Indemnifying Party. All indemnification payments made pursuant to this Article X shall be made on an After Tax Basis.

(d) Following the Closing, the indemnification provisions in this Article X shall provide the exclusive remedy for any breach of the representations and warranties set forth in this Agreement.

(e) Notwithstanding anything herein to the contrary, the limitations set forth in this Section 10.8 shall not apply to any claims arising out of fraud in the making of the representations and warranties set forth herein.

10.9 Procedure for Indemnification. The procedure for indemnification shall be as follows:

(a) The party claiming indemnification (the "Claimant") shall promptly give written notice to the party from whom indemnification is claimed (the "Indemnifying Party") of any claim, whether between the parties or brought by a third party, specifying (i) in reasonable detail, the factual basis for such claim and (ii) in good faith, the estimated amount of such claim. If the claim relates to a Proceeding filed by any Person other than AMD, AMD Investments, Fujitsu, Fujitsu Sub, the Joint Venture or any of their Affiliates against the Claimant (a "Third

Party Claim"), such notice shall be given by Claimant promptly and in any event within fifteen (15) business days after written notice of such Proceeding was received by Claimant. The failure of the Claimant to provide such written notice within the time period specified shall not relieve the Indemnifying Party of its indemnification liability under this Article X, except to the extent that such failure actually and materially prejudices the rights of the Indemnifying Party in defending against the claim or Proceeding.

(b) Following receipt of notice from the Claimant of a claim, the Indemnifying Party shall have thirty (30) days to make such investigation of the claim as the Indemnifying Party deems necessary or desirable. For the purposes of such investigation, the Claimant agrees to make available to the Indemnifying Party and/or its authorized Representative(s) the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnifying Party agree at or prior to the expiration of said thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay to the Claimant the full amount of the claim. If the Claimant and the Indemnifying Party do not agree within said period (or any mutually agreed upon extension thereof), subject to clause (c) below with respect to Third Party Claims, the Claimant may seek appropriate legal remedy in accordance with Section 12.11.

(c) With respect to any Third Party Claims as to which the Claimant is entitled to indemnification hereunder, the Indemnifying Party shall have the right, at its own expense, to participate in or, if the Indemnifying Party acknowledges in writing its obligation to indemnify the Claimant in accordance with the terms of this Agreement, assume control of the defense of such claim, and the Claimant shall cooperate fully with the Indemnifying Party, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant as the result of a request by the Indemnifying Party. The Claimant shall have the right to approve legal counsel selected by Indemnifying Party, which approval shall not be unreasonably withheld or delayed. If the Indemnifying Party elects to assume control of the defense of any Third Party Claim, the Claimant shall have the right to participate in the defense of such claim with legal counsel of its own selection; *provided, however,* that the Claimant shall pay the fees and expenses of such counsel unless the named parties to any such claim include both the Claimant and the Indemnifying Party, and the Claimant has been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party (in which case, if the Claimant informs the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense of such claim on behalf of the Claimant), it being understood that the Indemnifying Party shall not, in connection with any one claim, be liable for the fees and expenses of more than one separate firm of attorneys at any time for the Claimant. If the Indemnifying Party does not elect to assume control or otherwise participate in the defense of any Third Party Claim, it shall be bound by the results obtained by the Claimant with respect to such claim; *provided, however,* that no settlement or compromise of any claim which may result in any indemnification liability may be made by the Claimant without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. No settlement or compromise of any claim may be made by the Indemnifying Party without the prior written consent of the Claimant, which consent shall not be unreasonably withheld or delayed.

(d) If a claim, whether between the parties or by a third party, requires immediate action, the parties will make every effort to reach a decision with respect thereto as expeditiously as possible.

Upon satisfaction of any Third Party Claim pursuant to this Article X, the Indemnifying Party shall be subrogated to all rights and remedies of the Claimant against any third party with respect to such claim; *provided* that such right of subrogation shall be limited in amount to the amount actually received by the Claimant from the Indemnifying Party with respect to such claim; and *provided, further*, that any claim by an Indemnifying Party against any such third party resulting from such right of subrogation shall be subordinated to any claim of the Claimant against such third party for amounts in excess of the amount actually received by the Claimant from the Indemnifying Party pursuant to this Article X.

10.10 Defense of Tax Claims.

(a) Notice. In the event that any Governmental Authority informs a Contributing Party, on the one hand, or the Joint Venture, on the other hand, of any notice of a proposed audit or other dispute concerning an amount of Taxes with respect to which the other party may incur Liability hereunder, the party so informed shall promptly notify the other party of such matter. Such notice shall contain factual information (to the extent known) describing any asserted Tax Liability in reasonable detail and shall be accompanied by copies of any notice or other documents received from any Governmental Authority with respect to such matter. If a party hereto has knowledge of an asserted Tax Liability with respect to a matter for which it is entitled to be indemnified hereunder and such party fails to provide the Indemnifying Party prompt notice of such asserted Tax Liability, then (i) if the Indemnifying Party is entirely foreclosed from contesting the asserted Tax Liability as a result of the failure to give prompt notice, the Indemnifying Party shall have no obligation to indemnify the indemnified party for Taxes arising out of such asserted Tax Liability, and (ii) if the Indemnifying Party is not entirely foreclosed from contesting the asserted Tax Liability, but such failure to provide prompt notice results in a monetary detriment to the Indemnifying Party, then any amount which the Indemnifying Party is otherwise obligated to pay the indemnified party pursuant to this Agreement shall be reduced by the amount of such detriment.

(b) Control of Contest. The party filing the Tax Return subject to audit or other dispute shall control any audits, disputes, administrative, judicial or other Proceedings related to Taxes with respect to which either party may incur Liability hereunder. In the case of a dispute with respect to a Tax for which no Tax Return is required, the Indemnifying Party shall control any audits, disputes, administrative, judicial or other Proceedings relating to such Tax. Subject to the first sentence of this Section 10.10(b), in the event that an adverse determination may result in each party having a responsibility for any amount of Tax under this Article X, each party shall be entitled to fully participate in that portion of the Proceeding relating to the Taxes for which it may incur Liability hereunder. For purposes of this Section 10.10(b), the term "participate" shall include (i) participation in conferences, meetings or Proceedings with any Governmental Authority, the subject matter of which includes an item for which such party may have Liability hereunder, (ii) participation in appearances before any court or tribunal, the subject matter of which includes an item for which a party may have Liability hereunder, and (iii) with respect to matters described in the preceding clauses (i) and (ii), participation in the submission and determination of the content of the documentation, protests, memoranda of fact and law, and briefs, and the conduct of oral arguments and presentations.

(c) Consent to Settlement. A Contributing Party and the Joint Venture shall not agree to settle any Tax Liability or compromise any claim with respect to Taxes, which settlement or compromise may affect the Liability for Taxes hereunder (or right to Tax benefit) of the other party, without such other party's consent, which consent shall not be unreasonably withheld or delayed.

10.11 Environmental Management and Shared Facilities and Permits.

(a) Environmental Management. Except as otherwise required pursuant to the Remediation Agreement, the Indemnifying Party shall have the right to control any indemnified Remediation Activities and, to the extent the Indemnifying Party elects to exercise such right it shall conduct such Remediation Activities as expeditiously as reasonably practicable; *provided, however,* that the Indemnifying Party may select the most cost effective, remedial alternative that is protective of human health and the environment and is consistent with and meets the requirements of the Environmental Laws and the requirements of any Governmental Authority including, without limitation, no further action, risk analysis and/or institutional controls; *provided, further,* that no Remediation Activity may be based upon or result in any requirement that the Claimant agree to limit its use of any real property owed, operated or used by such Claimant pursuant to, or encumber title to such real property with, any restrictive covenant that would, in either case, restrict the use of such real property for any purposes that, as of the Closing Date are permitted under the existing zoning and land use restrictions applicable thereto. The Claimant shall have the right to comment on, and the Indemnifying Party shall consider in good faith the Claimant's comments regarding, the Indemnifying Party's choice of consultant, scope of work, remedial work plan and communications with any Governmental Authority or Person regarding the Remediation Activities. The Claimant and the Indemnifying Party shall cooperate with each other with respect to the Remediation Activities so that such matters may be mitigated in a reasonably timely manner, including entering into such additional agreements as reasonably may be necessary to provide site access for Remediation Activities and making available information (including documents, data, reports, Representatives and communications with Governmental Authorities or other Persons) to the other parties regarding such Remediation Activities. The Indemnifying Party shall be responsible for the proper treatment and disposal of any Hazardous Substances associated with the Remediation Activities, and shall pay all fees and taxes and sign all waste manifests for any such Hazardous Substances. The Indemnifying Party shall be responsible for obtaining and maintaining any permits necessary under Environmental Law for the Remediation Activities, and shall be responsible for the costs of any utilities (including gas, electric, wastewater treatment, water extraction and water supply) associated with any Remediation Activities. The Indemnifying Party shall use its best efforts to design, implement and conduct all Remediation Activities in a manner that will avoid any interference with ongoing business operations or other use and enjoyment of the property, and, as soon as practicable after the Remediation Activity is completed, shall restore the property insofar as reasonably practicable to the condition that existed prior to such Remediation Activity.

(b) Indemnity for Shared Permit Violations. Notwithstanding any other provision of this Agreement to the contrary, AMD or Fujitsu, as applicable, and the Joint Venture shall each protect, defend, indemnify and hold harmless the other party and its Representatives, successors and permitted assigns from and against any and all Losses arising from any violation by the Indemnifying Party of any of their respective Shared Permits or of any Environmental Law applicable to any of their respective Shared Facilities. Notwithstanding any other provision of this Agreement to the contrary, if any Person or Governmental Authority alleges that a party's operations or emissions under a Shared Permit are in violation of any Environmental Law, the following principles shall govern:

(i) Sole Violation. If a party's conduct, operations, or the emissions or discharge originating from a party, are solely implicated in the alleged violation, such party shall indemnify and hold harmless the other party (including the other party's Representatives, successors and permitted assigns) from and against all Losses asserted against the other party (including the other party's Representatives, successors and permitted assigns) in connection with or as a result thereof. Such Indemnifying Party shall keep the other party advised of the status of the matter and shall minimize the other party's involvement in such matter.

(ii) Joint Violation. If both parties' operations, or the discharges or emissions originating from both parties, are jointly implicated in the alleged violation, the parties shall promptly meet in an effort to find a basis for voluntary apportionment of any Losses (including attorneys' fees and settlement costs) associated with the alleged violation, such apportionment not to be an admission of violation of an Environmental Law by either party in any respect. If the parties reach agreement, each party shall reasonably cooperate with the other party, including the other party's Representatives, in defending the allegations, including making personnel and records available for the defense of the Loss. In no event shall either party agree to a settlement that binds the other party in any respect without the prior written consent of the other party. If the parties do not reach an agreement on an apportionment of Losses, then the parties shall resolve any dispute relating to the apportionment of such losses in accordance with the dispute resolution procedures in Section 12.11.

(iii) Procedure for Indemnification. Except as set forth in this Section 10.11(b), the procedure for indemnification with respect to Shared Permits, including notice and defense of claims, shall be as set forth in Section 10.9.

(iv) Defaults and Remedies. If either AMD or Fujitsu, as applicable, or the Joint Venture breaches Section 8.8 of this Agreement and such breach creates an emergency condition, a loss of rights or benefits under a Shared Permit or an interruption in use of a Shared Facility that causes or is reasonably likely to cause the other party to be unable to produce all or a portion of the products or services produced by its operations for any period of time, such party may, in addition to any other rights or remedies such party may have under this Agreement, take all such actions that are reasonably necessary to cure such breach, at the other party's reasonable cost.

ARTICLE XI.

INTENTIONALLY OMITTED

ARTICLE XII.

MISCELLANEOUS

12.1 Notices. All notices, requests, instructions or consents required or permitted under this Agreement shall be in writing and will be deemed given: (a) when delivered personally; (b) when sent by confirmed facsimile; (c) ten (10) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) three (3) business days after deposit with an internationally recognized commercial overnight carrier specifying next-day delivery, with written verification of receipt. All communications will be sent as follows (or to such other address or facsimile number as may be designated by a party giving written notice to the other parties pursuant to this Section 12.1):

If to the Joint Venture:	FASL LLC Attention: General Counsel One AMD Place M/S 150 PO Box 3453 Sunnyvale, California 94086 U.S.A. Facsimile: (408) 774-7399
If to AMD and AMD Investments:	Advanced Micro Devices, Inc. Attention: General Counsel One AMD Place Sunnyvale, California 94086 Facsimile: (408) 774-7399 AMD Investments, Inc. Attention: General Counsel One AMD Place Sunnyvale, California 94086 Facsimile: (408) 774-7399 with a copy (which shall not constitute notice) to: Latham & Watkins LLP Attention: Tad Freese 505 Montgomery Street, Suite 1900 San Francisco, California 94111

Facsimile: (415) 395-8095

If to Fujitsu and Fujitsu Sub:

Fujitsu Limited
Electronic Devices Group
Fuchigami 50 Akiruno-shi
Tokyo 197-0833
Attention: Executive Vice President,
Business and Promotion Group
Facsimile: +81-42-532-2550

Fujitsu Microelectronics Holding, Inc.
c/o Fujitsu Limited
Electronic Devices Group
Fuchigami 50 Akiruno-shi
Tokyo 197-0833
Attention: Executive Vice President,
Business and Promotion Group
Facsimile: +81-42-532-2550

12.2 Amendments; No Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is duly executed, in the case of an amendment, by the Joint Venture and the Contributing Parties, or, in the case of a waiver, by the party to whom the waiver is to be enforced. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial waiver or exercise thereof preclude the enforcement of any other right, power or privilege.

12.3 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

12.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, including any entity that is the successor to substantially all of the assets and businesses of such party. No party may otherwise assign, delegate or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the other parties. Any attempted assignment in violation of this Section 12.4 shall be null and void.

12.5 Language. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the Parties. All communications and notices to be made or given pursuant to this Agreement shall be in the English language.

12.6 Construction; Interpretation. No party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any party.

12.7 Severability. If any provision in this Agreement will be found or be held to be invalid or unenforceable, then the meaning of said provision will be construed, to the extent feasible, so as to render the provision enforceable, and if no feasible interpretation would save such provision, it will be severed from the remainder of this Agreement which will remain in full force and effect unless the severed provision is essential and material to the rights or benefits received by any party. In such event, the parties will use their respective best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the parties' intent in entering into this Agreement.

12.8 Counterparts. This Agreement may be executed in counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a party shall constitute a valid and binding execution and delivery of this Agreement by such party.

12.9 Entire Agreement. This Agreement, together with the IT Cost Sharing Agreement dated April 21, 2003 between AMD and Fujitsu, the Confidentiality Agreement, the Exhibits and Schedules and the other agreements, instruments and other documents executed and/or delivered in connection herewith, constitute the entire agreement among the parties pertaining to the subject matter hereof, and supersede all prior oral and written, and all contemporaneous oral, agreements and understandings pertaining thereto. There are no agreements, understandings, restrictions, warranties or representations relating to such subject matter among the parties other than those set forth herein or in the Ancillary Documents.

12.10 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California, United States of America, as applied to agreements among California residents entered into and wholly to be performed within the State of California (without reference to any choice or conflicts of laws rules or principles that would require the application of the laws of any other jurisdiction and without regard to the United Nations convention on contracts for the international sale of goods).

12.11 Dispute Resolution. The parties hereby agree that claims, disputes or controversies of whatever nature, arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement (or any other agreement contemplated by or related to this Agreement), shall be resolved in accordance with the dispute resolution procedures set forth in Schedule A to the Operating Agreement, which are incorporated herein by reference and shall be applied *mutatis mutandis*.

12.12 Press Release. None of the parties shall make any press release or otherwise announce to the public the transactions described herein without the approval of the other parties of the form and content of the press release or other announcement. If a public statement is required to be made by Applicable Law, the parties shall consult with each other in advance as to the contents and timing thereof. Fujitsu, AMD and the Joint Venture shall jointly announce the transaction to the public after the Closing.

12.13 Confidential Information.

(a) No Disclosure. The parties acknowledge that the transaction described herein is of a confidential nature and the terms of the transaction (other than those that are already in the public domain through no breach of any contractual obligation by a party) shall not be disclosed except to Representatives and Affiliates of each party, or as required by Applicable Law, until such time as the parties make a public announcement regarding the transaction as provided in Section 12.12.

(b) Confidentiality Agreement. AMD and Fujitsu will comply with, and will cause their respective Representatives to comply with, all of their respective obligations under the Mutual Nondisclosure Agreement dated July 16, 2002, by and between AMD and Fujitsu (the "Confidentiality Agreement"), which agreement shall continue in full force and effect in accordance with its terms.

(c) Notwithstanding anything to the contrary in this Agreement or in any other written or oral understanding or agreement to which the parties hereto are parties or by which they are bound, each party to this Agreement has been and is permitted to disclose the tax treatment and tax structure of the Joint Venture Business effective no later than the earlier of the date of the public announcement of discussions relating to the Joint Venture Business, the date of the public announcement of the Joint Venture Business, or the date of the execution of this Agreement (with or without conditions) to enter into the Joint Venture Business. This permission to disclose includes the ability of each party to this Agreement to consult, without limitation of any kind, any tax advisor (including a tax advisor independent from all other entities involved in the Joint Venture Business) regarding the tax treatment or tax structure of the Joint Venture Business. This provision is intended to comply with Section 1.6011-4(b)(3)(ii)(B) of the Treasury Regulations and shall be interpreted consistently therewith. The parties to this Agreement acknowledge that this written authorization does not constitute a waiver by any party of any privilege held by such party pursuant to the attorney-client privilege or the confidentiality privilege of Code Section 7525(a).

12.14 Expenses. Except (i) for filing fees and local counsel costs related to antitrust filings in connection with the formation of the Joint Venture, which shall be paid sixty percent (60%) by AMD and forty percent (40%) by Fujitsu, (ii) as otherwise provided in this Agreement or the AMD Asset Purchase Agreement and (iii) as provided in the IT Cost Sharing Agreement dated April 21, 2003 between AMD and Fujitsu, each of the parties shall pay all costs and expenses incurred by or on its behalf in connection with the formation and capitalization of the Joint Venture, including, without limiting the generality of the foregoing, fees and expenses of their financial consultants, accountants and legal counsel.

12.15 Consequential Damages. Except indemnification obligations with respect to Third Party Claims pursuant to Article X, no party shall be liable to any other party under any legal theory for indirect, special, incidental, consequential or punitive damages, or any damages for loss of profits, revenue or business, even if such party has been advised of the possibility of such damages (it being understood that (i) diminution in the value of Membership Interests shall not be considered to fall within any such category of damages and (ii) a claim seeking to recover diminution in value shall not be limited by operation of this Section 12.15).

12.16 Third-Party Beneficiaries. Nothing herein expressed or implied is intended to or shall be construed to confer upon or give any person or entity, other than the parties hereto, and their respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

12.17 No Other Representations.

(a) Except as set forth in Article V and the related Schedules, neither AMD nor AMD Investments makes any representations or warranties of any kind in this Agreement to Fujitsu, Fujitsu's Affiliates or the Joint Venture with respect to the AMD Business Assets or the AMD Flash Memory Business.

(b) Except as set forth in Article VI and the related Schedules, neither Fujitsu nor Fujitsu Sub makes any representations or warranties of any kind in this Agreement to AMD, AMD's Affiliates or the Joint Venture with respect to the Fujitsu Business Assets or the Fujitsu Flash Memory Business.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized representatives as of the day and year first above written.

THE JOINT VENTURE:

FASL LLC

By: /s/ THOMAS M. MCCOY

Name: Thomas M. McCoy
Title: Manager

AMD:

ADVANCED MICRO DEVICES, INC.

By: /s/ THOMAS M. MCCOY

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

AMD INVESTMENTS:

AMD INVESTMENTS, INC.

By: /s/ THOMAS M. MCCOY

Name: Thomas M. McCoy
Title: Vice President and Secretary

FUJITSU:

FUJITSU LIMITED

By: /s/ HIROAKI KUROKAWA

Name: Hiroaki Kurokawa
Title: President and Representative Director

FUJITSU SUB:

FUJITSU MICROELECTRONICS HOLDING, INC.

By: /s/ KAZUO IIDA

Name: Kazuo Iida
Title: President

Exhibit 10.54

ASSET PURCHASE AGREEMENT

By and Among

ADVANCED MICRO DEVICES, INC.,

FUJITSU LIMITED

and

FASL LLC

Dated as of June 30, 2003

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ANNEXES

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this "Agreement") is dated as of June 30, 2003, by and between Advanced Micro Devices, Inc., a Delaware corporation ("AMD"), Fujitsu Limited, a corporation organized under the laws of Japan ("Fujitsu"), and FASL LLC, a Delaware limited liability company (the "Joint Venture").

R E C I T A L S

A. AMD and its Affiliates are separately engaged in the research and development, manufacture, marketing, distribution, promotion and sale of Stand-Alone NVM Products (excluding distribution and sales-related activities) (the "AMD Flash Memory Business").

B. It is the intention of AMD to sell to the Joint Venture certain assets related to the AMD Flash Memory Business.

A G R E E M E N T

NOW, THEREFORE, in consideration of the premises, and the mutual representations, warranties, covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto intending to be legally bound by the terms hereof applicable to each of them, hereby agree as follows:

ARTICLE I.

DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following capitalized terms shall have the following meanings when used herein:

"4-Year Operations Plan" has the meaning set forth in the Operating Agreement.

"Affiliate" of a Person means any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. A Person shall be deemed an Affiliate of another Person only so long as such control relationship exists. The parties acknowledge and agree that AMD is not presently controlled by any other Person. Notwithstanding the foregoing, neither the Joint Venture nor FASL (Japan) nor their Subsidiaries shall be deemed to be an Affiliate of AMD for purposes of this Agreement.

"After Tax Basis" means a basis such that any payment received by a Person shall be decreased by the amount of any reduction in Taxes resulting from the deduction of the expense indemnified against (and in the case of the Joint Venture being the indemnified Person,

such payment shall be decreased by any reduction in Taxes resulting from the deduction by the Member that is not the indemnifying Person (or whose Affiliate is not the indemnifying Person) of its allocable share (based on such Member's Percentage Interest) of the expense indemnified against ("First Amount"), and if any such decrease is made, then such payment shall be decreased by an additional amount based on the other Member's Percentage Interest ("Second Amount"), such that the First Amount and Second Amount shall be in the same ratio as the Members' respective Percentage Interests). In the event that the expense indemnified against is used to reduce Taxes by way of amortization or depreciation, payments made on an After Tax Basis shall be refunded in each taxable year of the Person who receives an indemnification payment by such Person under the principles of the preceding sentence. In the event a taxing authority shall treat any indemnification payment as includible in gross income or disallow any deduction taken into account hereunder, the indemnification shall be recomputed and further payments or refunds made in respect of the decrease in the indemnification amount paid. All determinations under Section 9.5(b) as to the existence of a reduction in Taxes shall be made in good faith by the indemnified Person (and in the case of the Joint Venture being the indemnified Person, by the Member that is not the indemnifying Person or whose Affiliate is not the indemnifying Person), and in this regard decisions by the indemnified Person (and in the case of the Joint Venture being the indemnified Person by the Member that is not the indemnifying Person or whose Affiliate is not the indemnifying Person) in respect of the treatment of tax items shall be made without regard to the fact that indemnity payments will be made on an After Tax Basis in accordance with the terms of the paragraph**.** Payments shall be made on an After Tax Basis taking into account only reductions in Taxes occurring in the taxable year in which the deduction, amortization or depreciation of the expense indemnified against first occurs and in the next two succeeding taxable years. If requested by the indemnifying Person, the indemnified Person (and in the case of the Joint Venture being the indemnified Person, by the Member that is not the indemnifying Person or whose Affiliate is not the indemnifying Person), shall provide a copy of its tax returns to an independent tax professional (which may be such Person's auditor) which shall report to the indemnifying Person whether, in the opinion of such independent tax professional**,** (i) the computation as to the amount of a reduction in Taxes, if any, was accurate and (ii) the judgment as to the existence and amount of any reduction in Taxes was made in good faith. The determination of the independent tax professional shall be final and binding and not subject to further review. The costs of the review by the independent tax professional shall be borne by the indemnifying Person.

"AMD Environmental Condition" means (a) the Handling or Release prior to the Closing by AMD or its Affiliates or any of its or their Predecessors or contractors of any Hazardous Substance in, on, from, under or to any AMD Operating Site, including the effects of such Handling or Release of Hazardous Substances on resources, Persons, or property inside or outside the boundaries of any AMD Operating Site whether before or after Closing; (b) any presence or Release of any Hazardous Substance in, on, from, under or to the AMD Listed Assets before or at the Closing, including the effects of such presence or Release on resources, Persons, or property inside or outside the boundaries of the AMD Listed Assets whether before or after the Closing, and (c) any other act or omission prior to the Closing of AMD, its Affiliates or any of its or their Predecessors in connection with the operation of the AMD Flash Memory Business or the AMD Sold Assets that gives rise to Liability under any Environmental Law.

"AMD Excluded Liabilities" means all Liabilities of AMD and its Affiliates that are not AMD Assumed Liabilities, including, without limitation (a) Liabilities related to or arising from AMD Environmental Conditions, (b) Liabilities of AMD under Sections 2.3, 2.4 and 2.5, (c) Liabilities of AMD or any of its Affiliates that do not relate to the AMD Flash Memory Business, (d) Liabilities of AMD or any of its Affiliates related to or arising out of events or circumstances occurring in connection with the operation of the AMD Flash Memory Business or the AMD Sold Assets prior to Closing, including Liabilities related to any time period ending prior to Closing regarding performance or other obligations required to be performed prior to Closing under Contracts and Permits included in the AMD Sold Assets, (e) Liabilities related to (A) any Proceedings pending against AMD or any of its Affiliates prior to the Closing and (B) any Proceedings instituted after the Closing arising from the operation of the AMD Flash Memory Business or the AMD Sold Assets prior to the Closing, and (f) any accounts or notes payable of AMD and its Affiliates outstanding immediately prior to the Closing.

"AMD Investments" means AMD Investments, Inc., a Delaware corporation and indirect wholly owned subsidiary of AMD.

"AMD Operating Site" means any AMD Listed Assets and any Real Property or Facility owned, operated, leased or used at any time prior to Closing by AMD, its Affiliates or its or their Predecessors in connection with the operation of the AMD Sold Assets, including any offsite disposal or treatment facilities used in connection with the AMD Sold Assets.

"AMD Sold Assets" means the AMD Listed Assets, the AMD Contracts and the AMD Assumed Permits.

"Ancillary Documents" means the agreements, certificates, instruments or other documents to be executed and delivered in connection with this Agreement, including, without limitation, the agreements, certificates, instruments or other documents referenced in Section 4.1(b).

"Applicable Law" means, with respect to a Person, any domestic or foreign, national, federal, territorial, state or local constitution, statute, law (including principles of common law), treaty, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, legally binding directive, judgment, decree or other requirement or restriction of any arbitrator or Governmental Authority applicable to such Person or any of its Affiliates or any of their respective properties, assets, officers, directors, employees, consultants or agents (in connection with such officer's, director's, employee's, consultant's or agent's activities on behalf of such Person or any of its Affiliates).

"Charter Documents" of any Person means such Person's articles of incorporation, by-laws, certificate of formation, limited liability company agreement or equivalent governance and organizational documents.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Contract" means agreements, contracts, notes, loans, evidences of indebtedness, purchase orders, letters of credit, indentures, security or pledge agreements, undertakings, practices, covenants not to compete, employment agreements, severance agreements, licenses, leases, instruments, obligations or commitments, whether oral or written.

"Contribution Agreement" means that Contribution and Assumption Agreement, dated June 30, 2003, by and among AMD, AMD Investments, Fujitsu, Fujitsu Sub and the Joint Venture.

"Environmental Law" means all Applicable Laws which regulate or relate to the protection or clean-up of the environment, the Handling or Release of hazardous substances, waste or materials, or other dangerous substances, wastes, pollution or materials (whether gas, liquid or solid), the health and safety of persons as affected by such substances, including protection of the health and safety of employees, or the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources. Environmental Laws include, but are not limited to, the United States Federal Water Pollution Control Act, the United States Resource Conservation & Recovery Act, the United States Clean Water Act, the United States Safe Drinking Water Act, the United States Atomic Energy Act, the United States Occupational Safety and Health Act, the United States Toxic Substances Control Act, the United States Clean Air Act, the United States Comprehensive Environmental Response, Compensation and Liability Act, the United States Hazardous Materials Transportation Act, all associated amendments and subsequent related legislation, and all analogous or related Applicable Laws.

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

"ERISA Affiliate" of any Person means any other Person that, together with such Person as of the relevant measuring date under ERISA, was or is required to be treated as a single employer under Section 414 of the Code.

"Fab 25 Loan Agreement" means that Amended and Restated Term Loan Agreement by and among the Joint Venture and General Electric Capital Corporation, Bank of America, N.A., and Merrill Lynch Capital, a Division of Merrill Lynch Business Financial Services Inc.

"Facilities" means all plants, offices, manufacturing facilities, support facilities, warehouses, improvements, administration buildings and amenities.

"FASL (Japan)" means Fujitsu AMD Semiconductor Limited K.K., a company organized under the laws of Japan.

"FASL (Japan) Flash Memory Business" means the manufacture and supply to AMD and Fujitsu by FASL (Japan) of certain semiconductor devices, a substantial function of which is code and/or data storage.

"Fixtures and Equipment" means furniture, fixtures, furnishings, machinery, equipment, vehicles, computer hardware, and other tangible personal property, whether owned or leased.

"Fujitsu Flash Memory Business" means Fujitsu's and its Affiliates' research and development, manufacture, marketing, distribution, promotion and sale of Stand-Alone NVM Products (excluding (i) Ferro-electric non-volatile memory technology and products and (ii) distribution and sales-related activities).

"Fujitsu Sub" means Fujitsu Microelectronics Holding, Inc., a Delaware corporation and a wholly owned subsidiary of Fujitsu.

"Governmental Authority" means any foreign, domestic, national, federal, territorial, state or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

"Handling" means any use, generation, storage, treatment, processing, transportation, recycling, disposal, or other handling or disposition of any kind, including the arrangement by contract, agreement or otherwise for such handling or disposition by any other Person.

"Hazardous Substance" means any pollutants, contaminants, chemicals, waste; any toxic, infectious, carcinogenic, reactive, corrosive, ignitable or flammable chemical or chemical compound; or any hazardous substance, material or waste, whether solid, liquid or gas, that is subject to regulation, control or remediation under, or which may form the basis of Liability under, any Environmental Laws. "Hazardous Substance" includes without limitation any quantity of asbestos in any form, urea formaldehyde, PCB's, radon gas, crude oil or any fraction thereof, all forms of natural gas, petroleum products, fractions or by-products, radioactive substances, sludges and slag.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"Intellectual Property Agreement" means that certain Intellectual Property Contribution and Ancillary Matters Agreement dated June 30, 2003 by and among AMD, AMD Investments, Fujitsu and the Joint Venture.

"Intellectual Property Rights" has the meaning set forth in the Intellectual Property Agreement.

"Joint Venture Business" means the combination of the AMD Flash Memory Business, the Fujitsu Flash Memory Business and the FASL (Japan) Flash Memory Business.

"Judgment" includes any (a) judicial or administrative judgment, order, writ, injunction, decree or award or (b) any Contract with any Governmental Authority that is or has been entered into in connection with any Proceeding.

"JV Environmental Condition" means (a) the Handling or Release, after the Closing Date by the Joint Venture, its Subsidiaries, or JV Predecessors of any Hazardous Substance, either in, on, from under or to a JV Operating Site, including, without limitation, the effects of such Handling or Release of Hazardous Substances on resources, Persons, or property within or outside the boundaries of any JV Operating Site; and (b) any other act or omission of the Joint Venture, its Subsidiaries or its or their JV Predecessors, subsequent to the Closing Date that gives rise to Liability or potential Liability under any Environmental Law.

"JV Operating Site" means any Real Property or Facility owned, leased or used at any time by the Joint Venture, its Subsidiaries or its or their JV Predecessors, from and after Closing in connection with the operation of the Joint Venture Business, including any offsite disposal or treatment facilities utilized in connection with the Joint Venture Business.

"JV Predecessors" means any Person, the assets or obligations of which are acquired or assumed by the Joint Venture or its Subsidiaries or to which the Joint Venture or its Subsidiaries succeeds following the Closing Date.

"Knowledge of AMD" or *"Knowledge"* when used with respect to AMD or similar phrases means the actual knowledge of the individuals listed on Annex A hereto.

"Knowledge of the AMD Facility Managers" means the actual knowledge of the individuals listed on Annex B hereto.

"Liability" means, with respect to any Person, any liability, indebtedness, expense, guaranty, endorsement or obligation of or by such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether or not the same is required to be accrued on the financial statements of such Person.

"Lien" includes any mortgage, lien, pledge, security interest, conditional sale agreement, charge, claim, easement, right, condition, restriction or other encumbrance or defect of title of any nature whatsoever (including, without limitation, (a) any assessment, charge or other type of notice which is levied or given by any Governmental Authority and for which a lien could be filed and (b) any restriction on the use, voting, transfer or receipt of income), in each case excluding licenses of Intellectual Property Rights.

"Losses" means any and all costs, losses, Taxes, Liabilities, damages, lawsuits, deficiencies, claims, demands, and expenses (whether or not arising out of third-party claims), including without limitation interest, penalties, costs of mitigation or remediation, losses in connection with any Environmental Law (including, without limitation, any clean-up or remedial action), damages to the environment, reasonable attorneys' fees and all amounts paid in investigation, defense or settlement of any of the foregoing.

"Material Adverse Effect on the Joint Venture" means any facts or circumstances that would result in a material adverse effect on the business, operations, affairs, financial

condition, results of operations, assets, Liabilities, reserves or any other aspect of the Joint Venture, taken as a whole, assuming consummation of the transactions contemplated hereby.

"Material Contract" means Contracts that satisfy one or more of the following criteria: (a) Contracts not made in the ordinary course of business, (b) Contracts to purchase, sell or otherwise transfer any (i) Real Property or (ii) personal property with a purchase price in excess of US$10 million, whether a party is the buyer, seller, grantor or grantee thereunder, (c) Contracts involving future expenditures or Liabilities, actual or potential, in excess of US$10 million, (d) Contracts containing covenants limiting the freedom of AMD, Joint Venture or their Affiliates to engage in any line of business or compete with any Person or pursuant to which any material benefit is required to be given or lost as a result of so competing, (e) operating or other agreements with respect to partnerships, limited liability companies and joint ventures or other Contracts involving sharing of profits, (f) Real Property Leases, (g) Contracts for borrowed money in excess of US$10 million, (h) Material Personal Property Leases, (i) Contracts to acquire a business or the equity of another Person and (j) Contracts that involve the license of Intellectual Property Rights that are material to the operation of the AMD Flash Memory Business. Notwithstanding the foregoing, "Material Contract" does not include any Contract one of the principal purposes of which is the granting of a license to Third Party Other IP Rights (as defined in the Intellectual Property Agreement) to AMD, Fujitsu or any of their Affiliates.

"Material Personal Property Leases" means leases for personal property with payments that exceed US$2.5 million per year or US$10 million in the aggregate.

"Member" has the meaning given to it in the Operating Agreement.

"Membership Interest" has the meaning given to it in the Operating Agreement.

"NVM" means a non-volatile memory device wherein information stored in a memory cell is maintained without power consumption and the write time (including erase time if there is an erase operation prior to a write operation) exceeds the read time allowing the device to function primarily as a reading device.

"Operating Agreement" means that certain Amended and Restated Limited Liability Company Operating Agreement dated June 30, 2003 by and among AMD, AMD Investments, Fujitsu, Fujitsu Sub and the Joint Venture.

"Percentage Interest" has the meaning given to it in the Operating Agreement.

"Permits" means all approvals, authorizations, certificates, consents, licenses, orders, franchises, qualifications, registrations and permits or other similar authorizations of a Governmental Authority (and any other Person) required under Applicable Law necessary for the operation of the AMD Flash Memory Business and the AMD Sold Assets, in each case, excluding licenses of Intellectual Property Rights.

"Permitted Liens" means (a) Liens for Taxes or charges or claims by a Governmental Authority (i) not yet due and payable, or (ii) being contested in good faith in appropriate Proceedings, (b) statutory Liens of landlords, Liens of carriers, workmen, repairmen,

warehousepersons, mechanics and materialpersons and other similar Liens imposed by law incurred in the ordinary course of business for sums (i) not yet due and payable, or (ii) being contested in good faith in appropriate Proceedings, (c) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance and other similar types of social security programs or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations, in each case incurred or made in the ordinary course of business, consistent with past practice, (d) easements, covenants, restrictions, rights of way, and other non-monetary imperfections of title or encumbrances that are a matter of public record and do not, individually or in the aggregate, materially affect the marketability of the property subject thereto or materially interfere with the present or proposed use of such property, (e) other encumbrances or minor matters that individually or in the aggregate are not material in amount and do not materially detract from or interfere with the value or the present or intended use of the property to which such encumbrance(s) relate(s), (f) zoning, building or similar restrictions relating to or affecting property which would not, individually or in the aggregate, materially interfere with the present use or intended use of the affected property, (g) conditions which would be disclosed by a survey or physical inspection which, in either case, would not individually or in the aggregate materially interfere with the present use or intended use of the affected property, (h) Liens securing the Fab 25 Loan Agreement and (i) Liens set forth on Annex C hereto.

"Permitted Title Exceptions" shall have the meaning ascribed to it in the Contribution Agreement.

"Person" means any person or entity, whether an individual, trustee, corporation, partnership, limited partnership, limited liability company, trust, unincorporated organization, business association, firm, joint venture, other legal entity or Governmental Authority.

"Personal Property Leases" means all existing leases, subleases, licenses, options, rights, concessions or other agreements or arrangements with respect to personal property (excluding licenses of Intellectual Property Rights).

"Predecessor" of a Person means any other Person the assets or liabilities of which have been acquired or assumed by such Person or to which such Person has succeeded.

"Purchase Price" means the sum of the Promissory Note and the AMD Assumed Liabilities.

"Real Property" means real property together with all Facilities, fixtures, easements, licenses, options and all other rights appurtenant thereto.

"Real Property Leases" means all existing leases, subleases, licenses, sublicenses, occupancy agreements, options, rights, concessions or other agreements or arrangements with respect to Real Property.

"Release" means any release, threatened release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment.

"Remediation Activity" means any cleanup, response, removal, remedial, corrective or other action to clean up, detoxify, decontaminate, treat, contain, prevent, cure, mitigate or otherwise remedy any Release of any Hazardous Substance; any action to comply with any Environmental Law or Permit; and any inspection, investigation (including subsurface investigations), study, monitoring, assessment, sampling and testing (including soil and/or groundwater sampling activities), laboratory or other analysis, or evaluation relating to any Hazardous Substances or to anything referred to herein.

"Representative" means any officer, director, principal, attorney, agent, employee or other representative.

"Required Consents" means the Required AMD Consents.

"Required Contractual Consents" means the Required AMD Contractual Consents.

"Required Governmental Approvals" means the Required AMD Governmental Approvals.

"Stand-Alone NVM Product" means a semiconductor product (including a single chip or a multiple chip or system product) containing NVM dedicated to data storage wherein all circuitry (including logic circuitry) contained therein is solely to accept, store, retrieve or access information or instructions and cannot manipulate such information or execute instructions.

"Subsidiary" of a Person means (i) any corporation, company or other legal entity (other than a partnership) in an unbroken chain of corporations, companies or other legal entities beginning with such Person if each of the corporations, companies or entities other than the last corporation, company or entity in the unbroken chain then owns stock or other equity interests possessing more than 50% of the total combined voting power of all classes of stock or other equity interests in one of the other corporations, companies or other legal entities in such chain, (ii) any partnership in which the Person is a general partner, or (iii) any partnership in which the Person possesses more than a 50% interest in the total capital or total income of such partnership. Notwithstanding the foregoing, neither the Joint Venture nor FASL (Japan) nor their Subsidiaries shall be deemed to be a Subsidiary of AMD for purposes of this Agreement.

"Tax" means all taxes, levies, imposts and fees imposed by any Governmental Authority (domestic or foreign) of any nature including but not limited to federal, state, local or foreign net income tax, alternative or add-on minimum tax, profits or excess profits tax, franchise tax, gross income, adjusted gross income or gross receipts tax, employment related tax (including employee withholding or employer payroll tax, FICA or FUTA), real or personal property tax or ad valorem tax, sales or use tax, excise tax, stamp tax or duty, any withholding or back up withholding tax, value added tax, severance tax, prohibited transaction tax, premiums tax, occupation tax, together with any interest or any penalty, addition to tax or additional

amount imposed by any Governmental Authority (domestic or foreign) responsible for the imposition of any such tax.

"Tax Return" means all returns, reports, forms, certificates or other information required to be filed with any Governmental Authority with respect to any Tax.

"Transaction Documents" means this Agreement and the Ancillary Documents and the Transaction Documents as defined in the Contribution Agreement.

"Transfer Taxes" means all federal, state, local or foreign sales, use, transfer, real property transfer, mortgage recording, stamp duty, capital, value-added or similar taxes that may be imposed in connection with the direct or indirect transfer to the Joint Venture of AMD Sold Assets or assumption of AMD Assumed Liabilities by the Joint Venture, together with any interest, additions to tax or penalties with respect thereto and any interest in respect of such additions to tax and penalties.

1.2 Index of Other Defined Terms. In addition to those terms defined above, the following terms shall have the respective meanings given thereto in the sections indicated below:

Defined Term	**Section**
"Agreement"	Preamble
"AMD"	Preamble
"AMD Assumed Liabilities"	2.2
"AMD Assumed Permits"	2.1(a)
"AMD Contracts"	2.1(a)
"AMD Leased Real Property"	5.5(a)
"AMD Listed Assets"	2.1(a)
"AMD Owned Real Property"	5.5(b)
"AMD Permits"	5.8(a)
"AMD Deductible"	9.5(a)
"AMD Employment Agreements"	5.10
"AMD Indemnitees"	9.3
"AMD Pre-Closing Taxes"	2.4
"AMD Threshold"	9.5(a)
"Claimant"	9.6(a)

Defined Term	Section
"Closing"	4.1(a)
"Closing Date"	4.1(a)
"Confidentiality Agreement"	11.13(b)
"Contribution Consideration"	Article III
"Fujitsu"	Preamble
"Indemnifying Party"	9.6(a)
"Joint Venture"	Preamble
"JV-AMD Indemnitees"	9.3
"JV Indemnitees"	9.2
"Promissory Note"	Article III
"Proceedings"	5.6
"Required AMD Consents"	5.8(a)
"Restructuring"	6.1
"Straddle Period"	2.4
"Third Party Claim"	9.6(a)

1.3 Interpretation.

(a) Certain Terms. The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "including" is not limited and means "including without limitation."

(b) Section References; Titles and Subtitles. Unless otherwise noted, all references to Sections, Annexes, Schedules and Exhibits herein are to Sections, Annexes, Schedules and Exhibits of this Agreement. The titles, captions and headings of this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(c) References to Persons, Agreements and Statutes. Unless otherwise expressly provided herein, (i) references to a Person include its successors and permitted assigns, (ii) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements and other modifications thereto or supplements thereof and (iii) references to any statute or regulation are to be construed as

including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such statute or regulation.

ARTICLE II.

PURCHASE AND SALE OF ASSETS

2.1 Transfer of Assets. Upon the terms and subject to the conditions of this Agreement and in reliance upon the representations, warranties and agreements herein set forth:

(a) On the Closing Date, AMD shall sell, convey, transfer, assign and deliver to the Joint Venture, and the Joint Venture shall acquire from AMD, free and clear of all Liens, other than Permitted Liens, all of AMD's right, title and interest in, to and under the following:

(i) the assets listed on Exhibit A (the "AMD Listed Assets");

(ii) subject to Section 6.1, all Contracts of AMD or any of its Affiliates which are exclusively related to the AMD Listed Assets or the operation thereof (collectively, the "AMD Contracts"), including but not limited to all Contracts listed on Exhibit B; and

(iii) subject to Section 6.1, any and all AMD Permits, including but not limited to all Permits listed on Exhibit C (collectively, the "AMD Assumed Permits").

2.2 Assumption of Liabilities. Notwithstanding anything to the contrary set forth in the definition of AMD Excluded Liabilities, but otherwise subject to the terms and conditions of this Agreement and in reliance upon the representations, warranties and agreements herein set forth, the Joint Venture, effective as of the Closing, will assume and perform and in due course pay and discharge (or cause its applicable Affiliates to perform, pay and discharge) the following Liabilities of AMD and its Affiliates: (a) any Liabilities arising out of or based upon events or circumstances occurring after the Closing in connection with or resulting from the operation of the Joint Venture Business, including product warranty claims made with respect to the sale of products by the Joint Venture and its Subsidiaries after the Closing, whether or not such products were manufactured prior to the Closing; (b) any amounts payable by AMD or its Affiliates and any other Liabilities (executory or otherwise) of AMD or its Affiliates that accrue or relate to the period after the Closing under any Contract included in the AMD Sold Assets; and (c) any amounts payable by the Joint Venture pursuant to Sections 2.3, 2.4 and 2.5 (collectively, the "AMD Assumed Liabilities"). If AMD or its Affiliates received or receives payment for the performance of services or the provision of products, which performance of services or provision of products is an AMD Assumed Liability hereunder, AMD shall, or shall cause its Affiliates to, pay to the Joint Venture the amounts so received in respect of such AMD Assumed Liabilities.

EXCEPT FOR THE ASSUMED LIABILITIES WHICH ARE HEREBY EXPRESSLY ASSUMED, THE JOINT VENTURE DOES NOT ASSUME ANY LIABILITIES, DEBTS, OBLIGATIONS OR DUTIES OF AMD OR ANY OF ITS AFFILIATES OF ANY KIND OR NATURE WHATSOEVER.

2.3 Certain Prorations. On the Closing Date, or as promptly as practicable following the Closing Date, but in no event later than sixty (60) calendar days thereafter, the water, gas, electricity and other utilities, common area maintenance reimbursements to lessors, local business or other transferable license or Permit fees and other similar periodic charges payable with respect to the AMD Listed Assets shall be prorated between AMD and the Joint Venture, with AMD bearing such costs and expenses attributable to the period through and including the Closing Date, and the Joint Venture bearing such costs and expenses attributable to the period after the Closing Date.

2.4 Taxes. Except as otherwise provided in this Agreement, all Taxes (other than Transfer Taxes) in respect of the AMD Sold Assets for the period or portions of periods ending at or prior to the Closing shall be borne solely by AMD ("AMD Pre-Closing Taxes"). For purposes of the foregoing, any Taxes that are imposed on a periodic basis and are payable for a Tax period that includes (but does not end on) the Closing Date (a "Straddle Period"), the portion of such Tax that relates to the portion of such Tax period ending on the Closing Date shall (A) in the case of any Taxes other than Taxes based upon or related to income or receipts, be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction the numerator of which is the number of days in the Tax period ending on the Closing Date and the denominator of which is the number of days in the entire Tax period, and (B) in the case of any Tax based upon or related to income or receipts, be deemed equal to the amount which would by payable if the relevant Tax period ended on the Closing Date. For purposes of this Section 2.4, all relevant periods in respect of personal property, real property and similar Taxes imposed by the State of California shall be treated as beginning after the Closing Date, and such Taxes in respect of the AMD Sold Assets shall be paid by the Joint Venture. AMD shall pay to the Joint Venture, within fifteen (15) days prior to the date on which Taxes are due with respect to Straddle Periods, that amount equal to the applicable portion of such Taxes which relates to the portion of such Taxable period ending on the Closing Date. Except as otherwise provided in this Agreement, all Taxes in respect of the AMD Sold Assets for the period or portions of periods beginning after the Closing shall be borne by the Joint Venture or, to the extent that the Joint Venture is taxed as a flow-through entity, with respect to income or franchise Taxes, by the Members.

2.5 Rents. AMD shall, or shall cause its Subsidiaries to, pay minimum or basic rent under the Personal Property Leases and the Real Property Leases included in the AMD Sold Assets through the end of the calendar month in which the Closing Date occurs, and the Joint Venture shall reimburse AMD for such rent accrued commencing with the Closing Date through the end of such month as part of the post-Closing proration.

ARTICLE III.

CONSIDERATION

In consideration for the sale, conveyance, transfer, assignment and delivery to the Joint Venture of the AMD Sold Assets, in addition to the Joint Venture's assumption of the AMD Assumed Liabilities, the Joint Venture will issue to AMD a promissory note in the form attached hereto as Exhibit D (the "Promissory Note"), with a principal outstanding amount equal to US$ 261,957,114.00.

ARTICLE IV.

THE CLOSING

4.1 The Closing.

(a) The closing of the transactions contemplated by this Agreement (the "Closing") shall take place on a date which shall be the later to occur of (i) June 30, 2003 or (ii) the second business day following the satisfaction or waiver of all conditions to closing set forth in Article VIII, other than those that by their nature are to be satisfied at the Closing (the "Closing Date"), at the offices of Latham & Watkins located at 505 Montgomery Street, San Francisco, California 94111, and shall be effective as of 12:01 a.m. Pacific time on such date, unless another date, time or place is agreed to in writing by the parties hereto.

(b) On the Closing Date, AMD shall, or shall cause its applicable Affiliates to, deliver to the Joint Venture the following:

(i) duly executed bills of sale, grant deeds or similar instruments with respect to the AMD Listed Assets in form and substance reasonably satisfactory to AMD;

(ii) duly executed assignment and assumption agreements with respect to the AMD Contracts and the AMD Assumed Permits in form and substance reasonably satisfactory to AMD and Fujitsu;

(iii) duly executed assignment and assumption agreements with respect to the Real Property Leases and Personal Property Leases included in the AMD Sold Assets transferred at Closing in form and substance reasonably satisfactory to AMD and Fujitsu; and

(iv) duly executed grant deeds or substantially similar instruments with respect to the owned real property included in the AMD Sold Assets transferred at Closing in form and substance reasonably satisfactory to AMD and Fujitsu.

(c) On the Closing Date, the Joint Venture shall deliver to AMD:

(i) the Promissory Note; and

(ii) duly executed assignment and assumption agreements with respect to the AMD Contracts (including Real Property Leases and Personal Property Leases included in the AMD Sold Assets) and the AMD Assumed Permits in form and substance reasonably satisfactory to AMD and Fujitsu.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF AMD

As an inducement to Fujitsu and the Joint Venture to enter into this Agreement and to consummate the transactions contemplated hereby, AMD represents and warrants to Fujitsu and the Joint Venture as follows:

5.1 Corporate Existence and Power. AMD is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. AMD has all corporate power and corporate authority required to conduct its business as now conducted and to own, lease and operate its AMD Listed Assets as now owned, leased and operated, including in connection with the AMD Contracts and AMD Assumed Permits. AMD is duly qualified to do business and is in good standing (to the extent such concept exists in the relevant jurisdiction) as a foreign corporation in each jurisdiction where the character of the property owned or leased or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so qualified or in good standing is not reasonably likely to result in a Material Adverse Effect on the Joint Venture.

5.2 Authorization. The execution, delivery and performance by AMD of the Transaction Documents to which it is a party (or is contemplated to be a party at Closing) and the consummation by AMD of the transactions contemplated hereby and thereby are within AMD's organizational powers and have been duly authorized by all necessary action (including, where necessary, stockholder action) on the part of AMD. Other than as have been taken or obtained, no Proceeding on the part of AMD is, and no other organizational approval is, or will be necessary to authorize the Transaction Documents to which it is a party (or is contemplated to be a party at Closing) and the transactions contemplated thereby. This Agreement has been duly and validly executed and delivered by AMD and constitutes the legal, valid and binding agreement of AMD, enforceable against AMD in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity. As of the Closing Date, each of the Ancillary Documents to which AMD is a party will have been duly and validly executed and delivered by AMD and will constitute the legal, valid and binding agreements of AMD, enforceable against AMD in accordance with their terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

5.3 Governmental Authorization. The execution, delivery and performance by AMD of each Transaction Document to which it is a party (or is contemplated to be a party at Closing) require no action by, consent or approval of, or filing with, any Governmental Authority, except for (a) the Required AMD Governmental Approvals, (b) under the HSR Act, applicable European Union Commission merger notification requirements or similar competition laws in other applicable foreign jurisdictions, and (c) other than any actions, consents, approvals or filings which, if not taken, obtained or made, are not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of AMD to enter into and perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

5.4 Non-Contravention. The execution, delivery and performance by AMD of each Transaction Document to which it is a party (or is contemplated to be a party at Closing) does not and will not (a) contravene or conflict with the Charter Documents of AMD; (b) assuming all filings required to be made to obtain the Required AMD Governmental Approvals, under the HSR Act, applicable European Union Commission merger notification requirements and similar competition laws in other applicable foreign jurisdictions will be made, contravene or conflict with or constitute a violation of any provision of any Applicable Law binding upon or applicable

to AMD or any of the AMD Sold Assets; (c) except as set forth on Schedule 5.4, constitute a default under or give rise to any right of termination, cancellation or acceleration of, or to a loss of any benefit, or otherwise change the existing rights or obligations thereunder to which AMD is entitled under, any Material Contract or Permit included in the AMD Sold Assets; or (d) result in the creation or imposition of any Lien on any AMD Sold Asset, other than Permitted Liens, except, with respect to clauses (b), (c) and (d), to the extent such contravention, conflict, violation, loss of benefit, default, right, or other change, individually or in the aggregate, is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) material adverse effect on the ability of AMD to enter into and perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

5.5 Properties; Leases.

(a) AMD has a good and valid leasehold or license interest in (i) the leased Real Property included in the AMD Sold Assets (the "AMD Leased Real Property") and (ii) the leased personal property included in the AMD Sold Assets, in each case, free and clear of all Liens, except to the extent such Liens constitute a Permitted Title Exception or a Permitted Lien, respectively.

(b) AMD holds good and marketable title in fee simple to, and is in possession of, all of the owned Real Property included in the AMD Sold Assets (the "AMD Owned Real Property"), free and clear of all Liens, except to the extent such Liens constitute a Permitted Title Exception.

(c) AMD holds good and valid title to all material Fixtures and Equipment owned by AMD included in the AMD Sold Assets, free and clear of all Liens, other than Permitted Liens.

(d) Schedule 5.5(d) sets forth an accurate and complete list of all Real Property Leases and Material Personal Property Leases included in the AMD Sold Assets (including all subleases and sublicenses to which the applicable AMD Entity is a party related to the AMD Leased Real Property or leased personal property included in the AMD Sold Assets or any interest therein). AMD has made available to Fujitsu true and correct copies of such Real Property Leases and Material Personal Property Leases. To the Knowledge of AMD, there is no pending or threatened condemnation, expropriation, taking or other form of eminent domain Proceeding against all or any portion of the AMD Leased Real Property.

(e) Schedule 5.5(e)(i) includes a list of all AMD Owned Real Property. Except as contemplated by the Transaction Documents, none of the AMD Owned Real Property or any interest thereon is subject to any Real Property Lease. To the Knowledge of AMD, except as set forth on Schedule 5.5(e)(ii), the current use and operation of the AMD Owned Real Property and the AMD Leased Real Property are in material compliance with all Applicable Laws (including without limitation laws relating to zoning and land use) and public and private covenants and restrictions, and neither AMD nor its Affiliates has received any notice of material non-compliance with any Applicable Laws. There is no pending or to the Knowledge of AMD, threatened, condemnation, expropriation, taking or other form of eminent domain Proceeding against all or any portion of the AMD Owned Real Property.

(f) All tangible AMD Listed Assets (and such assets as are subject to Material Personal Property Leases and Real Property Leases) material to the AMD Flash Memory Business are in good operating condition and repair, ordinary wear and tear and immaterial defects excepted.

5.6 Litigation; Other Proceedings. Except as set forth on Schedule 5.5(f), there are no (a) actions, suits, hearings, arbitrations, proceedings (public or private) or investigations, including special assessment proceedings or other proceedings to impose Liens, that have been brought by or against any Governmental Authority or any other Person (collectively, "Proceedings") pending or, to the Knowledge of AMD, threatened, against or affecting AMD or the AMD Sold Assets or (b) existing Judgments of any Governmental Authority affecting AMD or the AMD Sold Assets, in each case under clauses (a) and (b), which, individually or in the aggregate, are reasonably likely to have, (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of AMD to enter into and perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). There are no Proceedings pending or, to the Knowledge of AMD, threatened, against or affecting AMD or the AMD Sold Assets which seek to enjoin or rescind the transactions contemplated by this Agreement or otherwise prevent AMD from complying with the terms and provisions of the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

5.7 Contracts.

(a) Other than Real Property Leases and Material Personal Property Leases, Schedule 5.7 lists all written Material Contracts (or summaries of oral Material Contracts) included in the AMD Sold Assets. AMD has made available to Fujitsu true and complete copies of all such written Material Contracts.

(b) Each of the Material Contracts included in the AMD Sold Assets is in full force and effect and is valid, binding and enforceable against AMD that is a party thereto and, to the Knowledge of AMD as of the date hereof, each other party thereto, in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity. AMD has complied in all material respects with all such Material Contracts to which it is a party and is not in material default under any of such Material Contracts and, to the Knowledge of AMD, there exists no condition nor has there been any occurrence which (with or without notice, lapse of time or both) would reasonably be expected to result in such a default by AMD under any such Material Contracts, except where such default is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of AMD to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). To the Knowledge of AMD, (i) no other contracting party is in material default under any of the Material Contracts included in the AMD Sold Assets, and (ii) there exists no condition nor has there been any occurrence which (with or without notice, lapse of time or both) would reasonably be expected to result in such a default by any such party under any such Material Contracts, except where such default is not reasonably likely to result in a Material Adverse Effect on the Joint Venture.

5.8 Permits.

(a) Except as set forth on Schedule 5.8(a), AMD has obtained all material Permits necessary for the ownership, operation and use of the AMD Sold Assets and the AMD Flash Memory Business in substantially the same manner as currently owned, operated and used (the "AMD Permits"), and each AMD Permit is valid and remains in full force and effect. AMD is not in default (and has not failed to comply), nor has AMD received any notice of any claim of default or failure to comply, with respect to any AMD Permit, except where such default is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of AMD to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). Upon the consummation of the Closing, each of the AMD Permits shall be in full force and effect and the Joint Venture shall be entitled to the benefits thereof and rights thereunder, except to the extent the failure of which is not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

(b) Schedule 5.8(b) lists (i) each governmental or other registration, filing, application, notice, transfer, consent, approval, order, qualification and waiver (each, a "Required AMD Governmental Approval") required under Applicable Law to be obtained by AMD by virtue of the execution and delivery of Transaction Documents or the consummation of the transactions contemplated thereby to avoid the loss of any material AMD Permit, and (ii) each Material Contract included in the AMD Sold Assets with respect to which the consent of the other party or parties thereto must be obtained by AMD by virtue of the execution and delivery of the Transaction Documents or the consummation of the transactions contemplated thereby to avoid the invalidity of the transfer of such Material Contract, the termination thereof, a breach or default thereunder or any other material change or modification to the terms thereof (excluding the consents required or otherwise addressed under the provisions of the Intellectual Property Agreement, each, a "Required AMD Contractual Consent" and together with the Required AMD Governmental Approvals, the "Required AMD Consents").

5.9 Compliance with Laws. AMD is in compliance in all material respects with all Applicable Laws relating to or applicable to the AMD Flash Memory Business and the AMD Sold Assets, including all Environmental Laws, currently in effect including, without limitation, those relating to equal employment opportunity practices and the import and export of goods except for any non-compliance or violations which individually or in the aggregate are not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of any AMD Entity to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing). AMD has not received any written notice from any Governmental Authority of any allegation that the AMD Flash Memory Business or any AMD Sold Assets is not in compliance with any Applicable Law, other than with respect to matters that have been resolved or that individually or in the aggregate are not reasonably likely to result in (i) a Material Adverse Effect on the Joint Venture or (ii) a material adverse effect on the ability of AMD to perform its obligations under the Transaction Documents to which it is a party (or is contemplated to be a party at Closing).

5.10 Employment Agreements; Change in Control; and Employee Benefits. Except as set forth on Schedule 5.10, there are no employment, consulting, agency, commission, bonus or incentive compensation, severance pay, continuation pay, termination pay or indemnification agreements or other similar agreements of any nature whatsoever included in Contracts that are included in the AMD Sold Assets (collectively, "AMD Employment Agreements") between AMD or any ERISA Affiliate of AMD, on the one hand, and any current or former officer, director, employee, consultant or agent of AMD or any ERISA Affiliate of AMD, on the other hand. Without limiting the generality of the foregoing, except as set forth on Schedule 5.10, there are no AMD Employment Agreements or any other similar agreements to which AMD or its Affiliates is a party under which the transactions contemplated by this Agreement will require (i) any payment by AMD or the Joint Venture, or (ii) any consent or waiver from any officer, director, employee, consultant or agent of AMD, any ERISA Affiliate of AMD or the Joint Venture.

5.11 Labor and Employment Matters. Except as disclosed on Schedule 5.11, there is no (a) labor strike, slow down or stoppage pending or, to the Knowledge of AMD, threatened, against or directly affecting the AMD Sold Assets or (b) grievance or Proceeding arising out of or under any collective bargaining agreement pending, or, to the Knowledge of AMD, threatened, against or directly affecting the AMD Sold Assets, that is reasonably likely to result in a Material Adverse Effect on the Joint Venture.

5.12 Insurance. All insurance coverage applicable to AMD, the AMD Flash Memory Business and the AMD Sold Assets is in full force and effect, insures AMD in reasonably sufficient amounts against all risks usually insured against by Persons operating similar businesses or properties of similar size in the localities where such businesses or properties are located. No notice of cancellation or nonrenewal of such coverage has been received by AMD.

5.13 Environmental Matters. To the Knowledge of AMD and the AMD Facility Managers, except as set forth in Schedule 5.13:

(a) Neither AMD nor it Affiliates or its or their Predecessors has Handled or Released any Hazardous Substances at, on, under, to or from any AMD Operating Site in violation of any applicable Environmental Law or that has resulted in, or could reasonably be expected to result in, any Liability or potential Liability to AMD or its Affiliates under any Environmental Law.

(b) No Release of any Hazardous Substance has occurred, or is occurring, at, on, under, from or to any AMD Operating Site, and no Hazardous Substances are present on, in or under any AMD Operating Site, regardless of how the Hazardous Substance(s) came to rest there, in violation of any applicable Environmental Law or that could reasonably be expected to result in any Liability to AMD or its Affiliates under any Environmental Law.

(c) No underground tanks are or have been owned or operated by AMD or its Affiliates at the AMD Listed Assets. No underground storage tanks, landfills, surface impoundments, waste piles or other land treatment, land storage or disposal areas are or have been located on, in or under any of the AMD Listed Assets, and no PCBs or asbestos-containing materials are located on, in or under any of the AMD Listed Assets.

(d) Neither AMD nor its Affiliates has received written notice of any assertion by any Governmental Authority or other Person that any of them may be a potentially responsible party in connection with any AMD Operating Site. There are no Proceedings that are pending or, to the Knowledge of AMD, threatened by any Governmental Authority or Person against AMD or its Affiliates relating to any AMD Operating Site or AMD Sold Asset arising under or pursuant to any Environmental Law. Neither AMD nor its Affiliates has received any written notice from any Governmental Authority or Person that is outstanding or has not been resolved and, to the Knowledge of AMD, no condition or circumstance exists, that (with or without notice or lapse of time or both) would reasonably be likely to give rise to, or serve as a basis for, the commencement of any such Proceeding. Neither AMD nor its Affiliates has entered into or received, nor is AMD or its Affiliates in default under, any Judgment of any Governmental Authority under any Environmental Law relating to any AMD Operating Site or AMD Sold Asset.

(e) There are no closures or substantial modifications to any equipment or Facilities used in connection with the Handling or Release of Hazardous Substances (including wastewater), or any operational changes that could reasonably be expected to require such closure or modifications, currently planned within five (5) years after the date hereof by AMD on, at or relating to the AMD Flash Memory Business or the AMD Sold Assets, and no such closures or modifications are required to effect the transactions contemplated hereby.

(f) No Lien has arisen or, to the Knowledge of AMD, is threatened on or against any of the AMD Sold Assets under or as a result of a violation of, or any other Liability under, any Environmental Laws.

5.14 Capitalization. AMD has good and valid title to any securities of FASL (Japan) included within the AMD Sold Assets, free and clear of any Liens, options or rights of first offer or first refusal with respect thereto. Upon the sale of any such securities to the Joint Venture in accordance with the terms of this Agreement, the Joint Venture has or will have good and valid title thereto, free and clear of any Liens, options or rights of first offer or first refusal with respect thereto.

5.15 Brokers. Neither AMD nor any of its Affiliates is a party to any contract, agreement, arrangement or understanding with any Person which will result in the obligation of the Joint Venture or any of its Subsidiaries (including the AMD Contributed Subsidiaries (as defined in the Contribution Agreement) and FASL (Japan)) to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby.

5.16 Related Party Agreements. Except for this Agreement, the agreements expressly contemplated by this Agreement, the Contribution Agreement and as set forth in Schedule 5.16, there are no Contracts between AMD or any of its Affiliates, on the one hand, and any AMD Contributed Subsidiary (as defined in the Contribution Agreement), the Joint Venture or FASL (Japan), on the other hand.

5.17 No Other Agreements to Sell AMD Sold Assets. Except as provided herein, AMD does not have any legal obligation, absolute or contingent, to any Person other than the Joint Venture to sell, assign, lease or sublease or otherwise transfer, convey or place any Lien on

any of the material AMD Sold Assets, other than (i) agreements regarding the sale of inventory of the AMD Flash Memory Business which were entered into in the ordinary course of business and in a manner consistent with past practices and (ii) agreements among AMD and its Affiliates to sell or transfer AMD Sold Assets in a manner such that they can be sold, assigned, leased, subleased, transferred or conveyed to the Joint Venture as contemplated by the Transaction Documents.

5.18 Absence of Changes. Since March 31, 2003, (i) the AMD Flash Memory Business has been conducted in all material respects in the ordinary course (except in connection with or as otherwise contemplated by the Transaction Documents) consistent with past practice and (ii) there has been no change or event relating to the AMD Flash Memory Business which, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect the Joint Venture.

5.19 Value of Assets. Schedule 5.19 lists the AMD Sold Assets and AMD's good faith determination of net book value of such AMD Sold Assets.

ARTICLE VI.

AMD COVENANTS

AMD hereby covenants as follows:

6.1 Required Consents. AMD shall use its commercially reasonable efforts to obtain its Required Consents prior to the Closing Date. To the extent that any Required Consents have not been obtained prior to the Closing Date, AMD shall use its commercially reasonable efforts to obtain such Required Consents as soon thereafter as practicable. In the event any Required Consent is not obtained, AMD shall use its commercially reasonable efforts to structure the transaction with respect to the Contract or Permit in question in a manner that will not result in a default under such Contract or Permit but that will result in the Joint Venture obtaining the benefits and incurring the obligations that it would have otherwise obtained or incurred had the applicable Required Consent or Required Governmental Approval been obtained (a "Restructuring"). AMD shall not be required to make any payments in order to obtain a Required Consent. In the event any such request for payment is made by a Person with respect to which a Required Consent is being solicited and both AMD and Fujitsu agree in writing that AMD should make such payment, such payment shall be reimbursed by the Joint Venture. In connection with a Restructuring, the Joint Venture shall reimburse AMD for the reasonable costs or expenses incurred by AMD after the Closing Date with respect to conferring the benefits of the applicable Contract to the Joint Venture; *provided* that without the written consent of both AMD and Fujitsu, in no event shall the Joint Venture reimburse AMD in excess of the costs the Joint Venture would have incurred if such Contract had been assigned to the Joint Venture with a Required Consent on the Closing Date. On and after the Closing Date, AMD shall comply with all conditions and requirements set forth in (a) all Required Governmental Approvals that have been obtained as necessary to keep the same in full force and effect assuming continued compliance with the terms thereof by the Joint Venture and (b) all Required Contractual Consents that have been obtained as necessary to keep the same effective and enforceable against the Persons giving such Required Contractual Consents assuming continued compliance with the

terms thereof by the Joint Venture. Notwithstanding anything to the contrary in this Agreement, but subject to Article VIII, if AMD is unable to obtain a Required Consent after having complied with its obligations under this Section 6.1, AMD shall have no liability to the Joint Venture as a result of its failure to obtain such Required Consent.

6.2 Maintenance of Insurance Policies. AMD shall not, after the date hereof, take or fail to take any action that would adversely affect the applicability of any insurance in effect on the Closing Date that covers all or any part of the AMD Sold Assets, as such insurance applies for periods prior to the Closing Date. AMD shall provide for the continuation of such insurance for a reasonable period through and following the Closing and at least until the Joint Venture has initially complied with the provisions of Section 7.18 of the Operating Agreement; provided that such coverage for periods following the Closing shall be at the expense of the Joint Venture.

6.3 Litigation and Adverse Developments. AMD shall give prompt written notice to the Joint Venture and Fujitsu of (a) the occurrence, or failure to occur, of any event which occurrence or failure to occur is reasonably likely to cause any representation or warranty of AMD contained in this Agreement to be untrue or inaccurate in any material respect and (b) any material failure of AMD to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder. AMD will promptly advise the Joint Venture and Fujitsu in writing of the commencement of any dispute, claim or Proceeding, against or involving the AMD Flash Memory Business or the AMD Sold Assets that is reasonably likely to result in a Material Adverse Effect on the Joint Venture.

6.4 Further Assurances. At any time or from time to time after the Closing, AMD shall (a) at the reasonable request of the Joint Venture or Fujitsu, promptly execute and deliver any further instruments or documents as may reasonably be requested to effect, record or verify the transfer to and vesting in the Joint Venture of the right, title and interest in and to the AMD Sold Assets, free and clear of all Liens (except Permitted Liens) in accordance with the terms of the Transaction Documents and (b) take all such further action as the Joint Venture or Fujitsu may reasonably request in order to evidence or otherwise facilitate the consummation of the transactions contemplated hereby. After the Closing, AMD shall as reasonably appropriate: (i) refer to the Joint Venture all inquiries relating to the AMD Sold Assets and (ii) promptly deliver to the Joint Venture any mail, packages and other communications addressed to AMD relating to the AMD Flash Memory Business.

6.5 No Sale of Assets. Except for the sale of inventory in the ordinary course of business, consistent with past practice, AMD will not, and will cause its Affiliates and Representatives not to, directly or indirectly, (a) solicit any inquiries or proposals or enter into or continue any discussions, negotiations or agreements relating to the direct or indirect transfer of the AMD Sold Assets to any Person other than the Joint Venture or its respective Affiliates or (b) provide any assistance or any information to or otherwise cooperate with any Person in connection with any such inquiry, proposal or transaction.

ARTICLE VII.

MUTUAL COVENANTS

The Joint Venture and AMD hereby covenant and agree as follows:

7.1 Transition. Prior to the Closing Date, the Joint Venture and AMD each shall use all commercially reasonable efforts to identify and make appropriate arrangements for dealing with any transition problems that may be involved in effectuating the transactions contemplated by the Transaction Documents.

7.2 Diligence in Pursuit of Conditions Precedent. The Joint Venture and AMD each shall use all commercially reasonable efforts to fulfill their respective obligations hereunder and under the Ancillary Documents and shall reasonably cooperate with the other parties in regard to the same in order to effect the Closing. The Joint Venture and AMD each shall use all commercially reasonable efforts to obtain all Required Consents.

7.3 Covenant to Satisfy Conditions. The Joint Venture and AMD each shall use all commercially reasonable efforts to ensure that the other conditions set forth in Article VIII hereof are satisfied, insofar as such matters are within the control of the Joint Venture or AMD, as applicable. The Joint Venture and AMD each further covenant and agree, with respect to a pending or threatened preliminary or permanent injunction, or other order, decree or ruling or statute, rule, regulation or executive order, that would adversely affect the ability of the parties hereto to consummate the transactions contemplated by the Transaction Documents to use commercially reasonable efforts to prevent or lift the entry, enactment or promulgation thereof, as the case may be.

7.4 Taxes.

(a) Transfer Taxes will be borne by the Joint Venture.

(b) AMD will provide the Joint Venture with all Tax information, including, but not limited to, the tax basis of the AMD Sold Assets at the Closing Date, as reasonably requested by the Joint Venture. The parties agree to allocate the Purchase Price among the AMD Listed Assets, the AMD Permits and the AMD Contracts for all purposes (including financial accounting and Tax purposes) in accordance with the allocation schedule attached hereto as Schedule 5.19.

(c) AMD shall have the right and obligation to timely prepare and file, or cause to be prepared and filed when due, any Tax Return that is required to include the operations, ownership, assets or activities of the AMD Sold Assets for periods ending on or before the Closing Date.

(d) The Joint Venture shall have the right and obligation to timely prepare and file, or cause to be prepared and filed when due, any Tax Return that is required to include the operations, ownership, assets or activities of the Joint Venture Business for any periods after the Closing Date, including any Straddle Periods; *provided*, that any such Tax Returns relating to a

Straddle Period shall not be filed without the prior review and comment of AMD and shall be prepared on a basis consistent with past practices of AMD to the extent permitted by Applicable Law and in a manner that does not distort taxable income (e.g., by accelerating income or deferring deductions).

7.5 Ancillary Documents. On the Closing Date, the Joint Venture and AMD shall execute and shall cause their Affiliates to execute and deliver all documents required to be delivered pursuant to Sections 4.1(b) and (c) hereof.

7.6 Resale and Other Tax Certificates. The Joint Venture shall provide to AMD such resale or other tax-related certificates reasonably requested by AMD, and AMD shall provide to the Joint Venture such resale or other tax-related certificates reasonably requested by the Joint Venture.

ARTICLE VIII.

CONDITIONS TO CLOSING

8.1 Conditions to AMD's Obligations. The obligation of AMD to sell, convey, transfer and assign the AMD Sold Assets to the Joint Venture and to take, or cause its Affiliates to take, the other actions required to be taken by it or its Affiliates at the Closing, shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions (any of which may be waived by AMD):

(a) Contribution Agreement Closing Conditions. All closing conditions contained in the Contribution Agreement that are required to be performed by Fujitsu or Fujitsu Sub shall have been performed or satisfied by Fujitsu or Fujitsu Sub in all material respects.

(b) No Injunction, etc. Consummation of the transactions contemplated hereby shall not have been restrained, enjoined or otherwise prohibited by any Applicable Law or Judgment of any Governmental Authority. No material Proceeding pertaining to the transactions contemplated by the Transaction Documents shall be pending.

(c) Approvals. All filings required pursuant to the HSR Act with respect to the transactions contemplated by the Transaction Documents shall have been made, and the applicable waiting period, including any extension thereof pursuant to the HSR Act, shall have expired or been terminated, and neither the United States Department of Justice nor the Federal Trade Commission shall have instituted any Proceeding to enjoin or delay the consummation of the transactions contemplated by the Transaction Documents; and

(d) Other Agreements. The Joint Venture shall have executed and delivered all of the agreements and documents set forth in Section 4.1(c) of this Agreement.

8.2 Conditions to the Joint Venture Obligations. The obligation of the Joint Venture to acquire and accept a conveyance, transfer and assignment of the AMD Sold Assets and to take, or cause its Affiliates to take, the other actions required to be taken by it or its Affiliates at

the Closing, shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions (any of which may be waived by the Joint Venture):

(a) Representations and Warranties. All representations and warranties of AMD contained in Article V of this Agreement that are qualified as to materiality or Material Adverse Effect on the Joint Venture shall be true and correct as of the date of this Agreement and at and as of the Closing Date as if such representations and warranties were made on and as of the Closing Date (except those representations and warranties which are made as of a specific date, which shall be true and correct only as of such date); and the representations and warranties of AMD contained in Article V of this Agreement that are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as if made on and as of the Closing Date (except those representations and warranties which are made as of a specific date, which shall be so true and correct only as of such date).

(b) Agreements and Covenants. All agreements and covenants of AMD contained in this Agreement that are required to be performed by AMD prior to or on the Closing Date shall have been performed or satisfied by AMD in all material respects.

(c) Contribution Agreement Closing Conditions. All closing conditions contained in the Contribution Agreement that are required to be performed by AMD or AMD Investments shall have been performed or satisfied by AMD or AMD Investments in all material respects (unless waived by Fujitsu).

(d) No Injunction, etc. Consummation of the transactions contemplated hereby shall not have been restrained, enjoined or otherwise prohibited by any Applicable Law or Judgment of any Governmental Authority. No material Proceeding pertaining to the transactions contemplated by the Transaction Documents shall be pending.

(e) Closing Certificates. Each of AMD and AMD Investments shall have delivered to the Joint Venture a certificate dated as of the Closing Date, and signed by a duly authorized officer, representing and confirming that each of the conditions set forth in Sections 8.2(a) and 8.2(b) have been satisfied (unless waived by Fujitsu) and that each of the material Required AMD Consents have been obtained (unless waived by Fujitsu).

(f) Approvals. Each of the following shall have occurred:

(i) All filings required pursuant to the HSR Act with respect to the transactions contemplated by the Transaction Documents shall have been made, and the applicable waiting period, including any extension thereof pursuant to the HSR Act, shall have expired or been terminated, and neither the United States Department of Justice nor the Federal Trade Commission shall have instituted any Proceeding to enjoin or delay the consummation of the transactions contemplated by the Transaction Documents; and

(ii) All other material Required AMD Consents shall have been obtained.

(g) Other Agreements. The AMD Entities (as defined in the Contribution Agreement) and the Joint Venture (and its Subsidiaries, which shall include FASL (Japan)) shall have executed and delivered all of the agreements and documents set forth in Section 4.1(b) of this Agreement.

ARTICLE IX.

SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS AND INDEMNIFICATION

9.1 Survival of Representations and Warranties. All representations and warranties contained in this Agreement shall be deemed continuing representations and warranties and shall survive the Closing (a) indefinitely, with respect to the representations and warranties set forth in Section 5.2 (Authorization); (b) for a period of five (5) years with respect to the representations and warranties set forth in Section 5.13 (Environmental Matters); and (c) for a period of eighteen (18) months after the Closing Date, with respect to all other such representations and warranties.

9.2 Indemnification of Joint Venture by AMD. Subject to Section 9.5, AMD shall indemnify and hold harmless the Joint Venture, its Subsidiaries and its and their Representatives (the "JV Indemnitees") against and with respect to, and shall reimburse the JV Indemnitees for, without duplication, any and all Losses incurred in connection with, arising out of, resulting from or incident to (a) a breach of any representation or warranty of AMD contained herein; (b) a breach of any covenant or agreement of AMD contained herein or in any bill of sale, assignment and assumption agreement or other conveyance documents relating hereto delivered to the Joint Venture hereunder or in connection herewith; and (c) any AMD Excluded Liabilities.

9.3 Indemnification of AMD by the Joint Venture. Subject to Section 9.5, the Joint Venture shall indemnify and hold harmless AMD and each of its Affiliates (excluding the Joint Venture and its Subsidiaries) and its and their Representatives (collectively, the "AMD Indemnitees") against and with respect to, and shall reimburse the AMD Indemnitees for, without duplication, any and all Losses incurred in connection with, arising out of, resulting from or incident to (a) a breach of any covenant or agreement by the Joint Venture contained herein or in any assignment and assumption agreements delivered to AMD hereunder or in connection herewith; (b) any and all AMD Assumed Liabilities (other than those caused by a breach of any representation or warranty by AMD or its Affiliates or nonfulfillment of any covenant or agreement of AMD or its Affiliates contained herein or in any bill of sale, assignment and assumption agreement or other conveyance documents relating hereto delivered to the Joint Venture hereunder or in connection herewith); and (c) any and all Liabilities incurred or arising after the Closing Date in connection with the operation of the Joint Venture Business, including, without limitation, JV Environmental Conditions but excluding any Liability subject to indemnification pursuant to Section 9.2.

9.4 Indemnification of Fujitsu by AMD.

Subject to Section 9.5, AMD shall indemnify and hold harmless Fujitsu and each of its Affiliates and its and their Representatives (collectively, the "Fujitsu Indemnitees") against and with respect to, and shall reimburse the Fujitsu Indemnitees for, without duplication, any and

all Losses incurred in connection with, arising out of, resulting from or incident to (a) a breach of any representation or warranty of AMD contained herein; (b) a breach of any covenant or agreement of AMD contained herein or in any bill of sale, assignment and assumption agreement or other conveyance documents relating hereto delivered to the Joint Venture hereunder or in connection herewith; and (c) any AMD Excluded Liabilities.

9.5 Limitations on Indemnification.

(a) Notwithstanding Sections 9.2, 9.3, and 9.4, the rights and obligations under this Article IX of the JV Indemnitees, the AMD Indemnitees and the Fujitsu Indemnitees are subject to the following:

(i) the JV Indemnitees and the Fujitsu Indemnitees shall not be entitled to any recovery under Sections 9.2(a) or 9.4(a) unless the claim for indemnification is made within the time period of survival set forth in Section 9.1; *provided*, that if any claim for indemnification pursuant to this Agreement which relates to a representation or warranty is made prior to the time such representation or warranty terminates under Section 9.1, then such representation and warranty shall survive solely for purposes of such claim until such time as it has been finally resolved in accordance with the terms of this Agreement;

(ii) the JV Indemnitees shall not be entitled to any indemnification under Section 9.2(a) unless and until the Losses that the JV Indemnitees are entitled to be indemnified for under Section 9.2(a) of this Agreement and Section 10.2(a)(i) of the Contribution Agreement exceed, in the aggregate, US$15 million (the "AMD Deductible"), in which event the JV Indemnitees shall be entitled to recover all such Losses, excluding Losses included in the determination of the AMD Deductible;

(iii) a Fujitsu Indemnitee shall not be entitled to any indemnification under Section 9.4 unless (A) the Loss is the result of a Third Party Claim made or threatened directly against such Fujitsu Indemnitee, or (B) if clause (A) is not applicable, Fujitsu determines in good faith that the Losses that the Fujitsu Indemnitees are entitled to be indemnified for under Section 9.4 of this Agreement and Section 10.6 of the Contribution Agreement exceed, in the aggregate, US$100 million (the "AMD Threshold"), in which event the Fujitsu Indemnitees shall be entitled to recover all such Losses, including Losses included in the determination of the AMD Threshold;

(iv) if, based upon a substantially identical underlying factual basis, (A) an arbitrator, court, tribunal or other judicial authority determines in an enforceable award, judgment or decision that AMD or an Affiliate of AMD shall make payments to, or on behalf of, the Joint Venture, and to or on behalf of Fujitsu or an Affiliate of Fujitsu, in satisfaction of a breach of contract claim, indemnification claim, enforcement action or other legal or equitable claims of the Joint Venture and of Fujitsu or an Affiliate of Fujitsu (other than in each case for indemnification against a Third Party Claim), related to any Transaction Document or the transactions contemplated thereunder, and (B) AMD makes the payments in satisfaction of the claims of the Joint Venture, the amounts payable to, or on behalf of, Fujitsu or its Affiliate by AMD or its Affiliate shall be reduced by an amount equal to the product of (X) Fujitsu's Membership Interest at the time of the claim of the Joint Venture multiplied by (Y) the aggregate

amount paid by AMD to, or on behalf of, the Joint Venture, in satisfaction of the claim of the Joint Venture.

(v) the aggregate maximum liability of AMD to the JV Indemnitees and the Fujitsu Indemnitees, collectively, for Losses under Sections 9.2(a) and 9.4(a) of this Agreement together with Losses under Section 10.2(a)(i) and 10.6(a) of the Contribution Agreement shall not in any event exceed US$400 million.

(b) The parties shall make appropriate adjustments for insurance proceeds actually received (with respect to Losses) in calculating such Losses under this Agreement. Any insurance proceeds actually recovered by an indemnified party to the extent relating to any Losses previously paid by an indemnifying party hereunder shall be paid over promptly to such indemnifying party. All indemnification payments made pursuant to this Article IX shall be made on an After Tax Basis.

(c) Following the Closing, the indemnification provisions in this Article IX shall provide the exclusive remedy for any breach of the representations and warranties set forth in this Agreement.

(d) Notwithstanding anything herein to the contrary, the limitations set forth in this Section 9.5 shall not apply to any claims arising out of fraud in the making of the representations and warranties set forth herein.

9.6 Procedure for Indemnification. The procedure for indemnification shall be as follows:

(a) The party claiming indemnification (the "Claimant") shall promptly give written notice to the party from whom indemnification is claimed (the "Indemnifying Party") of any claim, whether between the parties or brought by a third party, specifying (i) in reasonable detail, the factual basis for such claim and (ii) in good faith, the estimated amount of such claim. If the claim relates to a Proceeding filed by any Person other than AMD, the Joint Venture or any of their Affiliates against the Claimant (a "Third Party Claim"), such notice shall be given by Claimant promptly and in any event within fifteen (15) business days after written notice of such Proceeding was received by Claimant. The failure of the Claimant to provide such written notice within the time period specified shall not relieve the Indemnifying Party of its indemnification liability under this Article IX, except to the extent that such failure actually and materially prejudices the rights of the Indemnifying Party in defending against the claim or Proceeding.

(b) Following receipt of notice from the Claimant of a claim, the Indemnifying Party shall have thirty (30) days to make such investigation of the claim as the Indemnifying Party deems necessary or desirable. For the purposes of such investigation, the Claimant agrees to make available to the Indemnifying Party and/or its authorized Representative(s) the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnifying Party agree at or prior to the expiration of said thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay to the Claimant the full amount of the claim. If the Claimant and the Indemnifying Party do not agree within said period (or any mutually agreed

upon extension thereof), subject to clause (c) below with respect to Third Party Claims, the Claimant may seek appropriate legal remedy in accordance with Section 11.11.

(c) With respect to any Third Party Claims as to which the Claimant is entitled to indemnification hereunder, the Indemnifying Party shall have the right, at its own expense, to participate in or, if the Indemnifying Party acknowledges in writing its obligation to indemnify the Claimant in accordance with the terms of this Agreement, assume control of the defense of such claim, and the Claimant shall cooperate fully with the Indemnifying Party, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant as the result of a request by the Indemnifying Party. The Claimant shall have the right to approve legal counsel selected by Indemnifying Party, which approval shall not be unreasonably withheld or delayed. If the Indemnifying Party elects to assume control of the defense of any Third Party Claim, the Claimant shall have the right to participate in the defense of such claim with legal counsel of its own selection; *provided, however,* that the Claimant shall pay the fees and expenses of such counsel unless the named parties to any such claim include both the Claimant and the Indemnifying Party, and the Claimant has been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party (in which case, if the Claimant informs the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense of such claim on behalf of the Claimant), it being understood that the Indemnifying Party shall not, in connection with any one claim, be liable for the fees and expenses of more than one separate firm of attorneys at any time for the Claimant. If the Indemnifying Party does not elect to assume control or otherwise participate in the defense of any Third Party Claim, it shall be bound by the results obtained by the Claimant with respect to such claim; *provided, however,* that no settlement or compromise of any claim which may result in any indemnification liability may be made by the Claimant without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. No settlement or compromise of any claim may be made by the Indemnifying Party without the prior written consent of the Claimant, which consent shall not be unreasonably withheld or delayed.

(d) If a claim, whether between the parties or by a third party, requires immediate action, the parties will make every effort to reach a decision with respect thereto as expeditiously as possible.

Upon satisfaction of any Third Party Claim pursuant to this Article IX, the Indemnifying Party shall be subrogated to all rights and remedies of the Claimant against any third party with respect to such claim; *provided* that such right of subrogation shall be limited in amount to the amount actually received by the Claimant from the Indemnifying Party with respect to such claim; and *provided, further*, that any claim by an Indemnifying Party against any such third party resulting from such right of subrogation shall be subordinated to any claim of the Claimant against such third party for amounts in excess of the amount actually received by the Claimant from the Indemnifying Party pursuant to this Article IX.

9.7 Defense of Tax Claims.

(a) Notice. In the event that any Governmental Authority informs AMD, Fujitsu or the Joint Venture of any notice of a proposed audit or other dispute concerning an amount of Taxes with respect to which another of such parties may incur Liability hereunder, the party so informed shall promptly notify the other party of such matter. Such notice shall contain factual information (to the extent known) describing any asserted Tax Liability in reasonable detail and shall be accompanied by copies of any notice or other documents received from any Governmental Authority with respect to such matter. If a party hereto has knowledge of an asserted Tax Liability with respect to a matter for which it is entitled to be indemnified hereunder and such party fails to provide the Indemnifying Party prompt notice of such asserted Tax Liability, then (i) if the Indemnifying Party is entirely foreclosed from contesting the asserted Tax Liability as a result of the failure to give prompt notice, the Indemnifying Party shall have no obligation to indemnify the indemnified party for Taxes arising out of such asserted Tax Liability, and (ii) if the Indemnifying Party is not entirely foreclosed from contesting the asserted Tax Liability, but such failure to provide prompt notice results in a monetary detriment to the Indemnifying Party, then any amount which the Indemnifying Party is otherwise obligated to pay the indemnified party pursuant to this Agreement shall be reduced by the amount of such detriment.

(b) Control of Contest. The party filing the Tax Return subject to audit or other dispute shall control any audits, disputes, administrative, judicial or other Proceedings related to Taxes with respect to which either party may incur Liability hereunder. In the case of a dispute with respect to a Tax for which no Tax Return is required, the Indemnifying Party shall control any audits, disputes, administrative, judicial or other Proceedings relating to such Tax. Subject to the first sentence of this Section 9.7(b), in the event that an adverse determination may result in each party having a responsibility for any amount of Tax under this Article IX, each party shall be entitled to fully participate in that portion of the Proceeding relating to the Taxes for which it may incur Liability hereunder. For purposes of this Section 9.7(b), the term "participate" shall include (i) participation in conferences, meetings or Proceedings with any Governmental Authority, the subject matter of which includes an item for which such party may have Liability hereunder, (ii) participation in appearances before any court or tribunal, the subject matter of which includes an item for which a party may have Liability hereunder, and (iii) with respect to matters described in the preceding clauses (i) and (ii), participation in the submission and determination of the content of the documentation, protests, memoranda of fact and law, and briefs, and the conduct of oral arguments and presentations.

(c) Consent to Settlement. AMD, the Joint Venture and Fujitsu shall not agree to settle any Tax Liability or compromise any claim with respect to Taxes, which settlement or compromise may affect the Liability for Taxes hereunder (or right to Tax benefit) of the other party, without such other party's consent, which consent shall not be unreasonably withheld or delayed.

9.8 Environmental Management.

(a) Environmental Management. Except as otherwise required pursuant to the Remediation Agreement (as defined in the Contribution Agreement), the Indemnifying Party

shall have the right to control any indemnified Remediation Activities and, to the extent the Indemnifying Party elects to exercise such right it shall conduct such Remediation Activities as expeditiously as reasonably practicable; *provided, however,* that the Indemnifying Party may select the most cost effective, remedial alternative that is protective of human health and the environment and is consistent with and meets the requirements of the Environmental Laws and the requirements of any Governmental Authority including, without limitation, no further action, risk analysis and/or institutional controls; *provided, further,* that no Remediation Activity may be based upon or result in any requirement that the Claimant agree to limit its use of any real property owed, operated or used by such Claimant pursuant to, or encumber title to such real property with, any restrictive covenant that would, in either case, restrict the use of such real property for any purposes that, as of the Closing Date are permitted under the existing zoning and land use restrictions applicable thereto. The Claimant shall have the right to comment on, and the Indemnifying party shall consider in good faith the Claimant's comments regarding, the Indemnifying Party's choice of consultant, scope of work, remedial work plan and communications with any Governmental Authority or Person regarding the Remediation Activities. The Claimant and the Indemnifying Party shall cooperate with each other with respect to the Remediation Activities so that such matters may be mitigated in a reasonably timely manner, including entering into such additional agreements as reasonably may be necessary to provide site access for Remediation Activities and making available information (including documents, data, reports, Representatives and communications with Governmental Authorities or other Persons) to the other parties regarding such Remediation Activities. The Indemnifying Party shall be responsible for the proper treatment and disposal of any Hazardous Substances associated with the Remediation Activities, and shall pay all fees and taxes and sign all waste manifests for any such Hazardous Substances. The Indemnifying Party shall be responsible for obtaining and maintaining any permits necessary under Environmental Law for the Remediation Activities, and shall be responsible for the costs of any utilities (including gas, electric, wastewater treatment, water extraction and water supply) associated with any Remediation Activities. The Indemnifying Party shall use its best efforts to design, implement and conduct all Remediation Activities in a manner that will avoid any interference with ongoing business operations or other use and enjoyment of the property, and, as soon as practicable after the Remediation Activity is completed, shall restore the property insofar as reasonably practicable to the condition that existed prior to such Remediation Activity.

ARTICLE X.

[INTENTIONALLY OMITTED]

ARTICLE XI.

MISCELLANEOUS

11.1 Notices. All notices, requests, instructions or consents required or permitted under this Agreement shall be in writing and will be deemed given: (a) when delivered personally; (b) when sent by confirmed facsimile; (c) ten business days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) three business days after deposit with an internationally recognized commercial overnight carrier specifying next-day delivery, with written verification of receipt. All communications will be sent as follows (or to such other address or facsimile number as may be designated by a party giving written notice to the other parties pursuant to this Section 11.1):

If to the Joint Venture:	FASL LLC Attention: General Counsel One AMD Place M/S 150 P.O. Box 3453 Sunnyvale, California 94086 U.S.A. Facsimile: (408) 774-7399
If to AMD:	Advanced Micro Devices, Inc. Attention: General Counsel One AMD Place M/S 150 P.O. Box 3453 Sunnyvale, California 94086 Facsimile: (408) 774-7399 with a copy (which shall not constitute notice) to: Latham & Watkins LLP Attention: Tad J. Freese, Esq. 505 Montgomery Street, Suite 1900 San Francisco, California 94111 Facsimile: (415) 395-8095

If to Fujitsu:

Fujitsu Limited
Electronic Devices Group
Fuchigami 50 Akiruno-shi
Tokyo 197-0833
Japan

Attention: Executive Vice President,
Business Planning &
Promotion Group
Facsimile: +81-42-532-2550

11.2 Amendments; No Waivers. Any provision of this Agreement or any provision of the Promissory Note may be amended or waived if, and only if, such amendment or waiver is in writing and is duly executed, in the case of an amendment, by the Joint Venture, Fujitsu and AMD, or, in the case of a waiver, by the party to whom the waiver is to be enforced. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial waiver or exercise thereof preclude the enforcement of any other right, power or privilege.

11.3 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

11.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, including any entity that is the successor to substantially all of the assets and businesses of such party. No party may otherwise assign, delegate or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the other parties. Any attempted assignment in violation of this Section 11.4 shall be null and void.

11.5 Language. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the Parties. All communications and notices to be made or given pursuant to this Agreement shall be in the English language.

11.6 Construction; Interpretation. No party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any party.

11.7 Severability. If any provision in this Agreement will be found or be held to be invalid or unenforceable, then the meaning of said provision will be construed, to the extent feasible, so as to render the provision enforceable, and if no feasible interpretation would save

such provision, it will be severed from the remainder of this Agreement which will remain in full force and effect unless the severed provision is essential and material to the rights or benefits received by any party. In such event, the parties will use their respective best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the parties' intent in entering into this Agreement.

11.8 Counterparts. This Agreement may be executed in counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a party shall constitute a valid and binding execution and delivery of this Agreement by such party.

11.9 Entire Agreement. This Agreement, together with the Contribution Agreement, the Exhibits and Schedules and the other agreements, instruments and other documents executed and/or delivered in connection herewith and therewith, constitute the entire agreement among the parties pertaining to the subject matter hereof, and supersede all prior oral and written, and all contemporaneous oral, agreements and understandings pertaining thereto. There are no agreements, understandings, restrictions, warranties or representations relating to such subject matter among the parties other than those set forth herein or in the other Transaction Documents.

11.10 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California, United States of America, as applied to agreements among California residents entered into and wholly to be performed within the State of California (without reference to any choice or conflicts of laws rules or principles that would require the application of the laws of any other jurisdiction and without regard to the United Nations convention on contracts for the international sale of goods).

11.11 Dispute Resolution. The parties hereby agree that claims, disputes or controversies of whatever nature, arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement (or any other agreement contemplated by or related to this Agreement), shall be resolved in accordance with the dispute resolution procedures set forth in Schedule A to the Operating Agreement, which are incorporated herein by reference and shall be applied *mutatis mutandis*.

11.12 Press Release. None of the parties shall make any press release or otherwise announce to the public the transactions described herein without the approval of the other parties of the form and content of the press release or other announcement. If a public statement is required to be made by Applicable Law, the parties shall consult with each other in advance as to the contents and timing thereof. Fujitsu, AMD and the Joint Venture shall jointly announce the transactions contemplated by the Transaction Documents after the Closing.

11.13 Confidential Information.

(a) No Disclosure. The parties acknowledge that the transaction described herein is of a confidential nature and the terms of the transaction (other than those that are already in the public domain through no breach of any contractual obligation by a party) shall not be disclosed except to Representatives and Affiliates of each party, or as required by Applicable

Law, until such time as the parties make a public announcement regarding the transaction as provided in Section 11.12.

(b) Confidentiality Agreement. AMD and Fujitsu will comply with, and will cause their respective Representatives to comply with, all of their respective obligations under the Mutual Nondisclosure Agreement dated July 16, 2002, by and between AMD and Fujitsu (the "Confidentiality Agreement"), which agreement shall continue in full force and effect in accordance with its terms.

(c) Notwithstanding anything to the contrary in this Agreement or in any other written or oral understanding or agreement to which the parties hereto are parties or by which they are bound, each party to this Agreement has been and is permitted to disclose the tax treatment and tax structure of the Joint Venture Business effective no later than the earlier of the date of the public announcement of discussions relating to the Joint Venture Business, the date of the public announcement of the Joint Venture Business, or the date of the execution of this Agreement (with or without conditions) to enter into the Joint Venture Business. This permission to disclose includes the ability of each party to this Agreement to consult, without limitation of any kind, any tax advisor (including a tax advisor independent from all other entities involved in the Joint Venture Business) regarding the tax treatment or tax structure of the Joint Venture Business. This provision is intended to comply with Section 1.6011-4(b)(3)(ii)(B) of the Treasury Regulations and shall be interpreted consistently therewith. The parties to this Agreement acknowledge that this written authorization does not constitute a waiver by any party of any privilege held by such party pursuant to the attorney-client privilege or the confidentiality privilege of Code Section 7525(a).

11.14 Expenses. Except (i) for filing fees and local counsel costs related to antitrust filings in connection with the formation of the Joint Venture, which shall be paid 60% by AMD and 40% by Fujitsu, (ii) as otherwise provided in this Agreement and the Contribution Agreement and (iii) as provided in the IT Cost Sharing Agreement dated as of April 21, 2003 between AMD and Fujitsu, each of the parties shall pay all costs and expenses incurred by or on its behalf in connection with the formation and capitalization of the Joint Venture, including, without limiting the generality of the foregoing, fees and expenses of their financial consultants, accountants and legal counsel.

11.15 Consequential Damages. Except indemnification obligations with respect to Third Party Claims pursuant to Article IX, no party shall be liable to any other party under any legal theory for indirect, special, incidental, consequential or punitive damages, or any damages for loss of profits, revenue or business, even if such party has been advised of the possibility of such damages (it being understood that (i) diminution in the value of Membership Interest shall not be considered to fall within any such category of damages and (ii) a claim seeking to recover diminution in value shall not be limited by operation of this Section 11.15).

11.16 Third-Party Beneficiaries. AMD and the Joint Venture acknowledges that, although this Agreement is between AMD, the Joint Venture and Fujitsu, Fujitsu Sub is an intended third party beneficiary hereunder. Nothing herein expressed or implied is intended to or shall be construed to confer upon or give any person or entity, other than the parties hereto,

Fujitsu Sub, and their respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

11.17 No Other Representations. Except as set forth in Article V and the related schedules, neither AMD nor AMD Investments makes any representations or warranties of any kind in this Agreement to Fujitsu, Fujitsu's Affiliates or the Joint Venture with respect to the AMD Sold Assets or the AMD Flash Memory Business.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

THE JOINT VENTURE:

FASL LLC

By: /s/ Thomas M. McCoy

Name: Thomas M. McCoy
Title: Manager

AMD:

Advanced Micro Devices, Inc.

By: /s/ Thomas M. McCoy

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

Fujitsu:

Fujitsu Limited

By: /s/ Toshihiko Ono

Name: Toshihiko Ono
Title: Corporate Senior Vice President
Group President
Electronics Devices Business Group

Exhibit 10.55

AMD-FASL PATENT CROSS-LICENSE AGREEMENT

THIS AMD-FASL PATENT CROSS-LICENSE AGREEMENT (this "**Agreement**") is made and entered into as of June 30, 2003 (the "**Effective Date**"), by and between Advanced Micro Devices, Inc., a Delaware corporation ("**Parent**") and FASL LLC, a Delaware limited liability company ("**FASL**"). Parent and FASL are hereinafter also referred to, collectively, as the "**Parties**" and individually as a "**Party**."

RECITALS

WHEREAS, FASL was formed for the purpose of conducting the Business;

WHEREAS, Parent, Fujitsu Limited, a Japanese corporation ("**Fujitsu**"), AMD Investments, Inc. and Fujitsu Microelectronics Holding, Inc. have entered into that certain Amended and Restated Limited Liability Company Operating Agreement of FASL LLC as of June 30, 2003 (the "**Operating Agreement**"); and

WHEREAS, Parent and FASL each own or control, and may in the future obtain ownership or control of, various patent rights to which the other Party wishes to acquire a license.

NOW, **THEREFORE**, in consideration of the mutual representations, warranties, covenants and other terms and conditions contained herein, Parent and FASL agree as follows:

AGREEMENT

1. DEFINITIONS; INTERPRETATION

1.1 **Capitalized but Undefined Terms**. Capitalized terms used in this Agreement but not defined herein shall have the meaning ascribed to such terms in the Operating Agreement.

1.2 **Terms Defined in this Agreement**. The following terms when used in this Agreement shall have the following definitions:

1.2.1 "**Acquired Party**" means a Party or the Semiconductor Group of a Party that has undergone a Change of Control.

1.2.2 "**Acquired Party Covered Product**" has the meaning set forth in Section 9.3.3(a).

1.2.3 "**Acquirer**" means a Third Party that, through a Change of Control of an Acquired Party, either (a) acquires, through any transaction or series of related transactions, ownership of securities representing more than fifty percent (50%) of the power to elect Acquired Party's board of directors or other managing authority, or in the case Acquired Party is a non-corporate Person, equivalent interests, (b) consolidates with or merges with or into Acquired Party, or has Acquired Party merged into it, or (c) purchases or otherwise receives transfer of all or a substantially all of the assets or business of Acquired Party.

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.*

1.2.4 “**Acquirer Competitive Product**” has the meaning set forth in Section 9.3.3(b).

1.2.5 “**Acquirer Licensed Patents,**” with respect to an Acquirer to which this Agreement is assigned pursuant to Section 10.6, means all Patents that, as of the effective date of such assignment or thereafter during the Term, are wholly owned by Acquirer, or as to which, and only to the extent and subject to the conditions under which, Acquirer has the right, as of the effective date of such assignment or thereafter during the Term, to grant licenses or sublicenses without such grant resulting in the payment of royalties or other consideration to third parties (unless the non-assigning Party undertakes to pay directly or to reimburse Acquirer for any such royalties or other consideration, in which case such Patents shall be included within the Acquirer Licensed Patents), except for payments to a Subsidiary of Acquirer sublicensed hereunder or payments to Persons for inventions made by such Persons while employees or contractors of Acquirer or any Subsidiary of Acquirer sublicensed hereunder.

1.2.6 “**Assigned Patent Rights**” has the meaning set forth in the Intellectual Property Contribution and Ancillary Matters Agreement.

1.2.7 “**Auxiliary Part**” means input/output means, supporting means, terminal members, conductors or equivalent interconnecting members, housing means, any environmental controlling means included within such housing means or unitary with such housing means and active and/or passive elements unitarily or separately combined with a Semiconductor Product and any other parts, primarily useable in or for manufacturing, assembling or packaging Semiconductor Products.

1.2.8 “**Basic Royalty Payment**” has the meaning set forth in Section 6.1.

1.2.9 “**Change of Control**” shall be deemed to have occurred, with respect to a Person (which, for purposes of this Section 1.2.9 also includes the Semiconductor Group of either Party), when: (a) any “person” or “group” (as such terms are used in Sections 13(d) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of shares representing more than fifty percent (50%) of the combined voting power of the then-outstanding securities entitled to vote generally in elections of directors of such Person, or in the case such Person is a non-corporate Person, equivalent interests; (b) such Person consolidates with or merges with or into any other Person, or any other Person merges into such Person, unless immediately after such consolidation or merger, the Persons that, prior to such consolidation or merger, owned the then-outstanding securities of such Person entitled to vote generally in elections of directors, or in the case such Person is a non-corporate Person, equivalent interests, own in the aggregate at least fifty percent (50%) of such securities or equivalent interests of the surviving entity; or (c) such Person sells or otherwise transfers all or substantially all of the assets or business of such Person.

1.2.10 “**Change of Control Date**” means, with respect to the Change of Control of a Person, the effective date of such Change of Control.

1.2.11 **“Circuit Patents**” means those Licensed Patents that claim a plurality of active and/or passive elements for generating, receiving, transmitting, storing,

transforming or acting in response to electrical signal(s) to achieve a particular function, *provided* that Circuit Patents shall not include Process Patents.

1.2.12 "**Coatue Licensed Patents**" means the patent and patent applications set forth on Schedule 1.2.12 and all Patents issuing on such patent applications.

1.2.13 "**Coatue Product**" means any Licensed Product that incorporates Polymer Technology and that is manufactured by FASL or for FASL by a Third Party that is not licensed under the Coatue Licensed Patents.

1.2.14 "**Coatue Royalty Payment**" has the meaning set forth in Section 6.2.

1.2.15 "**Control**" (including "**Controlled**," "**Controlling**" and other forms thereof), with respect to a Person, means beneficial ownership, directly or indirectly, of securities representing more than fifty percent (50%) of the power to elect such Person's board of directors or other managing authority, or in the case of a non-corporate Person, equivalent interests.

1.2.16 "**Exchange Rate**" means, with respect to any payment by FASL to Parent, the exchange rate for bank cable transfers from the applicable currency to United States dollars as quoted by Citibank, N.A.

1.2.17 "**Effective Date**" has the meaning set forth in the first paragraph of this Agreement.

1.2.18 "**Existing Product**" of a Person, as of a certain date, means a Licensed Product developed by or for such Person and being made (or have made) and offered for sale by such Person on or prior to such date.

1.2.19 "**FASL**" has the meaning set forth in the first paragraph of this Agreement.

1.2.20 "**FASL Content**" has the meaning set forth in the AMD Distribution Agreement.

1.2.21 "**FASL Licensed Patents**" means all Patents that, as of the Effective Date or thereafter during the Term, are wholly owned by FASL or any of its Subsidiaries that are subject to control by the FASL Semiconductor Group, or as to which, and only to the extent and subject to the conditions under which, FASL or any of its Subsidiaries that are subject to control by the FASL Semiconductor Group has the right, as of the Effective Date or thereafter during the Term, to grant licenses or sublicenses without such grant resulting in the payment of royalties or other consideration to third parties (unless Parent undertakes to pay directly or to reimburse FASL and/or its Subsidiaries, as applicable, for any such royalties or other consideration, in which case such Patents shall be included within the FASL Licensed Patents), except for payments to FASL or any of its Subsidiaries that are subject to control by the FASL Semiconductor Group or payments to Persons for inventions made by such Persons while employees or contractors of FASL or any of its Subsidiaries that are subject to control by the FASL Semiconductor Group. Notwithstanding any of the foregoing, FASL Licensed Patents do not include any Assigned Patent Rights.

1.2.22 "**Fujitsu**" has the meaning set forth in the Recitals.

1.2.23 "**Intellectual Property Contribution and Ancillary Matters Agreement**" means that certain Intellectual Property Contribution and Ancillary Matters Agreement entered into as of June 30, 2003 by and among Parent, FASL, AMD Investments, Inc. and Fujitsu.

1.2.24 "**Licensed Patents**" means, collectively, the FASL Licensed Patents, the Parent Licensed Patents, and the Subsidiary Licensed Patents of each Subsidiary of Parent that, pursuant to Section 5.1, is granted sublicenses of the rights, licenses and immunities granted to Parent under Sections 2, 3 and 4.

1.2.25 "**Licensed Product**" means any of the items described in the following clauses (a) through (d) and/or parts thereof:

(a) Semiconductive Material;

(b) Auxiliary Part;

(c) Semiconductor Product; or

(d) Manufacturing Apparatus.

1.2.26 "**Manufacturing Apparatus**" means any instrumentality or aggregate of instrumentalities primarily designated for use in the making of any of the items set forth in clauses (a) through (c) of Section 1.2.25 and/or parts thereof.

1.2.27 "**Net Sales**" with respect to a product, means the gross amounts invoiced by FASL and its Subsidiaries for the sale or other distribution of the product within any country, *less* (a) separately stated charges for sales and use taxes, excise taxes, customs duties and other similar taxes, and (b) any amounts that FASL and its Subsidiaries actually paid for the non-FASL Content, if any, of such product.

1.2.28 "**Non-Semiconductor Group**," with respect to a Party, means any of such Party's internal groups or other organizations that is not the Semiconductor Group of such Party.

1.2.29 "**Operating Agreement**" has the meaning set forth in the Recitals.

1.2.30 "**Parent**" has the meaning set forth in the first paragraph of this Agreement.

1.2.31 "**Parent Licensed Patents**" means all Patents that, as of the Effective Date or thereafter during the Term, are wholly owned by Parent, or as to which, and only to the extent and subject to the conditions under which, Parent has the right, as of the Effective Date or thereafter during the Term, to grant licenses or sublicenses without such grant resulting in the payment of royalties or other consideration to third parties (unless FASL undertakes to pay directly or to reimburse Parent for any such royalties or other consideration, in which case such Patents shall be included within the Parent Licensed Patents), except for payments to a Subsidiary of Parent sublicensed hereunder or payments to

Persons for inventions made by such Persons while employees or contractors of Parent or any Subsidiary of Parent sublicensed hereunder. Parent Licensed Patents includes Coatue Licensed Patents.

1.2.32 "**Party**" and "**Parties**" have the respective meanings set forth in the first paragraph of this Agreement.

1.2.33 "**Patents**" means all classes or types of patents (including design patents) and utility models of all countries of the world issued or issuing on patent or utility model applications entitled to an effective filing date that is on or before the end of the Term, and respective applications therefor, together with any divisions, continuations and continuations-in-part and reissues and results of re-examinations thereof.

1.2.34 "**Pending Product**" of a Person, as of a certain date, means a Licensed Product developed by or for such Person that such Person reasonably expects to tapeout within eighteen (18) months of such date (as specified in a then-current written product roadmap as of such date) and that such Person reasonably expects to make (or have made) and sell commencing reasonably promptly thereafter.

1.2.35 "**Polymer Technology**" shall have a meaning to be agreed upon by the Parties and Fujitsu. The Parties and Fujitsu will negotiate such meaning in good faith promptly after the Effective Date.

1.2.36 "**Process Patents**" means those Licensed Patents that claim (a) a process for designing and/or making Licensed Products, including equipment used therefor, (b) materials comprising or used in the manufacturing of Licensed Products, or (c) a structure for the arrangement or interrelationship of regions, layers, electrodes or contacts of Licensed Products.

1.2.37 "**Royalty Payment**" means any Basic Royalty Payment or Coatue Royalty Payment.

1.2.38 "**Semiconductive Element**" means an element consisting primarily of a body of Semiconductive Material having a plurality of electrodes associated therewith, whether or not said body consists of a single Semiconductive Material or of a multiplicity of such materials, whether or not said body has, therein and/or thereon, one or more junctions and whether or not said body includes one or more layers or other regions (constituting substantially less than the whole of said body) of a material or materials which are of a type other than Semiconductive Material, and if provided as a part thereof, said element includes passivating means thereof.

1.2.39 "**Semiconductive Material**" means any material whose conductivity is intermediate to that of metals and insulators at room temperature and whose conductivity increases with increasing temperature over some temperature range.

1.2.40 "**Semiconductor Group**," with respect to a Party, means the internal group or other organization of such Party having as its primary activities the research and development and making of Semiconductor Products for, and selling of Semiconductor Products to, the semiconductor merchant market. The FASL Semiconductor Group currently

consists of FASL in its entirety. The Parent Semiconductor Group currently consists of Parent in its entirety.

1.2.41 "**Semiconductor Product**" means:

(a) a Semiconductive Element; or

(b) a Semiconductive Element and one or more films of conductive, semiconductive or insulating materials formed on a surface or surfaces of such Semiconductive Element, said film or films comprising one or more conductors, active or passive electrical circuit elements or any combination thereof; or

(c) a unitary assembly consisting of one or more of the elements described in clauses (a) and/or (b) of this Section 1.2.41 having a fixed permanent physical relationship established therebetween; or

(d) a unitary assembly consisting primarily of (i) one or more of the elements described in clauses (a), (b) and/or (c) of this Section 1.2.41, and (ii) one or more film devices having a fixed permanent physical relationship established therebetween.

Semiconductor Product includes, if provided therewith as a part thereof, (A) Auxiliary Parts and (B) additional electrical circuits constituted thereby and integrally included therein, *provided* that such Auxiliary Parts and additional electrical circuits are incidental to the functionality of such Semiconductor Products.

1.2.42 "**Semi-Annual Period**" means each half of FASL's fiscal year (*i.e.*, January 1 through June 30, and July 1 through December 31); *provided*, *however*, that the first Semi-Annual period shall commence on the Effective Date and shall end on December 31, 2003, and the last Semi-Annual Period shall end on the effective date of any termination of this Agreement.

1.2.43 "**Subsidiary**" of a Party means any other Person that is Controlled by such Party, but such other Person shall be deemed to be a Subsidiary only so long as such Control exists. Notwithstanding the foregoing, neither FASL nor any Subsidiaries of FASL shall be deemed a Subsidiary of Parent.

1.2.44 "**Subsidiary Licensed Patents,"** with respect to a Subsidiary of Parent that, pursuant to Section 5.1, is granted sublicenses of the rights, licenses and immunities granted to Parent under Sections 2, 3 and 4, means all Patents that, as of the date of sublicense or thereafter during the Term, are wholly owned by such Subsidiary, or as to which, and only to the extent and subject to the conditions under which, such Subsidiary has the right, as of the date of sublicense or thereafter during the Term, to grant licenses or sublicenses, without such grant resulting in the payment of royalties or other consideration to third parties (unless FASL undertakes to pay directly or to reimburse such Subsidiary for any such royalties or other consideration, in which case such Patents shall be included within the Subsidiary Licensed Patents), except for payments to Parent or any other Subsidiary of Parent sublicensed hereunder or payments to Persons for inventions made by such Persons while employees or contractors of such Subsidiary or any other Subsidiary of Parent sublicensed hereunder.

1.2.45 "**Successor Product**" means a subsequent or follow-on version of an Acquired Party Covered Product or Acquirer Competitive Product that is based on substantially the same technology (including "process shrinks" of such products and other incremental improvements thereto) as such Acquired Party Covered Product or Acquirer Competitive Product without the benefit of fundamental advances in design, and that is intended to replace such Acquired Party Covered Product or Acquirer Competitive Product and to be used in the same type of application (e.g., personal computer, mobile phone, etc.).

1.2.46 "**Term**" means the period commencing on the Effective Date and ending on the effective date of the termination of this Agreement pursuant to Section 9.

1.2.47 "**Termination Agreement**" means that certain Termination Agreement entered into as of June 30, 2003 by and among Parent, Fujitsu, and FASL (Japan).

1.2.48 "**Third Party**" means any Person other than the Parties and other than any Person Controlling, Controlled by or under common Control with either Party.

1.2.49 "**Transaction Documents**" has the meaning set forth in the Contribution Agreement.

1.3 **Interpretation**.

1.3.1 Certain Terms. The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "including" is not limited and means "including without limitation." The words "make" and "have made" include the acts of developing, assembling, packaging and/or testing.

1.3.2 Section References; Titles and Subtitles. Unless otherwise noted, all references to Sections and Schedules herein are to Sections and Schedules of this Agreement. The titles, captions and headings of this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

1.3.3 Reference to Persons, Agreements, Statutes. Unless otherwise expressly provided herein, (a) references to a Person include its successors and permitted assigns, (b) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements and other modifications thereto or supplements thereof and (c) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such statute or regulation.

2. MUTUAL RELEASE

2.1 **Release by FASL**. FASL hereby releases, acquits and forever discharges Parent hereunder from any and all claims or liability for infringement or alleged infringement of any FASL Licensed Patent by performance of acts prior to the date on which such Patent becomes a FASL Licensed Patent that, if performed on or after such date, would be acts licensed, sublicensed or immunized hereunder.

2.2 **Release by Parent**. Parent hereby releases, acquits and forever discharges FASL hereunder from any and all claims or liability for infringement or alleged infringement of any Parent Licensed Patent by performance of acts prior to the date on which such Patent becomes a Parent Licensed Patent that, if performed on or after such date, would be acts licensed, sublicensed or immunized hereunder.

3. GRANTS OF LICENSE

3.1 **Grant by FASL**. Subject to the terms and conditions of this Agreement, FASL hereby grants to Parent a non-exclusive and non-transferable (except pursuant to Section 10.6) license under FASL Licensed Patents:

3.1.1 to make, have made, use, sell, offer to sell, lease, import or otherwise dispose of Licensed Products (other than Manufacturing Apparatuses) anywhere in the world; and

3.1.2 to make, have made and use Manufacturing Apparatuses anywhere in the world, and to sell, offer to sell, lease, import or otherwise dispose of such Manufacturing Apparatuses anywhere in the world.

3.2 **Grant by Parent**. Subject to the terms and conditions of this Agreement, Parent hereby grants to FASL a non-exclusive and non-transferable (except pursuant to Section 10.6) license under Parent Licensed Patents:

3.2.1 to make, have made, use, sell, offer to sell, lease, import or otherwise dispose of Licensed Products (other than Manufacturing Apparatuses) anywhere in the world; and

3.2.2 to make, have made and use Manufacturing Apparatuses anywhere in the world, and to sell, offer to sell, lease, import or otherwise dispose of such Manufacturing Apparatuses anywhere in the world.

3.3 **Non-Semiconductor Groups.**

3.3.1 Notwithstanding anything to the contrary in this Agreement, the rights, licenses and immunities granted by Parent hereunder to FASL (and the definition of Parent Licensed Patents included in such grant) shall exclude Licensed Patents of any Parent Non-Semiconductor Group. No Parent Non-Semiconductor Group may exercise the rights, licenses and immunities granted hereunder to Parent for Licensed Products, except with respect to Licensed Products that are made by or for the Parent Semiconductor Group or a Subsidiary sublicensed hereunder.

3.3.2 Notwithstanding anything to the contrary in this Agreement, the rights, licenses and immunities granted by FASL hereunder to Parent (and the definition of FASL Licensed Patents included in such grant) shall exclude Licensed Patents of any FASL Non-Semiconductor Group. No FASL Non-Semiconductor Group may exercise the rights, licenses and immunities granted hereunder to FASL for Licensed Products, except with respect to Licensed Products that are made by or for the FASL Semiconductor Group or a Subsidiary sublicensed hereunder.

4. IMMUNITY FOR CUSTOMERS AND USERS

4.1 **Grant of Immunity by FASL**. The licenses granted to Parent pursuant to Section 3 shall include immunity for (and FASL hereby covenants not to sue) the resellers, distributors, users and other customers, direct or indirect, of Parent for Licensed Products made, imported, sold, offered for sale, leased or otherwise disposed of by or for or on behalf of Parent as set forth herein (whether such products are used, imported, sold, offered for sale, leased or otherwise disposed of alone or in combination with other products or services, although such immunity will not extend to any such combinations or parts of such other products or services other than the Licensed Products). With respect to products made by Parent on a foundry basis where a customer engages Parent as a foundry to make products for resale in the semiconductor merchant market by such customer based on designs, logic and/or specifications of such customer, the immunities granted to such customer pursuant to this Section 4 shall extend only to any Parent materials, information or technology supplied to such customer or incorporated in such products, or the process or method used to make such products. For purposes of clarification, the foregoing shall not affect in any way the licenses and immunities granted to Parent and its resellers, distributors, users and other customers (to the extent such other customers are not engaging Parent as a foundry as described above), direct or indirect, by this Agreement, including Sections 3 and 5 and this Section 4. The sale or other disposition to resellers, distributors, users and other customers, direct or indirect, of products by Parent does not convey any license or immunity, by implication, estoppel, or otherwise, to such resellers, distributors, users and other customers, direct or indirect, under Patent claims covering combinations of such products with other devices or elements.

4.2 **Grant of Immunity by Parent**. The licenses granted to FASL pursuant to Section 3 shall include immunity for (and Parent hereby covenants not to sue) the resellers, distributors, users and other customers, direct or indirect, of FASL for Licensed Products made, imported, sold, offered for sale, leased or otherwise disposed of by or for or on behalf of FASL as set forth herein (whether such products are used, imported, sold, offered for sale, leased or otherwise disposed of alone or in combination with other products or services, although such immunity will not extend to any such combinations or parts of such other products or services other than the Licensed Products). With respect to products made by FASL on a foundry basis where a customer engages FASL as a foundry to make products for resale in the semiconductor merchant market by such customer based on designs, logic and/or specifications of such customer, the immunities granted to such customer pursuant to this Section 4 shall extend only to any FASL materials, information or technology supplied to such customer or incorporated in such products, or the process or method used to make such products. For purposes of clarification, the foregoing shall not affect in any way the licenses and immunities granted to FASL and its resellers, distributors, users and other customers (to the extent such other customers are not engaging FASL as a foundry as described above), direct or indirect, by this Agreement, including Sections 3 and 5 and this Section 4. The sale or other disposition to resellers, distributors, users and other customers, direct or indirect, of products by FASL does not convey any license or immunity, by implication, estoppel, or otherwise, to such resellers, distributors, users and other customers, direct or indirect, under Patent claims covering combinations of such products with other devices or elements.

5. EXTENSION OF LICENSE

5.1 Right of Parent. Parent shall have the right to grant sublicenses of the rights, licenses and immunities granted to Parent under Sections 2, 3 and 4, to a Subsidiary of Parent that is subject to control by the Semiconductor Group, but subject to the condition that such Subsidiary grants a license to FASL under its Subsidiary Licensed Patents, if any. Any such grant-back license shall otherwise be of a scope equivalent to that of Section 3.2. For purposes of clarification, (a) except as set forth in Section 5.2, it is an option, and not an obligation, for a Subsidiary to grant back such a license, unless and until such Subsidiary elects to be granted a sublicense of such rights, licenses and immunities, and (b) even without obtaining such a sublicense, a Subsidiary of Parent (whether subject to control by the Semiconductor Group or a Non-Semiconductor Group) may exercise the rights, licenses and immunities granted hereunder to Parent solely for Licensed Products that are made by or for the Semiconductor Group or a Subsidiary of Parent sublicensed hereunder.

5.2 **Semiconductor Group Subsidiaries.** If requested by FASL, Parent shall cause a Subsidiary actually controlled by the Semiconductor Group of Parent to grant a license to FASL under Section 5.1, in which case such Subsidiary shall be deemed sublicensed pursuant to Section 5.1.

5.3 **Right of FASL**. FASL shall have the right to grant sublicenses of the rights, licenses and immunities granted to FASL under Sections 2, 3 and 4, to Subsidiaries of FASL that are subject to control by the FASL Semiconductor Group.

5.4 **No Other Right**. A Party shall not have the right to grant sublicenses of the Patents licensed hereunder except as provided in this Section 5 or in Section 7.1 of the Intellectual Property Contribution and Ancillary Matters Agreement.

6. ROYALTIES

6.1 **Basic Royalty Payments**. In consideration of the licenses set forth in Section 3.2 with respect to Parent Licensed Patents other than Coatue Licensed Patents, FASL shall pay to Parent the following royalty payments (each a "**Basic Royalty Payment**"):

6.1.1 During the ***** year period commencing on the Effective Date, ***** of Net Sales of Licensed Products;

6.1.2 During the ***** year period commencing on the ***** anniversary of the Effective Date, ***** of Net Sales of Licensed Products; and

6.1.3 During the ***** year period commencing on the ***** anniversary of the Effective Date, ***** of Net Sales of Licensed Products.

FASL shall not owe any royalties on Net Sales of Licensed Products occurring on or after the ***** anniversary of the Effective Date in consideration of the license hereunder to Parent Licensed Patents.

6.2 **Coatue Royalty Payments**. In consideration of the licenses set forth in Section 3.2 with respect to Coatue Licensed Patents and the license set forth in Section 5 of the Intellectual Property Contribution and Ancillary Matters Agreement, in addition to Basic

Royalty Payments as set forth in Section 6.1, FASL shall pay to Parent during the period commencing ***** and terminating on *****, ***** of Net Sales of Coatue Products (each a "**Coatue Royalty Payment**"). FASL shall not owe any royalties on Net Sales of Coatue Products, other than Basic Royalty Payments as set forth in Section 6.1, occurring on or after ***** in consideration of the license hereunder to Coatue Licensed Patents.

6.3 **Reports.** FASL shall: (a) keep accurate and detailed accounts and records of all Royalty Payments due under this Agreement; and (b) within sixty (60) days after the last day of each Semi-Annual Period, deliver to Parent a statement of all Royalty Payments due to Parent, if any, during such Semi-Annual Period.

6.4 **Payment Terms**. Royalty Payments for Net Sales occurring during each Semi-Annual Period shall be made within sixty (60) days from the end of such Semi-Annual Period. All amounts payable by FASL to Parent shall be paid by wire transfer of U.S. Dollars in immediately available funds to such financial institution and account number as Parent may designate in writing to FASL.

6.5 **Exchange Rates**. In the event of any Net Sales from the sale or other distribution of a Licensed Product by FASL in any currency other than U.S. Dollars, for purposes of determining the Royalty Payment, FASL shall use the Exchange Rate in effect on the last day of the month in which such sale or other distribution was effected.

6.6 **Late Payments**. If FASL fails to make any payment on or before the required payment date, FASL shall be liable for interest on such payment, for the period commencing on such required payment date and ending on the date such payment is made, at the rate of ten percent (10%) per annum or the maximum amount allowed by Applicable Law, whichever is less.

6.7 **Taxes**. In the event that FASL is required by Applicable Law to withhold any Tax from any amount payable by FASL to Parent hereunder, (a) FASL shall withhold such Tax and remit such withheld amount to the appropriate Governmental Authorities in accordance with Applicable Law and shall promptly report to Parent the amounts and dates of all such withholdings, and (b) the amount otherwise payable to Parent by FASL hereunder upon which such withholding is based shall be decreased accordingly; provided, that FASL shall in all events provide Parent with five Business Days advance written notice of the amount of any withholding to be made hereunder. FASL shall promptly furnish Parent with official copies (or certified copies if official copies are not available) of each Tax receipt received from any Governmental Authority and a copy of any document pertaining to Parent filed with any Governmental Authority (including United States Internal Revenue Service Form 1042-S), and shall furnish Parent with such other documentation relating to any such deductions or withholdings as may be reasonably requested by Parent. If at any time Parent believes that FASL may in the future adopt withholding practices in respect of Parent that are not in accordance with the requirements of Applicable Law, Parent shall notify FASL of the basis for its objection to such withholding practices and, if the matter cannot be resolved by agreement, FASL shall refer the issue to an independent law firm of national stature (which shall not be a law firm that is regularly used by FASL or AMD), which shall advise FASL concerning the legal obligations of FASL in respect of withholding, and thereafter FASL shall act consistently with such advice in matters pertaining to withholding. If FASL acts in accordance with the advice of such law firm and a Governmental Authority later asserts in

writing to any Party that FASL failed to withhold Tax from amounts payable to Parent hereunder at the time and/or in the amounts required by Chapter 3 of the Code or comparable provisions of other Tax laws in respect of Parent, then Parent shall promptly upon receipt of a copy of such writing accompanied by a written notice from FASL specifying that a payment is required pursuant to this Section 6.7 pay to such Governmental Authority an amount in full satisfaction of the amount of Taxes so asserted by such Governmental Authority. If Parent does not promptly pay such amount to such Governmental Authority, then, unless Parent provides satisfactory written evidence of settlement in full of the matter asserted by the Governmental Authority, FASL shall withhold such amount from the next payment(s) to Parent, shall promptly pay such withheld amounts over to such Governmental Authority in payment of such asserted liability for Taxes.

6.8 **Audit**. Parent may audit the books and records of FASL and its Subsidiaries as may reasonably be required to verify the accuracy and sufficiency of FASL's payment of Royalty Payments hereunder. Any such audit shall be at Parent's expense; *provided* that, if such audit reveals an underpayment of five percent (5%) or more, FASL shall promptly pay to Parent all costs and expenses of such audit. FASL shall promptly pay Parent the amount of any underpayment revealed by any such audit. Parent's rights under this provision, with respect to Royalty Payments paid and payable on Net Sales occurring during each Semi-Annual Period, shall continue for a period of six (6) years after the last day of such Semi-Annual Period.

7. WARRANTIES AND DISCLAIMERS

7.1 **Warranties**. Subject to Section 10.1, each Party represents and warrants to the other Party that it has the right, and will continue during the term of this Agreement to have the right, to grant to or for the benefit of the other Party the rights and licenses granted hereunder in accordance with the terms of this Agreement and such grant of rights and licenses does not, and will not during the term of this Agreement, conflict with the rights and obligations of such Party under any other license, agreement, contract or other undertaking.

7.2 Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN ANY TRANSACTION DOCUMENT, NEITHER PARTY MAKES (AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS) ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, AND ANY WARRANTIES THAT MAY ARISE FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE.

8. LIMITATION OF LIABILITY

TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY UNDER ANY LEGAL THEORY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, OR ANY DAMAGES FOR LOSS OF PROFITS, REVENUE OR BUSINESS, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. TERM AND TERMINATION

9.1 **Term**. This Agreement will be effective as of the Effective Date, and will continue in full force and effect until the later to occur of (a) the tenth (10th) anniversary of the Effective Date, or (b) Parent transferring 100% of its membership interest in FASL or 100% of its economic interest in FASL, regardless of whether such transfer results in the admission of another member, at which time this Agreement shall terminate, unless earlier terminated as set forth in this Section 9.

9.2 **Termination for Change of Control of Party**. Either Party shall have the right to terminate this Agreement, or to invoke the provisions of Section 9.3.3 if this Agreement was previously terminated, in the event the other Party or its Semiconductor Group undergoes a Change of Control (including a Change of Control in connection with bankruptcy proceedings of such other Party) by giving thirty (30) days' written notice of termination or invocation to the other Party, *provided* that the terminating or invoking Party must exercise such right no later than ninety (90) days after receiving notice of such Change of Control.

9.3 **Effect on Licenses**

9.3.1 Upon termination of this Agreement pursuant to Section 9.1, the rights, licenses and immunities granted by each Party and its Subsidiaries hereunder shall survive such termination and shall continue until the expiration of the last to expire of the Licensed Patents, subject to Sections 9.2 and 9.3.3.

9.3.2 Upon termination of this Agreement pursuant to Section 9.2, the rights, licenses and immunities granted by each Party and its Subsidiaries hereunder shall survive such termination solely under those Licensed Patents that are entitled to an effective filing date that is on or before, and are licensed as of, the Change of Control Date, and shall continue until the expiration of the last to expire of such Licensed Patents, subject to Sections 9.2 and 9.3.3.

9.3.3 Upon termination of this Agreement pursuant to Section 9.2 or invocation of the provisions of this Section 9.3.3 pursuant to Section 9.2, the rights, licenses and immunities granted under Circuit Patents to Acquired Party and its Subsidiaries hereunder shall be limited solely to:

(a) each Existing Product and Pending Product of Acquired Party and its Subsidiaries sublicensed hereunder as of the Change of Control Date ("**Acquired Party Covered Product**");

(b) each Existing Product and Pending Product of Acquirer as of the Change of Control Date that would have been in direct competition with an Acquired Party Covered Product if both such products were offered for sale contemporaneously by different Persons ("**Acquirer Competitive Product**"); and

(c) Successor Products.

Notwithstanding anything to the contrary, once the rights, licenses and immunities granted under Circuit Patents to an Acquired Party and its Subsidiaries hereunder have been limited

pursuant to this Section 9.3.3, in no event shall such rights, licenses and immunities be subsequently broadened or expanded to cover additional products or Patents.

9.4 **Effect on Royalties**. To the extent that FASL retains any of the licenses under Parent Licensed Patents other than Coatue Licensed Patents granted by Parent under Sections 3 and 5 following any termination of this Agreement, the obligations of FASL under Section 6.1 shall survive. To the extent that FASL retains any of the licenses under Coatue Licensed Patents granted by Parent under Sections 3 and 5 following any termination of this Agreement, the obligations of FASL under Section 6.2 shall survive. To the extent that Section 6.1 or Section 6.2 survives, Sections 6.3 through 6.8 shall survive.

9.5 **Continuing Liability**. The termination of this Agreement for any reason shall not release either Party from any liability, obligation or agreement which has already accrued at the time of termination. Termination of this Agreement for any reason shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, which a Party may have hereunder, at law or otherwise, or which may arise out of or in connection with such termination.

9.6 **Survival**. The provisions of Sections 1, 2, 4 (with respect to Licensed Products made, imported, sold, offered for sale, leased or otherwise disposed of prior to termination of the Agreement), 6, 8, 9.2, 9.3, 9.4, 9.5, 9.6 and 10, and any other sections of this Agreement to the extent expressly provided herein, shall survive any termination of this Agreement.

10. MISCELLANEOUS

10.1 **Limitation**. Nothing contained in this Agreement shall be construed as:

10.1.1 a warranty or representation by either Party or its Subsidiaries sublicensed hereunder as to the validity, enforceability or scope of any Licensed Patents; or

10.1.2 conferring upon either Party or its Subsidiaries sublicensed hereunder any license, right or privilege under any patents, utility models or design patents except the licenses, rights and privileges expressly granted hereunder; or

10.1.3 a warranty or representation that any acts licensed or sublicensed hereunder will be free from infringement of patents, utility models, design patents, copyrights, mask work rights or trade secrets other than those Patents under which licenses, rights and privileges have been expressly granted hereunder; or

10.1.4 an obligation of either Party or its Subsidiaries to file or maintain any patent application, secure any patent or maintain any patent in force; or

10.1.5 an arrangement to bring or prosecute actions or suits against third parties for infringement or conferring any right to bring or prosecute actions or suits against third parties for infringement;

10.1.6 conferring any right to use in advertising, publicly or otherwise, any trademark, service mark, trade name or their equivalent, or any contraction, abbreviation or simulation thereof, of either Party or its Subsidiaries sublicensed hereunder; or

10.1.7 derogating from or otherwise affecting Parent's non-competition obligations in Sections 2 and 3 of the Non-Competition Agreement for so long as such obligations remain in effect.

10.2 **Relationship of the Parties**. In the exercise of their respective rights, and the performance of their respective obligations hereunder, the Parties are, and will remain independent contractors. Nothing in this Agreement will be construed to constitute the Parties as partners, or principal and agent for any purpose whatsoever. Neither Party will bind, or attempt to bind, the other Party hereto to any contract or other obligation, and neither Party will represent to any third party that it is authorized to act on behalf of the other Party to this Agreement.

10.3 **Governing Law**. This Agreement will be governed by and construed in accordance with the laws of the State of California, United States of America, as applied to agreements among California residents entered into and wholly to be performed within the State of California (without reference to any choice or conflicts of laws rules or principles that would require the application of the laws of any other jurisdiction).

10.4 **Dispute Resolution.** The Parties hereby agree that claims, disputes or controversies of whatever nature, arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement shall be resolved in accordance with the dispute resolution procedures set forth in Schedule A to the Operating Agreement applied *mutatis mutandis*.

10.5 **Language**. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the Parties. All communications and notices to be made or given pursuant to this Agreement shall be in the English language.

10.6 **Successors and Assigns**. Each Party shall have the right (with written notice to the other Party, but without the need to obtain the consent of the other Party) to assign this Agreement, together with all of its rights and obligations hereunder, to an Acquirer as part of a merger or consolidation of such Party or its Semiconductor Group with or into such Acquirer or a merger of such Acquirer into such Party, or as part of a sale of all or substantially all of the assets or business of such Party or its Semiconductor Group to such Acquirer, *provided* that the assigning Party's right to make such assignment is contingent and conditioned upon the non-assigning Party being accorded the right to terminate this Agreement or invoke the provisions of Section 9.3.3 following such merger, consolidation or sale of assets or business, as applicable, in accordance with the terms of Section 9.2; and *provided further* that such Acquirer assumes all of the assigning Party's obligations under this Agreement, including the obligation to grant, under all Licensed Patents of the assigning Party and its Subsidiaries licensed as of the Change of Control Date and all Acquirer Licensed Patents (subject to Section 3.3), the rights, licenses and immunities granted to the non-assigning Party and its Subsidiaries under Sections 2, 3 and 4 (as may be limited under Sections 9.3.2 and 9.3.3). In addition, each Party shall have the right (with written notice to

the other Party, but without the need to obtain the consent of the other Party) to assign this Agreement, together with all of its rights and obligations hereunder, to a Subsidiary of such Party to which such Party transfers all or substantially all of the assets or business of its Semiconductor Group (for purposes of clarification, such transfer shall not be deemed a Change of Control of such Party or its Semiconductor Group). Except as expressly provided herein, the rights and obligations hereunder may not be assigned or delegated by a Party without the prior written consent of the other Party. Any purported assignment, sale, transfer, delegation or other disposition of such rights or obligations by either Party, except as permitted herein, shall be null and void. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party shall assign its rights under any of its Licensed Patents unless such assignment is made subject to the terms of this Agreement.

10.7 **Entire Agreement; Amendment**. This Agreement (including the Schedules hereto) and the other Transaction Documents constitute the full and entire understanding and agreement between the Parties with regard to the subject matter hereof, and supersede any prior communications, representations, understandings and agreements, either oral or written, between the Parties with respect to such subject matter; *provided, however,* that the rights, licenses and immunities granted to the Parties in such prior agreements shall survive the execution of this Agreement and the other Transaction Documents to the extent set forth in, and in accordance with the terms of, the FASL (Japan) Termination Agreement (including Section 3.6 thereof). This Agreement may not be altered or amended except by a written instrument signed by authorized legal representatives of both Parties and Fujitsu. Any waiver of the provisions of this Agreement or of a Party's rights or remedies under this Agreement must be in writing to be effective. Failure, neglect or delay by a Party to enforce the provisions of this Agreement or its rights or remedies at any time will not be construed and will not be deemed to be a waiver of such Party's rights under this Agreement and will not in any way affect the validity of the whole or any part of this Agreement or prejudice such Party's right to take subsequent action. No single or partial exercise of any right, power or privilege granted under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and are not exclusive of any rights or remedies provided by law or any other Transaction Document.

10.8 **Notices and Other Communications**. All notices required or permitted under this Agreement shall refer to this Agreement and will be deemed given: (a) when delivered personally; (b) when sent by confirmed facsimile; (c) five (5) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) three (3) business days after deposit with an internationally recognized commercial overnight carrier specifying next-day delivery, with written verification of receipt. All such notices, requests, demands and other communications shall be addressed as follows:

If to FASL:

FASL LLC
c/o Advanced Micro Devices, Inc.
One AMD Place
M/S 150
P.O. Box 3453
Sunnyvale, California 94086
Attn: General Counsel
Telephone: (408) 749-2202
Facsimile: (408) 774-7399

With a copy to (which shall not constitute notice):

FASL LLC
915 DeGuigne Drive
Sunnyvale, California 94086
U.S.A.
Attention: Chief Executive Officer
Telephone: (408) 749-5172
Facsimile: (408) 749-2068

If to AMD:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94086
U.S.A.
Attn: General Counsel
Telephone: +1 (408) 749-2202
Facsimile: +1 (408) 774-7399

With a copy to (which shall not constitute notice):

Advanced Micro Devices, Inc.
5204 East Ben White Boulevard
Mail Stop 563
Austin, Texas 78741
Attn: Vice President, Intellectual Property
Telephone: +1 (512) 602-0148
Facsimile: +1 (512) 602-4932

or to such other address or facsimile number as a Party may have specified to the other Party in writing delivered in accordance with this Section 10.8.

10.9 **Expenses**. Except as otherwise expressly set forth in this Agreement, each Party will bear its own costs and expenses, including fees and expenses of legal counsel and other representatives used or hired in connection with the transactions described in this Agreement.

10.10 **Severability**. If any provision in this Agreement is found or held to be invalid or unenforceable, then the meaning of such provision will be construed, to the extent feasible, so as to render the provision enforceable, and if no feasible interpretation would save such provision, it will be severed from the remainder of this Agreement which will remain in full force and effect unless the severed provision is essential and material to the rights or benefits received by any Party. In such event, the Parties will use their respective best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the Parties' intent in entering into this Agreement.

10.11 **Construction**. This Agreement shall be deemed to have been drafted by both Parties and, in the event of a dispute, no Party hereto shall be entitled to claim that any provision should be construed against any other Party by reason of the fact that it was drafted by one particular Party.

10.12 **Execution**. This Agreement may be executed in counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a Party shall constitute a valid and binding execution and delivery of this Agreement by such Party.

10.13 **Confidentiality of Terms.** Neither Party shall disclose the terms of this Agreement to any third parties, except that either Party may disclose to third parties the existence of this Agreement and may disclose the terms of this Agreement to the extent reasonably necessary, in confidence, to its legal counsel, accountants, and banks and their advisors, and to its present or future financing sources for, potential investors in, and potential successors to, all or any portion of the assets or business of such Party.

[Remainder of page intentionally left blank.]

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective duly authorized representatives as of the date first above written.

ADVANCED MICRO DEVICES, INC.		**FASL LLC**	
By:	/s/ Thomas M. McCoy	By:	/s/ Thomas M. McCoy
Name:	Thomas M. McCoy	Name:	Thomas M. McCoy
Title:	Senior Vice President, General Counsel	Title:	Manager

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.*

Exhibit 10.56

AMD DISTRIBUTION AGREEMENT

JUNE 30, 2003

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of the exhibit has been filed separately with the securities and Exchange Commission.*

AMD DISTRIBUTION AGREEMENT

THIS DISTRIBUTION AGREEMENT (this "**Agreement**") is made and entered into as of June 30, 2003 (the "**Effective Date**"), by and between FASL LLC, a Delaware limited liability company ("**FASL**"), and Advanced Micro Devices, Inc., a Delaware corporation ("**AMD**"). FASL and AMD are hereinafter also referred to as the "**Parties**" and individually as a "**Party**."

RECITALS

WHEREAS, pursuant to the Amended and Restated Limited Liability Company Operating Agreement, dated June 30, 2003 (the "**LLC Operating Agreement**"), among AMD, AMD Investments, Inc., a Delaware corporation ("**AMDI**"), Fujitsu Limited, a Japanese corporation ("**Fujitsu**"), and Fujitsu Microelectronics Holding, Inc., a Delaware corporation ("**FMH**"), and the Contribution and Assumption Agreement (the "**Contribution Agreement**"), among AMD, AMDI, Fujitsu, FMH and FASL, AMD and Fujitsu have formed FASL for the purpose of designing, manufacturing and marketing flash memory products; and

WHEREAS, as part of such joint venture arrangement, AMD and Fujitsu have agreed that FASL will appoint AMD and Fujitsu as FASL's sole initial distributors of Products (as defined below).

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and other terms and conditions contained herein, FASL and AMD agree as follows:

AGREEMENT

1. DEFINITIONS; INTERPRETATION

1.1 **Capitalized but Undefined Terms**. Capitalized terms used in this Agreement but not defined herein shall have the meaning ascribed to such terms in the LLC Operating Agreement.

1.2 **Terms Defined in this Agreement**. The following terms when used in this Agreement shall have the following definitions:

1.2.1 "**Action Plan**" has the meaning set forth in Section 14.2.1.

1.2.2 **"Affiliate"** is defined in the LLC Operating Agreement.

1.2.3 ******** means a Customer listed as such on Schedule 2.1.

1.2.4 "**AMD ****Customer**" means a Customer listed as such on Schedule 2.1.

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of the exhibit has been filed separately with the securities and Exchange Commission.*

1.2.5 "**AMD **** Customers**" means the Customers set forth in Section A of Schedule 1.2.5 and such other Customers that are specified as AMD **** Customers in accordance with Section B of Schedule 1.2.5.

1.2.6 "**AMD **** Customer**" means a Customer listed as such on Schedule 2.1.

1.2.7 "**AMD Territory**" means the Americas and Europe.

1.2.8 "**AMD **** Customer**" means, collectively, the AMD **** Customers and the AMD **** Customers.

1.2.9 "**Americas**" means the countries and territories of North America, Central America and South America.

1.2.10 "**Best Efforts**" means the efforts that a prudent Entity or person desiring to achieve a particular result would use in order to achieve such result reasonably expeditiously. An obligation to use "Best Efforts" does not require the Entity or person subject to such obligation to take actions that would result in a materially adverse change in the benefits to such Entity or person of this Agreement.

1.2.11 "**Channel Partner**" means any Entity other than an AMD Subsidiary who is appointed by AMD as a sub-distributor or sales representative, pursuant to a written agreement between AMD and such Entity in accordance with Section 5.2. A list of Channel Partners as of the Effective Date is set forth in Schedule 1.2.11. ****.

1.2.12 **"Claims"** is defined in Section 19.

1.2.13 "**Combined Product**" means any Product that contains both (a) FASL Content, and (b) components or products manufactured by any other Entity, which components or products do not constitute FASL Content.

1.2.14 "**Confidential Information**" has the meaning set forth in Section 16.1.

1.2.15 "**Customer**" means an Entity, other than AMD in its capacity as distributor hereunder, that purchases Products, but excluding Channel Partners.

1.2.16 "**Custom Product**" means any Product that has sufficiently unique attributes that it may only be sold to a single Customer or to a limited number of Customers. In addition, if a Product is being discontinued or has been discontinued on a general basis, as set forth in Section 10.2 below, but may still be made available to specific Customers, then it too shall be considered a Custom Product. FASL will identify all Custom Products as such in FASL's then-current Quarterly price list or other reasonable form of communication to AMD, including an end-of-life notice, if applicable.

1.2.17 "**Disclosing Party**" has the meaning set forth in Section 16.1.

1.2.18 "**Documentation**" means any and all documents or materials, whether in printed form or in any electronic form or media, that relate to Products and are provided by FASL to AMD hereunder, including marketing materials and brochures, manuals, published Product price lists and Product specifications, but expressly excluding documents that constitute Confidential Information of FASL.

1.2.19 "**Entity**" means a corporation, partnership, limited liability company, unincorporated organization, business association, firm, joint venture or other legal entity.

1.2.20 "**Europe**" means the countries and territories of Europe, as listed on Schedule 1.2.20.

1.2.21 "**FAE**" means a field applications engineer.

1.2.22 "**FASL Board**" means the Board of Managers of FASL.

1.2.23 "**FASL Content**" means components or products manufactured by FASL or a FASL Subsidiary, or components or products specifically manufactured by any other Entity, including AMD or Fujitsu or any third party subcontractor or foundry, on behalf of FASL or a FASL Subsidiary at FASL's or the FASL Subsidiary's direction and based on (a) technology or intellectual property owned by FASL, or which FASL otherwise has the right to use, or (b) designs provided by FASL, which designs are proprietary to FASL or a third party licensor of FASL.

1.2.24 "**FASL Content Only Product"** or "**FCO Product**" means any Product that contains only FASL Content.

1.2.25 [Intentionally omitted.]

1.2.26 "**Force Majeure**" has the meaning set forth in Section 21.9.1.

1.2.27 "**Forecast**" has the meaning set forth in Section 4.1.

1.2.28 "**Forecasted Product Requirements**" has the meaning set forth in Section 4.1.

1.2.29 **** means a Customer listed as such on Schedule 2.1.

1.2.30 "**Fujitsu **** Customer**" means a Customer listed as such on Schedule 2.1.

1.2.31 "**Fujitsu **** Customers**" means the Customers set forth in Section A of Schedule 1.2.31 and such other Customers that are specified as Fujitsu **** Customers in accordance with Section B of Schedule 1.2.31.

1.2.32 "**Fujitsu **** Customer**" means a Customer listed as such on Schedule 2.1.

1.2.33 "**Fujitsu Territory**" means Japan.

1.2.34 "**Fujitsu ******" means, collectively, the Fujitsu **** Customers and the Fujitsu **** Customers.

1.2.35 ******** means a Customer listed as such on Schedule 2.1.

1.2.36 "**Guidelines**" has the meaning set forth in Section 6.4.

1.2.37 "**INCOTERMS 2000**" means the International Rules for the Interpretation of Trade Terms, published by the International Chamber of Commerce in the year 2000.

1.2.38 "**Intellectual Property Rights**" means, on a world-wide basis, any and all now known or existing, or hereafter known or existing, tangible and intangible (a) rights associated with works of authorship, including copyrights, moral rights and mask-works, (b) rights associated with trademarks, service marks, trade names, logos and similar rights, (c) trade secret rights, (d) rights in patents, designs and algorithms and other industrial property rights, (e) rights in domain names; (f) all other intellectual and industrial property rights of every kind and nature and however designated, whether arising by operation of law, contract, license or otherwise, and (f) all registrations, applications, renewals, extensions, continuations (including continuations in part), divisions, reexaminations or reissues thereof now or hereafter existing, made or in force (including any rights in any of the foregoing).

1.2.39 "**Joint Territory**" means anywhere in the world other than the AMD Territory and the Fujitsu Territory.

1.2.40 "**Leads**" has the meaning set forth in Section 11.4.

1.2.41 "**Marketing Plan**" has the meaning set forth in Section 11.1.2.

1.2.42 "**Ownership Interest**" means the percentage interest of FASL common membership interests then held collectively by AMD and its Subsidiaries, *divided by* all then issued and outstanding FASL common membership interests.

1.2.43 "**PRC**" means the People's Republic of China.

1.2.44 "**Product Distribution Center**" has the meaning set forth in Section 7.1.

1.2.45 "**Production Volume**" means, for a particular Technology for a particular Quarter, FASL's projected volume of Wafer Outputs for such Technology during such Quarter, as determined by FASL at the beginning of the relevant Quarter using FASL's then-current QBP for such Quarter.

1.2.46 "**Product**" means any finished product of FASL.

1.2.47 "**Purchase Order**" has the meaning set forth in Section 3.1.

1.2.48 "**Purchase Price**" means the price per Product at which FASL shall sell such Product to AMD in accordance with Section 12.

1.2.49 "**Q0**" has the meaning set forth in Section 4.2.3.

1.2.50 "**Q1**" has the meaning set forth in Section 4.2.3.

1.2.51 "**Q2**" has the meaning set forth in Section 4.2.3(b).

1.2.52 "**Q3**" has the meaning set forth in Section 4.2.3(c).

1.2.53 "**Quarter**" means a FASL fiscal quarter.

1.2.54 "**Receiving Party**" has the meaning set forth in Section 16.1.

1.2.55 "**RSP**" has the meaning set forth in Section 12.1.

1.2.56 "**Standard Product**" means any Product that is not a Custom Product. FASL will identify all Standard Products as such in FASL's then-current Quarterly price list.

1.2.57 **"Stocking Channel Partner"** means a Channel Partner that is designated as such by AMD pursuant to Section 5.3.3.

1.2.58 "**Subsidiary**" is defined in the Contribution Agreement.

1.2.59 "**Technology**" means each process technology used by FASL in the production of Products. A list of Technologies as of the Effective Date is set forth in Schedule 1.2.59. FASL will provide AMD with an updated Schedule 1.2.59 or other reasonable form of notice from time to time whenever it adds a new Technology, or whenever it decides to no longer produce Products using a then-existing Technology.

1.2.60 "**Term**" has the meaning set forth in Section 20.1.

1.2.61 "**Trademarks**" means any trademarks, trade names, service marks and logos used by FASL in connection with Products, including those marks, names and logos set forth in Schedule 1.2.61 attached hereto.

1.2.62 "**Transition Plan**" has the meaning set forth in Section 2.1.4.

1.2.63 "**VAT**" has the meaning set forth in Section 12.8.

1.2.64 "**Wafer Output**" means a semiconductor wafer manufactured by or for FASL for a specific Technology.

1.2.65 "**Warranty Period**" has the meaning set forth in Section 15.1.

1.3 **Interpretation**.

1.3.1 Certain Terms. The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "including" is not limited and means "including without limitation."

1.3.2 Section References; Titles and Subtitles. Unless otherwise noted, all references to Sections, Schedules and Exhibits herein are to Sections, Schedules and Exhibits of this Agreement. The titles, captions and headings of this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

1.3.3 Reference to Entities, Agreements, Statutes. Unless otherwise expressly provided herein, (a) references to an Entity include its successors and permitted assigns, (b) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements and other modifications thereto or supplements thereof and (c) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such statute or regulation.

2. APPOINTMENT; GRANT OF RIGHTS

2.1 **Grant of Distribution Rights; Transitional Support**.

2.1.1 Grant of Rights. Subject to the terms and conditions of this Agreement, FASL grants to AMD the right to market, sell and otherwise distribute Products during the Term (a) in the AMD Territory and in the Joint Territory ****. No other grant of distribution rights to AMD is implied by this Agreement.

2.1.2 Transitional Support.

(a) ****

(i) ****

(ii) ****

(iii) ****

(b) ****

(i) ****

(ii) ****

(iii) ****

2.1.3 ****

2.1.4 ****

2.2 ****

2.2.1 ****

2.2.2 ****

2.2.3 ****

2.3 **AMD Obligations and Restrictions**.

2.3.1 Best Efforts. AMD shall use its Best Efforts to promote the sale of Products in the AMD Territory. In light of the foregoing, the application of the provisions of Section 2306(2) of the California Commercial Code to the Parties is hereby excluded.

2.3.2 ****

2.3.3 ****

2.3.4 ****

3. ORDERING; SHIPPING

3.1 **Orders**. AMD will accept purchase orders for Products from Customers and Channel Partners in accordance with its customary practices. To purchase Product(s) from FASL, AMD shall issue purchase orders ("**Purchase Orders**"), which shall specify the Purchase Order number, type and quantity of Product(s) ordered, Purchase Price (and the **** by the **** or ****, but only if **** is **** the **** for the****), place(s) of delivery (which shall be the location identified in the relevant Customer or Channel Partner purchase order issued to AMD), and delivery date(s). These Purchase Orders may take the form of electronic submissions in a mutually-acceptable format (including submissions currently referred to as "**B+B+B files**") so long as they contain the same information specified above for Purchase Orders, even if such submissions may not be referred to specifically as "purchase orders" when transmitted. AMD shall place each Purchase Order with FASL sufficiently in advance of the delivery date to allow for FASL's Product delivery lead times, as set forth in FASL's most recent lead time report provided to AMD. FASL shall accept any Purchase Order submitted by AMD to the extent that such Purchase Order (a) is within the Product allocation assured to AMD in accordance with Section 4.2, (b) conforms to the foregoing lead times, and (c) does not provide for a "ship to" location, Customer or Channel Partner that is inconsistent with AMD's distribution rights hereunder. FASL will not accept any order to purchase Products under this Agreement from any Entity or person other than AMD without AMD's prior written consent. ****. FASL shall not withhold acceptance of any Purchase Order for Custom Products on a basis that provides AMD less favorable treatment than any other FASL distributor or sales representative submitting

orders for similar quantities of the same or similar Custom Products; *provided* that any pre-existing commitments to any distributor may take precedence over any new commitments for Custom Products so long as FASL makes such determinations on a commercially reasonable and non-discriminatory basis. FASL shall notify AMD as soon as possible if FASL believes that a Purchase Order for either Standard Products or Custom Products does not meet the foregoing requirements for acceptance by FASL. ****.

3.2 **Cancellations**. AMD may cancel any Purchase Order or portion thereof for Standard Products, without charge, upon written notice to FASL at least **** prior to the applicable delivery date. FASL will determine cancellation policies, procedures and charges with respect to Custom Products, and with respect to Standard Products where notice of cancellation is given less than **** prior to the applicable delivery date, in advance of AMD's placement of the applicable Purchase Order and will inform all distributors of such cancellation policies and apply such policies to all distributors, although the parties acknowledge that exceptions may be made on a case-by-case basis to address particular Customer situations. The Parties will discuss in good faith any cancellations of delivery of Custom Products, or of Standard Products where notice of cancellation is given less than **** prior to the applicable delivery date, requested by AMD, but the final determination will be FASL's.

3.3 **Reschedules.** AMD may reschedule the delivery of any Purchase Order or portion thereof for Standard Products, without charge, one time only, upon notice to FASL at least **** prior to the applicable delivery date. Standard Product reschedules may be made less than **** prior to the applicable delivery date, but only upon the agreement of FASL. Any reschedules on less than **** prior notice shall be subject to reschedule fees payable to FASL in an amount set by FASL in advance of AMD's placement of the applicable Purchase Order. FASL will also determine reschedule policies, procedures and rights and charges with respect to Custom Products in advance of AMD's placement of the applicable Purchase Order. FASL will inform all distributors of its reschedule policies in respect of Standard Products and Custom Products and apply such policies to all distributors although the parties acknowledge that exceptions may be made on a case-by-case basis to address particular Customer situations. The Parties will discuss in good faith any rescheduling of delivery of Custom Products, or of Standard Products where notice of rescheduling is given less than **** prior to the applicable delivery date, requested by AMD, but the final determination will be FASL's.

3.4 **Shipping**. FASL shall notify AMD at the time of shipment as to the quantity of Product(s) shipped and the specific shipping information. Shipping quantities may not vary from those established by the Purchase Order unless otherwise mutually agreed upon in writing by the Parties. FASL shall deliver the ordered Product by the applicable delivery date(s), *provided* that FASL may not deliver such Product earlier than the delivery date specified in the applicable Purchase Order. Upon a bona fide, reasonable, ****, AMD may specify that **** and if FASL has agreed in advance for **** that a particular shipment—or shipments in general ****—will be ****, then in the event that any ****, AMD may direct FASL **** by AMD and FASL ****. FASL shall ship the ordered Product(s) to the delivery address(es) set forth in the applicable Purchase Order.

3.5 **Title and Risk of Loss**.

3.5.1 Shipment from FASL Facility Directly to Customers or Stocking Channel Partners. Delivery of Products from any FASL facility directly to Customers or Stocking Channel Partners, or to AMD's ****, shall be **** in accordance with INCOTERMS 2000, unless otherwise agreed in writing by the Parties, and title and risk of loss shall pass from FASL to AMD ****, which shall be ****, a **** or a ****.

3.5.2 Shipment from Product Distribution Centers. Delivery of Products from any Product Distribution Center to a Customer or a Stocking Channel Partner, or to AMD's ****, shall be **** in accordance with INCOTERMS 2000, unless otherwise agreed by the Parties, and title and risk of loss shall pass from FASL to AMD **** at ****, in accordance with ****, as interpreted in accordance with INCOTERMS 2000. Without limiting the foregoing, AMD will bear **** attributable to **** from the **** to a ****. FASL will bear **** to ship Products directly from FASL, a FASL Subsidiary or a FASL subcontractor facility to the Product Distribution Center, the AMD Sub ****.

4. FORECASTS; PRODUCT ALLOCATIONS

4.1 **Forecasts**. AMD working together with FASL shall, on or before the end of the last week of the first month of each Quarter, provide FASL with a **** forecast (a "**Forecast**") setting forth AMD's projected Product needs for each of the five (5) Quarters following such Quarter ("**Forecasted Product Requirements**"). Each Forecast will be organized by FASL on a Technology-by-Technology basis, and will contain a forecast for each Product within a particular Technology. AMD's initial Forecast is attached hereto as Schedule 4.1.

4.2 **Short-Supply Guaranteed Allocation**.

4.2.1 Allocation. Subject to Section 4.2.3 below, in the event that, in any Quarter, FASL does not produce enough wafers within a Technology to meet the total orders for Product falling within such Technology issued by AMD and Fujitsu, FASL will allocate its wafer fabrication and assembly, test and package Production Volume for such Technology as follows:

(a) to AMD, **** of Production Volume for such Products for such Quarter;

(b) to Fujitsu, **** of Production Volume for such Products for such Quarter; and

(c) ****.

4.2.2 ****

(a) ****

(b) ****

(c) ****

4.2.3 ****

(a) ****

(b) ****

(c) ****

4.3 **FASL Adjustments to Production Volume**. Notwithstanding anything to the contrary in this Section 4, FASL shall use all commercially reasonable efforts to increase or reduce, as applicable, Production Volume to reflect AMD's Forecasted Product Requirements and Fujitsu's forecasted product requirements. ****

4.4 **Additional Capacity**.

4.4.1 FASL Adding Capacity. In the event that FASL adds additional production capacity that is not contemplated by the ****, AMD, FASL and Fujitsu shall negotiate, in good faith, and agree as to how additional Production Volume generated therefrom shall be shared among the parties ****

4.4.2 Request for Additional Capacity from AMD. ****

4.4.3 Request for Additional Capacity from Fujitsu. ****

5. SUBSIDIARIES AND CHANNEL PARTNERS

5.1 **Right to Appoint Subsidiaries**. FASL hereby grants to AMD the right during the Term to appoint any Subsidiary as a subdistributor or sales representative of AMD, *provided* that such appointment is on terms and conditions consistent with this Agreement, including that any such Subsidiary will abide by ****

5.2 ****

5.3 **Channel Management**. With respect to its Channel Partners, AMD will:

5.3.1 use commercially reasonable efforts to enforce the terms and conditions of its agreements with its Channel Partners, including the sub-distributor obligations set forth in Schedule 5.3.1;

5.3.2 provide each Channel Partner with commercially reasonable field sales and field applications support, and with commercially reasonable assistance in connection with each such Channel Partner's promotion and sale of Products; *provided* that AMD shall have no obligation to provide field applications support in the Fujitsu Territory;

5.3.3 use commercially reasonable efforts to ensure that each Channel Partner designated as a "stocking" Channel Partner by AMD (which designation shall be made by AMD in its sole discretion) maintains a representative minimum level of Product inventory in order to ensure timely off-the-shelf delivery of Products to Customers;

5.3.4 use commercially reasonable efforts to ensure that each Channel Partner complies with FASL's distribution policies and procedures; and

5.3.5 use Best Efforts to ensure its Channel Partners have the ability to successfully promote Products in the regions in which they are actively pursuing Product sales.

5.4 **Stock Rotations**. AMD shall have the right to accept Product stock rotation returns from its Stocking Channel Partners in accordance with FASL's **** stock rotation policies, *provided* that AMD shall not permit any Stocking Channel Partner to return **** Products held as inventory by such Stocking Channel Partner, based upon net shipments and in accordance with the time frames and procedures specified by FASL. FASL will notify AMD in advance of AMD's placement of the applicable Purchase Orders of its stock rotation policies and agrees to provide AMD ****. If AMD accepts Product stock rotation returns from any Stocking Channel Partner, AMD shall promptly return such Products to FASL. AMD will, on a Quarterly basis, provide FASL with a written report regarding stock rotation returns by AMD to FASL, such written report identifying the Stocking Channel Partner that returned Products and specifying the Products returned (by Product number, and amount). On a Quarterly basis, FASL shall perform an inspection and audit of the returned Products, and in the normal course of business ****. In order to pass inspection, all Products returned in accordance with this Section 5.4 must be in their original, unopened factory-sealed unit packaging containers and otherwise unaltered.

5.5 **Termination of a Channel Partner**. Upon termination of a Channel Partner relationship, AMD will promptly update Schedule 1.2.11 and, as applicable and if directed by FASL, ****. If so requested by FASL, AMD will ****.

6. TRADEMARK LICENSE AND RESTRICTIONS; MAINTENANCE; DOCUMENTATION

6.1 **License**. Subject to the terms and conditions of this Agreement, FASL hereby grants to AMD a non-exclusive, royalty-free, fully paid up license (including the right to grant sublicenses), during the Term, to use and display the Trademarks in the AMD Territory and Joint Territory, and anywhere else in the world in connection with ****, in all cases solely in connection with the marketing, promotion, advertisement, sale and distribution of Products as expressly permitted herein, and in connection with AMD's obligations set forth in Sections 5, 9 and 11. AMD shall not have the right to use the Trademarks to form combination marks with other trademarks, service marks, trade names, designs and logos.

6.2 **No Additional Rights**. AMD shall not use any other trademark or service mark confusingly similar to the Trademarks without the prior written approval of FASL. AMD understands and agrees that (a) as between the Parties, FASL is the sole owner of all right, title and interest in and to the Trademarks, (b) the use of any Trademark in connection with this Agreement shall not create in AMD any right, title or interest in or to the Trademarks, and (c) all

such use and goodwill associated therewith shall inure solely to the benefit of FASL. AMD shall not challenge the validity of the Trademarks, nor shall AMD challenge or take any action inconsistent with FASL's ownership of the Trademarks or the enforceability of FASL's rights therein, unless the Trademark in question is used (without violation of FASL's rights) or owned by AMD (whether or not such Trademark is registered in any particular jurisdiction) prior to FASL's adoption or use of the Trademark, as demonstrated by AMD.

6.3 **Registration**. FASL shall retain the exclusive right to apply for and obtain registrations for the Trademarks throughout the world. AMD, upon FASL's reasonable request, agrees to reasonably cooperate with FASL's preparation and filing of any applications, renewals or other documentation necessary or useful to protect FASL's Intellectual Property Rights in the Trademarks, including by providing FASL with brochures, manuals, advertisements and other materials concerning Products. Any cooperation that AMD provides in accordance with this Section 6.3 shall be at FASL's sole cost, *provided* that such costs are reasonably incurred.

6.4 **Quality Control.** All use of the Trademarks shall be in accordance with the FASL trademark guidelines attached hereto as Exhibit 6.4, as may be reasonably amended from time to time by FASL upon reasonable prior written notice to AMD ("**Guidelines**"), provided that the Guidelines shall apply to all distributors. AMD shall not use the Trademarks in any manner other than expressly authorized by this Agreement. From time to time upon FASL's request, AMD shall submit to FASL samples of all AMD materials bearing the Trademarks. If FASL discovers any use of the Trademarks inconsistent with the Guidelines on any such submitted samples, and delivers to AMD a writing describing in reasonable detail the improper use, AMD shall promptly cease or remedy such use.

6.5 **Documentation.** Subject to the terms and conditions of this Agreement, FASL grants to AMD a non-exclusive, royalty-free, fully paid up license (including the right to grant sublicenses), during the Term, to use, display, translate, modify to make consistent with in its own documentation, copy and otherwise reproduce and distribute (either on its own, or in conjunction with, or as incorporated in AMD product documentation) the Documentation in the AMD Territory and the Joint Territory, and anywhere in the world in connection with **** and AMD ****, solely in connection with the marketing, promotion, advertisement, sale and other distribution of Products as expressly permitted herein, and in connection with AMD's obligations set forth in Sections 5, 9 and 11. Notwithstanding the foregoing, AMD may not modify the Documentation in a manner that misrepresents the Products.

7. PRODUCT DISTRIBUTION CENTERS

7.1 **Product Distribution Centers**. **** will set aside physical space reasonably acceptable to **** in one of the storage or warehouse facilities it owns or leases in Europe for **** to use as a storage and shipping facility for Products (the "**Product Distribution Center**"). The size of space **** for the Product Distribution Center shall be agreed upon by the Parties in writing. To the extent feasible, **** shall maintain the Product Distribution Center apart from the space ****. The Product Distribution Center will be staffed by **** employees or agents, or by **** Subsidiary employees or agents, who shall be granted unlimited access to the Product Distribution Center, but who shall be under the general administrative supervision of **** for

site management at the applicable facility. Notwithstanding anything to the contrary in the foregoing, **** and **** Subsidiary employees and agents shall, and **** or a **** Subsidiary, as applicable, shall cause it employees and agents to: (a) not interfere with **** activities at the **** facilities housing the Product Distribution Center; (b) comply with **** then-current workplace rules and procedures, as provided by **** to **** from time to time; and (c) take such other action or follow such other procedures as reasonably requested by ****. FASL shall retain title and risk of loss with respect to Products stored in Product Distribution Center, and, as between the Parties, title and risk of loss shall pass to AMD only in accordance with Section 3.5.2. The Parties currently anticipate that it will not be possible to establish the Product Distribution Center on or before the Effective Date; the Parties will use Best Efforts to establish the Product Distribution Center as soon as possible after the Effective Date, but in any event will do so no later than January 1, 2004.

7.2 **Product Distribution Center Operating Costs**. **** shall provide use of Product Distribution Center space ****, and ****. Notwithstanding anything to the contrary in the foregoing, **** shall not be responsible for any costs or expenses relating to **** or the **** Subsidiary's operation of the Product Distribution Center, including costs relating to the **** or **** Subsidiary employees and/or agents working in the Product Distribution Center, and administrative expenses incurred by **** or a **** Subsidiary in connection with maintaining and tracking Product inventory and packaging and shipping Products.

7.3 **Consignment Warehouses**. Upon the agreement of the Parties, and without limiting Section 2.3.4, AMD may maintain an agreed level of Product inventory in one or more of its consignment warehouses.****; *provided, however*, that with respect to Products maintained at ****, title and risk of loss shall pass to AMD upon shipment of such Products from a FASL facility or the Product Distribution Center, and in accordance with Section 3.5. Any such inventory shall be maintained by AMD employees and at no cost to FASL. FASL will bear shipping costs for shipping Products to a consignment warehouse; AMD will bear shipping costs for shipping Products from a consignment warehouse. AMD will report on the amount and status of any such inventory from time-to-time as reasonably requested by FASL. Without limiting the foregoing, AMD agrees to use Best Efforts to provide FASL as soon as it may be practicable daily point-of-sales reports in a format and including the information reasonably designated by FASL regarding all such inventory on a consignment warehouse-by-consignment warehouse basis, providing the same types of information as specified in Schedule 7.3. Payments for Products held by AMD in accordance with this Section 7.3 shall be made within **** from the date of shipment of such Products to the applicable Customer or Channel Partner. An initial list of consignment warehouses is set forth in Schedule 7.3; AMD will update such list by reasonable form of notice to FASL if it adds a consignment warehouse location or ceases to use an existing location as a consignment warehouse.

8. VENDOR MANAGED INVENTORY PROGRAMS

****

9. CUSTOMER SUPPORT RESPONSIBILITIES

9.1 **** AMD will maintain **** in order to better enable AMD ****. AMD will provide FASL with ****, to better enable FASL****. FASL shall have no right to use, and shall not use, any ****. Information obtained by FASL from AMD with regard to AMD's independent sales activities, Product pricing or allocation decisions shall be subject to the obligations set forth in Section 16, and shall not be disclosed to Fujitsu or to any other Entity or person, except as otherwise expressly permitted hereunder.

9.2 **Post-Sale Applications Support**. AMD and FASL will provide reasonable field applications support to Customers that are designing in Products. Upon FASL's reasonable request, AMD shall dedicate a reasonable number of FAEs to any region in the Joint Territory, on terms and conditions to be agreed in writing by the Parties, *provided* that AMD reasonably determines that substantial sales revenues for AMD may be generated from such region.

9.3 **Warranty, Field Support**. AMD will reasonably assist FASL and Customers in connection with FASL's compliance with and fulfillment of its warranty policies and, specifically, with respect to the following FASL processes: Return Material Authorizations (RMAs); Customer Corrective Action Requests (CCARs); and Advanced Change Notifications (ACNs). **** written notification to AMD, and AMD will assist FASL in accordance with the revised processes, *provided* that **** would require AMD to incur significant additional costs or compliance burdens, unless AMD consents thereto in writing, such consent not to be unreasonably conditioned, delayed or withheld.

9.4 **Subdistributor Channel Design Registration**. AMD will assist FASL and Customers regarding Subdistribution Channel Design Registrations on terms and conditions, and in accordance with procedures, to be agreed by the Parties.

10. CHANGES IN SPECIFICATIONS AND DESIGNS

10.1 **Product Transition.** FASL will initially manufacture the Products set forth on Schedule 10.1 in accordance with the specifications used for such Products immediately prior to the Effective Date, and will label and market such Products under the Product part numbers used for such Products by AMD immediately prior to the Effective Date, for a reasonable period of time as reasonably determined by FASL, taking into account various factors, including the preservation of Customer relationships and Customer demands and requirements.

10.2 **Product Change or Elimination (End-of-Life)**. With respect to any proposed change to the specifications or designs of any Product, or to a proposed change to cease further production of a Product, FASL shall notify AMD of the proposed change in accordance with FASL's then-current standard ACN procedures, a copy of which FASL shall provide to AMD from time to time, as and when updated. FASL will then commercially release such change, or phase out production of a Product, in accordance with its then-current standard ACN procedures; *provided, however*, ****.

11. MARKETING; SALES

11.1 **Global Marketing Policies and Campaign**.

11.1.1 Marketing Policies. FASL will establish global policies regarding public relations and marketing, including the form and content of Product marketing and promotional materials and advertisements, such policies to be amended by FASL from time to time in its reasonable discretion. FASL shall promptly notify AMD in writing of any amendments to such policies. AMD shall comply with such policies, to the extent permitted by Applicable Law.

11.1.2 Marketing Campaign. FASL will, on an annual basis, develop a global marketing plan for Products, in consultation with AMD and Fujitsu (each, a "**Marketing Plan**"). Each Party will be responsible for performing the obligations under each Marketing Plan which such Party has agreed to in writing, and shall bear all costs and expenses it has agreed in writing to bear in connection therewith. FASL will update each Marketing Plan on an as-needed basis. ****.

11.2 **Joint Marketing.**

11.2.1 Restriction. If agreed in writing by the Parties, AMD may engage in joint marketing or promotional campaigns in which both Parties are referenced. The Parties agree and acknowledge that using FASL-produced marketing materials and the Trademarks in connection with AMD's normal sales activities (including by modifying FASL marketing materials for incorporation into AMD's general product marketing materials in accordance with Section 11.6.2) shall not constitute a joint marketing campaign.

11.2.2 Joint Campaign Activities and Costs. Notwithstanding Section 11.2.1, AMD may request that FASL establish and implement a joint marketing campaign. Upon such request, FASL may agree to establish such a joint marketing campaign on terms to be agreed. ****.

11.2.3 FASL Support. Upon AMD's request, FASL may, but ****, participate in AMD-led marketing activities directed at a specific Customer or group of Customers within the AMD Territory or the Joint Territory, or at any **** AMD **** Customer. FASL's decision as to whether it will participate in such activities will ****.

11.3 **Market Intelligence**. AMD will use commercially reasonable efforts to keep FASL informed of industry trends and competitive conditions that may affect the sale of Products in the AMD Territory, and will use commercially reasonable efforts to provide FASL with such information for regions in the Joint Territory to the extent AMD becomes aware of such trends or conditions.

11.4 **** **Efforts**. AMD will **** from time to time, and will use commercially reasonable efforts to ****, in each case ****. AMD will use commercially reasonable efforts to****.

11.5 ****.

11.5.1 Activities. AMD will engage in the following **** and ****, and, to the extent commercially reasonable, with **** and ****, *provided* that such **** are consistent with the then-current ****:

(a) ****

(b) ****

(c) ****

(d) ****, to the extent permitted by and in accordance with Applicable Law and subject to **** and any duty of confidentiality that AMD owes to any third party; and

(e) Performing such other activities that AMD reasonably determines to be useful ****.

11.5.2 Marketing Support. FASL will, at FASL's sole cost, provide AMD with all marketing application support reasonably requested by AMD in connection with AMD's ****, including by providing AMD with a **** for use in connection with ****.

11.6 **Marketing Materials.**

11.6.1 Customization Assistance. AMD will, upon FASL's reasonable request, assist FASL with the customization of FASL's Product marketing and promotional materials for particular geographic regions within the AMD Territory and the Joint Territory and for specifically ****. Any assistance that AMD provides in accordance with this Section 11.6.1 shall be at ****, *provided* that such costs are reasonably incurred.

11.6.2 Marketing Materials. FASL will be solely responsible for producing general Product marketing and promotional materials. FASL will provide AMD with a reasonable amount of such materials, including for the purpose of enabling AMD to engage in **** pursuant to Section 11.5. AMD shall have the right at its own cost to modify such materials in order to incorporate FASL marketing materials into AMD's general product marketing materials in such a manner that conforms with AMD's general marketing practices.

11.7 **Training**. AMD will train all AMD field sales personnel, sales support personnel, and field applications personnel engaged in the promotion and sale of Products, and will provide training to such personnel of its Channel Partners to the extent it reasonably determines that its Channel Partners require such training. FASL will assist AMD with such training efforts, on terms and conditions to be agreed by the Parties.

11.8 **Other Assistance**. AMD shall provide FASL with such additional sales and/or marketing support activities as FASL may reasonably request from time to time, on terms and conditions to be agreed in writing by the Parties.

12. PRICE; PAYMENTS; TAXES

12.1 **Distributor Pricing**. AMD is free to establish prices for its re-sale of Products.

12.2 **Price List.** **** The Parties will use Best Efforts to ****, but acknowledge that on the Effective Date means to establish such a procedure have not been implemented. Price changes shall apply to all Purchase Orders **** and FASL may in its discretion **** received prior to the effective date of the change. FASL will establish policies and procedures whereby FASL will honor long-term pricing commitments to AMD as agreed to by FASL.

12.3 **Purchase Price of FASL Content Only Products**. The Purchase Price for each FCO Product shall be equal to **** at the time the order was booked. The Purchase Price for each FCO Product ****:

12.3.1 Price Increase. In the event AMD sells an FCO Product to a Customer or Channel Partner ****.

12.3.2 Price Decrease. In the event AMD sells an FCO Product to a Customer or Channel Partner ****.

12.4 **Purchase Price for Combined Products.**

12.4.1 Purchase Price. The Purchase Price for each Combined Product shall be as follows:

(a) ****

(b) ****

(c) ****

(d) ****

(e) ****

(f) ****

12.4.2 Price Increase. In the event AMD sells a Combined Product to a Customer or Channel Partner in an amount that is **** at the time the order was booked for such Product, the Purchase Price shall **** to the ****.

12.4.3 Price Decrease. In the event AMD sells a Combined Product to a Customer or Channel Partner in an amount that is **** at the time the order was booked for such Product, ****.

12.4.4 Determination of FASL Content. The percentage of FASL Content of any Combined Product shall be determined by FASL using the following formula: ****

****

12.4.5 Content Review; Breakdown. FASL shall, on a Quarterly basis, review the percentage of FASL Content for each Combined Product, and shall make adjustments to the ****, as required based on such review. For each Combined Product, FASL shall provide AMD with a **** of the non-FASL Content that was used in determining the percentage of FASL Content for such Product.

12.5 **Payments Terms**. FASL shall issue and deliver an invoice to AMD for any amount payable to FASL pursuant to this Agreement. Unless otherwise agreed by the Parties, payments for Products delivered in accordance with Section 2.3.3, and any other payments required hereunder, including pursuant Section 11.2.2, shall be made within **** from the date on **** relating to such ****. In no event shall FASL deliver an invoice before shipping the Products (or, in the event of joint marketing costs payable in accordance with Section 11.2.2, incurring the costs) to which such invoice relates. If the end of the payment period falls on a non-business day of AMD, payment may be made on the following business day. All amounts payable by AMD to FASL shall be paid by wire transfer of U.S. Dollars in immediately available funds to such financial institution and account number as FASL may designate in writing to AMD. ****.

12.6 **Currency**. All RSPs shall be quoted in ****.

12.7 **Late Payments**. If AMD fails to make any payment on or before the required payment date, AMD shall be liable for interest on such payment at the rate of **** per annum or the maximum amount allowed by Applicable Law, whichever is less.

12.8 **Taxes.** All amounts payable for Product sold by FASL to AMD hereunder are exclusive of any taxes. AMD shall reimburse FASL only for the following tax payments with respect to the sale of Product under this Agreement unless an exemption applies: state and local use taxes arising in the United States of America, value added taxes or other similar taxes on turnover ("**VAT**") arising in relevant jurisdictions imposing VAT and consumption taxes arising in Japan. FASL shall cause all such amounts reimbursed by AMD to be paid to the appropriate Governmental Authorities as required by Applicable Law. If FASL is required by law to charge use, consumption, VAT or similar taxes to AMD, FASL will ensure its invoices are in proper form to enable AMD to claim VAT or other applicable deductions, if AMD is permitted by law to do so. In the event that AMD is required by Applicable Law to make any deduction or to withhold any amount from any sum payable by AMD to FASL hereunder, (a) AMD will remit such amounts to the appropriate Governmental Authorities and promptly furnish FASL with

original tax receipts evidencing the payment of such amounts, and (b) the sum payable by AMD upon which the deduction or withholding is based will be decreased accordingly.

13. ** BUSINESS REVIEW**

13.1 **Meetings**. AMD and FASL will meet ****, at a time and place to be agreed by the Parties. The Parties may attend these meetings in person, by telephone or via videoconference. Each Party will bear its own costs and expenses incurred in connection with attending such meetings. AMD and FASL may hold such meetings jointly **** and/or any other distributor or sales representative appointed by FASL in accordance with Section 2.2 or 14, as FASL reasonably determines is appropriate and subject to Sections 13.2 and 13.3.

13.2 **Meeting Topics.** At these **** meetings, the Parties will, among other things: (a) ****, if applicable, **** undertaken in accordance with ****; (b) discuss ****; (c) discuss ****; (d) evaluate the ****; (e) evaluate the ****; and (f) discuss other issues and concerns raised by the Parties. ****. Information obtained by FASL from AMD with regard to AMD's independent sales activities, Product pricing or allocation shall be subject to the obligations set forth in Section 16, and shall not be disclosed to Fujitsu or to any other Entity or person, except as otherwise expressly permitted hereunder, including without limitation as permitted under Section 9.1.

13.3 ****

14. DISTRIBUTOR CORRECTIVE ACTION

14.1 ****

14.1.1 ****

14.1.2 ****

14.1.3 ****

14.1.4 ****

****

14.2 ****

14.2.1 ****

14.2.2 ****

14.2.3 ****

14.2.4 ****

14.2.5 ****

14.3 ****

14.3.1 ****

(a) ****

(b) ****

(c) ****

14.3.2 ****

14.3.3 ****

14.3.4 ****

15. WARRANTIES

15.1 **FASL Product Warranty**. FASL represents and warrants to AMD that the Products shall operate in accordance with the Documentation and other written specifications therefor, and shall be free from defects in functionality, materials and workmanship, for a period of **** from the date that such Products **** in accordance with Section 3 (the "**Warranty Period**").

15.2 **Remedies.** In the event that AMD notifies FASL during the applicable Warranty Period that any Product does not conform to the warranty provisions set forth in Section 15.1, FASL shall, at FASL's option, ****.

15.3 **No Warranty Pass Through**. AMD shall have the right to independently make Product warranties to Customers and Channel Partners consistent with the Product warranty made by FASL under this Agreement. ****.

15.4 **Disclaimer**. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES (AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS) ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, AND ANY WARRANTIES THAT MAY ARISE FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE.

16. CONFIDENTIAL INFORMATION

16.1 **Obligations.** The Parties acknowledge and agree that all proprietary or nonpublic information disclosed by one Party (the "**Disclosing Party**") to the other Party (the "**Receiving Party**") in connection with this Agreement, directly or indirectly, which information is

(a) marked as “proprietary” or “confidential” or, if disclosed orally, is designated as confidential or proprietary at the time of disclosure and reduced in writing or other tangible (including electronic) form that includes a prominent confidentiality notice and delivered to the Receiving Party within thirty (30) days of disclosure, or (b) provided under circumstances reasonably indicating that it constitutes confidential and proprietary information, constitutes the confidential and proprietary information of the Disclosing Party (“**Confidential Information**”). The Receiving Party may disclose Confidential Information only to those employees who have a need to know such Confidential Information and who are bound to retain the confidentiality thereof under provisions (including provisions relating to nonuse and nondisclosure) no less restrictive than those required by the Receiving Party for its own confidential information. The Receiving Party shall, and shall cause its employees to, retain in confidence and not disclose to any third party (including any of its sub-contractors) any Confidential Information without the Disclosing Party’s express prior written consent, and the Receiving Party shall not use such Confidential Information except to exercise the rights and perform its obligations under this Agreement. Without limiting the foregoing, the Receiving Party shall use at least the same procedures and degree of care which it uses to protect its own confidential information of like importance, and in no event less than reasonable care. The Receiving Party shall be fully responsible for compliance by its employees with the foregoing, and any act or omission of an employee of the Receiving Party shall constitute an act or omission of the Receiving Party. The confidentiality obligations set forth in this Section 16.1 shall apply and continue, with regard to all Confidential Information disclosed hereunder, during the Term (as hereinafter defined) and for a period of five (5) years from the date of termination of this Agreement.

16.2 **Exceptions**. Notwithstanding the foregoing, Confidential Information will not include information that: (a) was already known by the Receiving Party, other than under an obligation of confidentiality to the Disclosing Party or any third party, at the time of disclosure hereunder, as evidenced by the Receiving Party’s tangible (including written or electronic) records in existence at such time; (b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party hereunder; (c) became generally available to the public or otherwise part of the public domain after its disclosure other than through any act or omission of the Receiving Party in breach of this Agreement; (d) was subsequently lawfully disclosed to the Receiving Party by an Entity or person other than the Disclosing Party not subject to any duty of confidentiality with respect thereto; or (e) was developed by the Receiving Party without reference to any Confidential Information disclosed by the Disclosing Party, as evidenced by the Receiving Party’s tangible (including written or electronic) records in existence at such time.

16.3 **Confidentiality of Agreement; Publicity.** Each Party agrees that the terms and conditions of this Agreement shall be treated as Confidential Information and that no reference shall be made thereto without the prior written consent of the other Party (which consent shall not be unreasonably withheld) except (a) as required by Applicable Law, *provided* that in the case of any filing with a Governmental Authority that would result in public disclosure of the terms hereof, the Parties shall mutually cooperate to limit the scope of public disclosure to the greatest extent possible, (b) to its accountants, banks, financing sources, lawyers and other professional advisors, provided that such parties undertake in writing (or are otherwise bound by

rules of professional conduct) to keep such information strictly confidential, (c) in connection with the enforcement of this Agreement, or (d) pursuant to agreed joint press releases prepared in good faith. The Parties will consult with each other, in advance, with regard to the terms of all proposed press releases, public announcements and other public statements with respect to the transactions contemplated hereby.

17. CONSEQUENTIAL DAMAGES WAIVER

TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY, OR ANY THIRD PARTY CLAIMING THROUGH OR UNDER SUCH PARTY, UNDER ANY LEGAL THEORY, FOR ANY COSTS (INCLUDING WITHOUT LIMITATION LABOR COSTS) FOR IN-THE-FIELD INSTALLATION OR REPAIR WORK, OR FOR OTHER SIMILAR REWORK COSTS, OR FOR ANY LOSS OF PROFITS, REVENUES OR GOODWILL, LOSS OF DATA, OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING PROVISIONS OF THIS SECTION 17 SHALL NOT BE DEEMED TO LIMIT FASL'S INDEMNITY OBLIGATIONS UNDER SECTION 19.

18. LIMITATION OF LIABILITY

EXCEPT WITH RESPECT TO FASL'S INDEMNITY OBLIGATIONS UNDER SECTION 19, NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY'S AGGREGATE LIABILITY TO THE OTHER PARTY OR ANY THIRD PARTY FOR CLAIMS RELATING TO THIS AGREEMENT, WHETHER FOR BREACH, NEGLIGENCE, INFRINGEMENT, IN TORT OR OTHERWISE, SHALL BE LIMITED TO AN AMOUNT EQUAL TO THE ****.

19. FASL INDEMNITY

19.1 Indemnity. FASL shall at its own expense defend AMD from and against any (a) third party action to the extent that it relates to or results from any defects of Products delivered by or for FASL that directly result in the death or bodily injury to any person or that result in damage to real or personal property, or (b) any third party claim, action or proceeding to the extent that it relates to or results from the Products allegedly infringing, violating or misappropriating any Intellectual Property Right of any third party (collectively, clauses (a) and (b) constitute "Claims"). For purposes of this Section 19, the term Intellectual Property Rights shall be limited to patents, copyrights, mask work rights, trade secrets and Trademarks; *provided, however*, that for purposes of this Section 19, the term Trademarks shall be limited to those Trademarks where FASL (or its subcontractors or agents), and not AMD or Fujitsu, has performed the research and registration work to validate the availability of the Trademark in the

applicable jurisdictions. FASL agrees to indemnify AMD and hold it harmless from and against any damages, costs and expenses (including without limitation any reasonable attorneys' fees and costs) finally awarded against AMD by a court of competent jurisdiction that may result from any such Claim; provided that (i) AMD notifies FASL promptly in writing of the Claim; (ii) FASL has sole control of the defense and all related settlement negotiations; and (iii) AMD provides FASL, at FASL's expense, with all reasonable assistance, information, and authority to perform these duties. Any delay by AMD in notifying FASL of a Claim shall not relieve FASL of its obligations under this Section 19, except to the extent (and only to the extent) that FASL's ability to defend such Claim is materially prejudiced by such delay.

19.2 Exclusions. FASL shall have no liability for any Claim of infringement or liability based on or arising from (i) modification of the Products by AMD or any third party (unless such modification was specifically authorized or required by FASL and such authorization was delivered by an authorized FASL employee in the form of a detailed written requirements document listing in detail the specifications for the modification), to the extent the infringement or liability would have been avoided by use of the unmodified Products; or (ii) the combination or use of the Products furnished hereunder with materials or technology not furnished by FASL, to the extent such infringement or liability would have been avoided by use of the Products alone.

19.3 Alternatives. In the event the Products are held to, or FASL believes are likely to be held to, infringe, violate or misappropriate any Intellectual Property Right of any third party, FASL shall have the right at its sole option and expense to (i) substitute or modify the Products so that they are non-infringing, while retaining substantially equivalent features and functionality as set forth in the specifications and documentation; or (ii) obtain for AMD a license to continue offering the Products; or (iii) if (i) and (ii) are not reasonably practicable as determined by FASL, terminate further sales of the infringing Product.

19.4 Limit on Liability. In no event shall FASL's liability for (i) Claims relating to infringement, violation or misappropriation of third party Intellectual Property Rights, or (ii) Claims for loss of data exceed the amounts paid to AMD or its Affiliates by their respective Customers or Channel Partners for the affected Products.

19.5 **Sole Obligation**. The foregoing FASL indemnities state the sole obligation and exclusive liability of FASL to AMD, and AMD's sole recourse and remedy against FASL for any Claim of infringement or misappropriation of an Intellectual Property Right by the Products or for any Claim of product liability related to the Products.

20. TERM AND TERMINATION

20.1 **Term**. This Agreement will be effective as of the Effective Date, and will continue in full force and effect indefinitely, unless terminated as set forth in this Section 20 ("**Term**").

20.2 **Termination upon Mutual Agreement**. The Parties may terminate this Agreement upon mutual written consent at any time.

20.3 **Termination for Breach**. In the event that either Party materially defaults in the performance of a material obligation under this Agreement, then the non-defaulting Party may provide written notice to the defaulting Party indicating: (a) the nature and basis of such default with reference to the applicable provisions of this Agreement; and (b) the non-defaulting Party's intention to terminate this Agreement. Upon receipt of such notice, the defaulting Party shall use Best Efforts to cure the alleged breach in a timely manner, and the Parties shall meet to discuss the matter. If the breach has not been cured to the reasonable satisfaction of the non-defaulting Party within a reasonable period of time of not less than ****, and if the Parties are not otherwise able to resolve the matter, then the non-defaulting Party may terminate this Agreement upon written notice.

20.4 ****

20.5 **Cross-Termination.** Unless otherwise expressly agreed in writing by the Parties, this Agreement shall automatically terminate upon the termination of the LLC Operating Agreement.

20.6 **Effect of Termination.**

20.6.1 Return of Confidential Information.

(a) AMD shall promptly return to FASL (or destroy, at FASL's election) all Documentation and FASL Confidential Information then in the possession or under AMD's control, and FASL shall promptly return to AMD (or destroy, at AMD's election) all AMD Confidential Information then in the possession or under FASL's control, ****.

(b) Notwithstanding subsection (a) above, the Receiving Party shall not be liable to the Disclosing Party for the inadvertent use of the Disclosing Party's Residual Information for the Receiving Party's own business purposes by the Receiving Party's personnel who no longer have access to any tangible (including machine-readable) embodiments of any Confidential Information of the Disclosing Party; *provided, however,* that the foregoing shall not release or excuse the Receiving Party from any liability to the Disclosing Party for any disclosure of the Disclosing Party's Confidential Information by the Receiving Party to any other persons or Entities, including the Receiving Party's former personnel, or any use of such Confidential Information by such other persons or Entities. This subsection (b) shall not be deemed to (A) grant to the Receiving Party a license under any Intellectual Property Rights (excluding trade secrets) of the Disclosing Party or (B) authorize any use of the tangible (including machine-readable) embodiments of any Confidential Information of the Disclosing Party. For purposes hereof, "**Residual Information"** means with respect to Confidential Information, information in non-tangible form which may be incidentally retained in the unaided memory of the Receiving Party's personnel having had access to the Confidential Information of the Disclosing Party, and which such personnel cannot identify as Confidential Information of the Disclosing Party. Such personnel's memory is "unaided" if the personnel have not intentionally memorized any Confidential Information of the Disclosing Party.

20.6.2 Limitation of Liability. Neither FASL nor AMD shall be liable to the other, because of such termination, for compensation, reimbursement or damages: (i) for the loss of prospective profits, anticipated sales or goodwill; (ii) on account of any expenditures, investments or commitments made by either; or (iii) for any other reason whatsoever based upon the result of such termination.

20.6.3 Continuing Liability. The termination of this Agreement for any reason shall not release either Party from any liability, obligation or agreement which has already accrued at the time of termination. Termination of this Agreement for any reason shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, which a Party may have hereunder, at law or otherwise, or which may arise out of or in connection with such termination.

20.6.4 Outstanding Purchase Order Fulfillment. FASL shall complete all Purchase Orders that have been previously accepted by FASL and not specifically cancelled upon termination by AMD, and shall accept and fulfill any Purchase Orders issued by AMD for a period of **** after termination of this Agreement, *provided* that the reason for termination was not a failure by AMD to pay amounts previously due to FASL under this Agreement; *provided, further*, that all inventories held by or on behalf of AMD and its Channel Partners shall be depleted by the end of such****. During such period, AMD shall have no guaranteed allocation and FASL may freely appoint additional distributors in the AMD Territory and the Joint Territory, and with respect to ****, AMD Affiliates and AMD PRC Customers, unless otherwise restricted pursuant to the terms of the Fujitsu Distribution Agreement.

20.6.5 Payment Obligation. AMD shall pay for all Products previously delivered by FASL and all Products subsequently delivered by FASL pursuant to the Purchase Orders referred to in Section 20.6.4.

20.6.6 Trademark and Documentation Licenses. All licenses relating to Trademarks and Documentation shall terminate, *provided, however*, that AMD shall have the right to continue to use Trademarks and Documentation, in a manner consistent with Section 6, in connection with the sale of Products in accordance with Section 20.6.4.

20.6.7 ****. If this Agreement terminates at any time prior to ****pursuant to Section 2.1, then FASL may elect to transition such AMD **** effective upon the termination date either ****, regardless of the time periods or other requirements that may be set forth in Section 2.1 above. Unless termination resulted from a material breach by FASL, then AMD agrees to use Best Efforts to ****.

20.7 Survival. The provisions of Sections 3 (for purposes of fulfilling the terms of Section 20.6.4), 12, 15, 16 (in accordance with its terms), 17, 18, 19, 20.6, 20.7 and Section 21 shall survive any termination of this Agreement.

21. MISCELLANEOUS TERMS

21.1 **Relationship of the Parties**. In the exercise of their respective rights, and the performance of their respective obligations hereunder, the Parties are, and will remain independent contractors. Nothing in this Agreement will be construed to constitute the Parties as partners, or principal and agent for any purpose whatsoever. Neither Party will bind, or attempt to bind, the other Party hereto to any contract or other obligation, and neither Party will represent to any third party that it is authorized to act on behalf of the other Party to this Agreement.

21.2 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of California, United States of America, as applied to agreements among California residents entered into and wholly to be performed within the State of California (without reference to any choice or conflicts of laws rules or principles that would require the application of the laws of any other jurisdiction and without regard to the United Nations Convention on Contracts for the International Sale of Goods).

21.3 **Dispute Resolution**. Any dispute arising under or relating to this Agreement shall be resolved in accordance with the dispute resolution procedures set forth in the LLC Operating Agreement, which procedures are incorporated herein and deemed to apply *mutatis mutandis* to the Parties.

21.4 **Language**. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the Parties. All communications and notices to be made or given pursuant to this Agreement shall be in the English language.

21.5 **Successors and Assigns**. Except as expressly provided herein, the rights and obligations hereunder may not be assigned or delegated by either Party without the prior written consent of the other Party; *provided, however*, that AMD shall have the right to assign this Agreement in connection with the sale of substantially all of its business to which the Products relate. Any purported assignment, sale, transfer, delegation or other disposition of such rights or obligations by either Party, except as permitted herein, shall be null and void. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

21.6 **Entire Agreement; Amendment**. This Agreement (including the Schedules and Exhibits hereto) and the other Transaction Documents constitute the full and entire understanding and agreement between the Parties with regard to the subject matter hereof, and supercede any prior communications, representations, understandings and agreements, either oral or written, between the Parties with respect to such subject matter. This Agreement may not be altered except by a written instrument signed by authorized legal representatives of both Parties and Fujitsu. Any waiver of the provisions of this Agreement or of a Party's rights or remedies under this Agreement must be in writing to be effective. Failure, neglect or delay by a Party to enforce the provisions of this Agreement or its rights or remedies at any time will not be construed and will not be deemed to be a waiver of such Party's rights under this Agreement and will not in any way affect the validity of the whole or any part of this Agreement or prejudice such Party's right to take subsequent action. No single or partial exercise of any right, power or privilege granted under this Agreement shall preclude any other or further exercise thereof or the

exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and are not exclusive of any rights or remedies provided by law.

21.7 **Notices and Other Communications**. All notices required or permitted under this Agreement shall reference this Agreement and will be deemed given: (a) when delivered personally; (b) when sent by confirmed facsimile; (c) five (5) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) three (3) business days after deposit with an internationally recognized commercial overnight carrier specifying next-day delivery, with written verification of receipt. All such notices, requests, demands and other communications shall be addressed as follows:

If to FASL:

FASL LLC
One AMD Place M/S 150
P.O. Box 3453
Sunnyvale, CA 94086
Attention: General Counsel
Telephone: (408) 749-2400
Facsimile: (408) 774-7399

If to AMD:
Advanced MicroDevices, Inc.
One AMD Place M/S 150
P.O. Box 3453
Sunnyvale, CA 94086
Attention: General Counsel
Telephone: (408) 749-2400
Facsimile: (408) 774-7399

or to such other address or facsimile number as a Party may have specified to the other Party in writing delivered in accordance with this Section 21.7.

21.8 **Expenses.** Except as otherwise expressly set forth in this Agreement, each Party will bear its own costs and expenses, including fees and expenses of legal counsel and other representatives used or hired in connection with the transactions described in this Agreement.

21.9 **Force Majeure**.

21.9.1 Excuse. Neither Party will be liable to the other for failure or delay in performing its obligations hereunder if such failure or delay is due to circumstances beyond its reasonable control, including acts of any governmental body, war, terrorism, insurrection,

sabotage, embargo, fire, flood, earthquake, strike or other labor disturbance, interruption of or delay in transportation, or unavailability of or interruption or delay in telecommunications or third party services ("**Force Majeure**"); *provided, however*, that (a) a lack of credit, funds or financing, or (b) strikes or other labor disturbances that are limited to FASL's employees shall not constitute Force Majeure. This Section 21.9.1 shall not be interpreted as relieving a Party of an obligation to pay, but may serve to excuse delay in making a payment when due.

21.9.2 Mitigation. A Party seeking to be excused from performance as the result of Force Majeure will be excused to the extent such performance is delayed or prevented by Force Majeure, *provided* that such Party shall use the utmost reasonably practicable efforts to complete such performance. Each Party agrees to resume performance with the utmost dispatch whenever the causes of such excuse are cured or remedied.

21.9.3 Notice. Should any Party be prevented from or delayed in or become aware that it is likely to be prevented from or delayed in carrying out its obligations under this Agreement due to Force Majeure, such Party shall promptly give to the other Party a written notice setting forth the details of such Force Majeure.

21.10 **Severability**. If any provision in this Agreement will be found or be held to be invalid or unenforceable, then the meaning of said provision will be construed, to the extent feasible, so as to render the provision enforceable, and if no feasible interpretation would save such provision, it will be severed from the remainder of this Agreement which will remain in full force and effect unless the severed provision is essential and material to the rights or benefits received by any Party. In such event, the Parties will use their respective Best Efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the Parties' intent in entering into this Agreement.

21.11 **No Third Party Beneficiaries**. The terms and provisions of this Agreement are intended solely for the benefit of each Party and their respective successors and permitted assigns, and the Parties do not intend to confer third party beneficiary rights upon any other Entity or person.

21.12 **Construction**. This Agreement shall be deemed to have been drafted by both Parties and, in the event of a dispute, no Party hereto shall be entitled to claim that any provision should be construed against any other Party by reason of the fact that it was drafted by one particular Party.

21.13 **Execution**. This Agreement may be executed in counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a Party shall constitute a valid and binding execution and delivery of this Agreement by such Party.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective duly authorized representatives as of the date first above written.

FASL LLC:

By: /s/ THOMAS M. MCCOY

Name: Thomas M. McCoy
Title: Manager

ADVANCED MICRO DEVICES, INC.:

By: /s/ THOMAS M. MCCOY

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

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of the exhibit has been filed separately with the securities and Exchange Commission*

Exhibit 10.57

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "**Agreement**") is made and entered into as of June 30, 2003, by and among Advanced Micro Devices, Inc., a Delaware corporation ("**AMD**"), AMD Investments, Inc., a Delaware corporation ("**AMD Investments**," and together with AMD, the "**AMD Entities**"), Fujitsu Limited, a corporation organized under the laws of Japan ("**Fujitsu**"), Fujitsu Microelectronics Holding, Inc., a Delaware corporation ("**Fujitsu Sub**," and together with Fujitsu, the "**Fujitsu Entities**," and collectively with the AMD Entities, the "**Entities**"), and FASL LLC, a Delaware limited liability company (the "**Joint Venture**" and collectively with the Entities, the "**Parties**").

RECITALS:

A. Concurrently herewith, the Parties have entered into an Amended and Restated Limited Liability Company Operating Agreement (the "**Operating Agreement**"), a Contribution and Assumption Agreement (the "**Contribution Agreement**") and certain related agreements.

B. One of the material conditions precedent to the willingness of the Parties to enter into the Operating Agreement and the Contribution Agreement is that the Parties have agreed to execute, deliver and be bound by this Agreement.

NOW, THEREFORE, in consideration of the premises, the mutual promises and covenants of the Parties set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. Certain Definitions; Interpretation.

(a) In addition to the terms defined elsewhere in this Agreement, the following capitalized terms shall have the following meanings when used herein (and capitalized terms not defined herein have the meanings assigned to them in the Operating Agreement):

"**Affiliate**" of a Person, means any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The Parties acknowledge and agree that neither Fujitsu nor AMD is presently controlled by any other Person, and that the Joint Venture and its Subsidiaries shall not be deemed to be (a) Affiliates of the AMD Entities or (b) Affiliates of the Fujitsu Entities.

"**Competing Business**" means any business engaged in the development, production, manufacture, marketing, distribution, promotion or sale of Stand-Alone NVM Products in any country in the world in which the Joint Venture conducts its business; *provided*, *however*, that (i) the Entities' respective Membership Interests and the conduct of the Joint Venture Business (as defined in the Contribution Agreement), (ii) Fujitsu's and its Affiliates'

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.*

development, production, manufacture, marketing, distribution, promotion and/or and sales of Ferro-electric non-volatile memory technology and products and (iii) the performance by AMD and its Affiliates and/or Fujitsu and its Affiliates of their respective obligations under agreements between AMD and/or its Affiliates and the Joint Venture and/or its Subsidiaries or between Fujitsu and/or its Affiliates and the Joint Venture and/or its Subsidiaries (*provided* that any such agreement is not entered into for purposes of circumventing the intent of this Agreement), shall each be deemed not to constitute a Competing Business.

"**NVM**" means a non-volatile memory device wherein information stored in a memory cell is maintained without power consumption and the write time (including erase time if there is an erase operation prior to a write operation) exceeds the read time allowing the device to function primarily as a reading device.

"**Stand-Alone NVM Product**" means a semiconductor product (including a single chip or a multiple chip or system product) containing NVM dedicated to data storage wherein all circuitry (including logic circuitry) contained therein is solely to accept, store, retrieve or access information or instructions and cannot manipulate such information or execute instructions.

(b) The following rules of interpretation shall apply to this Agreement:

(i) The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "including" is not limited and means "including without limitation."

(ii) Unless otherwise noted, all references to Sections, Schedules and Exhibits herein are to Sections, Schedules and Exhibits of this Agreement. The titles, captions and headings of this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(iii) Unless otherwise expressly provided herein, (a) references to a Person include its successors and permitted assigns, (b) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements and other modifications thereto or supplements thereof and (c) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such statute or regulation.

2. Competition by AMD Entities and their Affiliates with the Joint Venture. Subject to Section 4(d), during the AMD Non-Competition Term, the AMD Entities hereby covenant and agree not to (and AMD agrees to cause its Affiliates not to), directly or indirectly, engage in a Competing Business.

3. Competition by the Fujitsu Entities and their Affiliates with the Joint Venture. Subject to Section 5(d), during the Fujitsu Non-Competition Term, the Fujitsu Entities hereby

covenant and agree not to (and Fujitsu agrees to cause its Affiliates not to), directly or indirectly, engage in a Competing Business.

4. Divestiture of Competing Business by AMD Entities. During the AMD Non-Competition Term, the AMD Entities hereby covenant and agree that:

(a) If an AMD Entity or its Affiliates (an "**AMD Acquiring Party**") acquires a majority equity or other majority ownership interest of a Person whose principal line of business is not a Competing Business, but which has a division or other operations constituting a Competing Business (any such division or operations, an "**AMD Acquired Interest**"), AMD shall (or, if applicable, shall cause AMD Investments or its other applicable Affiliates to) (i) promptly provide the Joint Venture and the Fujitsu Entities with written notice of such acquisition (the "**AMD Acquisition Notice**") and (ii) provide the Joint Venture with a right of first offer to acquire the AMD Acquired Interest, such right to last for a period of sixty (60) days following the Joint Venture's receipt of the AMD Acquisition Notice (the "**AMD Offer Period**"). During the AMD Offer Period, AMD shall (or, if applicable, shall cause AMD Investments or its other applicable Affiliates to) (A) provide the Joint Venture with an opportunity to conduct reasonable due diligence on the AMD Acquired Interest and (B) enter into exclusive discussions with the Joint Venture concerning a sale of the AMD Acquired Interest to the Joint Venture. The Joint Venture shall have the right, but not the obligation, to make an offer to purchase all, but not less than all, of the AMD Acquired Interest by providing written notice to AMD ("**Joint Venture/AMD Offer**") at any time prior to the end of the AMD Offer Period, such written notice to include in reasonable detail the terms on which the Joint Venture proposes to purchase the AMD Acquired Interest.

(b) Any determination as to whether to make a Joint Venture/AMD Offer, and the terms of such Joint Venture/AMD Offer, shall be made by the Board of Managers. If a Joint Venture/AMD Offer is made prior to the conclusion of the AMD Offer Period, the AMD Acquiring Party shall have thirty (30) days from its receipt of the Joint Venture/AMD Offer in which to accept or reject the Joint Venture/AMD Offer by providing the Joint Venture with written notice of its decision within such 30-day period, such decision to be made by the AMD Acquiring Party in its sole discretion. If the AMD Acquiring Party fails to provide the Joint Venture with written notice of its decision within such 30-day period, the AMD Acquiring Party shall be deemed to have rejected the Joint Venture/AMD Offer.

(c) If the Joint Venture does not make a Joint Venture/AMD Offer prior to the conclusion of the AMD Offer Period, or if the AMD Acquiring Party rejects a Joint Venture/AMD Offer, the AMD Acquiring Party shall (and, if applicable, AMD shall cause the AMD Acquiring Party to) take all commercially reasonable steps to sell or otherwise divest the AMD Acquired Interest as soon as reasonably practicable to an unaffiliated Person following the conclusion of the AMD Offer Period or the 30-day period referenced in Section 4(b), whichever is later; *provided, however*, if the AMD Acquired Party rejected a Joint Venture/AMD Offer pursuant to Section 4(b), the terms of sale to the unaffiliated Person shall be no more favorable than the terms set forth in the Joint Venture/AMD Offer. ****.

(d) The Parties agree that an AMD Acquiring Party's acquisition of a majority interest in a Person whose principal line of business is not a Competing Business but which has a division or operations that constitute a Competing Business shall not be deemed to be a breach of the obligations set forth in Section 2 for so long as AMD and/or its applicable Affiliates are complying in all material respects with its obligations under this Section 4.

5. Divestiture of Competing Business by Fujitsu Entities. During the Fujitsu Non-Competition Term, the Fujitsu Entities hereby covenant and agree that:

(a) If a Fujitsu Entity or its Affiliates (a "**Fujitsu Acquiring Party**") acquires a majority equity or other majority ownership interest of a Person whose principal line of business is not a Competing Business, but which has a division or other operations constituting a Competing Business (any such division or operations, an "**Fujitsu Acquired Interest**"), Fujitsu shall (or, if applicable, shall cause Fujitsu Sub or its other applicable Affiliates to) (i) promptly provide the Joint Venture and the AMD Entities with written notice of such acquisition (the "**Fujitsu Acquisition Notice**") and (ii) provide the Joint Venture with a right of first offer to acquire the Fujitsu Acquired Interest, such right to last for a period of sixty (60) days following the Joint Venture's receipt of the Fujitsu Acquisition Notice (the "**Fujitsu Offer Period**"). During the Fujitsu Offer Period, Fujitsu shall (or, if applicable, shall cause Fujitsu Sub or its other applicable Affiliates to) (A) provide the Joint Venture with an opportunity to conduct reasonable due diligence on the Fujitsu Acquired Interest and (B) enter into exclusive discussions with the Joint Venture concerning a sale of the Fujitsu Acquired Interest to the Joint Venture. The Joint Venture shall have the right, but not the obligation, to make an offer to purchase all, but not less than all, of the Fujitsu Acquired Interest by providing written notice to Fujitsu ("**Joint Venture/Fujitsu Offer**") at any time prior to the end of the Fujitsu Offer Period, such written notice to include in reasonable detail the terms on which the Joint Venture proposes to purchase the Fujitsu Acquired Interest.

(b) Any determination as to whether to make a Joint Venture/Fujitsu Offer, and the terms of such Joint Venture/Fujitsu Offer, shall be made by the Board of Managers. If a Joint Venture/Fujitsu Offer is made prior to the conclusion of the Fujitsu Offer Period, the Fujitsu Acquiring Party shall have thirty (30) days from its receipt of the Joint Venture/Fujitsu Offer in which to accept or reject the Joint Venture/Fujitsu Offer by providing the Joint Venture with written notice of its decision within such 30-day period, such decision to be made by the Fujitsu Acquiring Party in its sole discretion. If the Fujitsu Acquiring Party fails to provide the Joint Venture with written notice of its decision within such 30-day period, the Fujitsu Acquiring Party shall be deemed to have rejected the Joint Venture/Fujitsu Offer.

(c) If the Joint Venture does not make a Joint Venture/Fujitsu Offer prior to the conclusion of the Fujitsu Offer Period, or if the Fujitsu Acquiring Party rejects a Joint Venture/Fujitsu Offer, the Fujitsu Acquiring Party shall (and, if applicable, Fujitsu shall cause the Fujitsu Acquiring Party to) take all commercially reasonable steps to sell or otherwise divest the Fujitsu Acquired Interest as soon as reasonably practicable to an unaffiliated Person following the conclusion of the Fujitsu Offer Period or the 30-day period referenced in Section 5(b), whichever is later; *provided, however*, if the Fujitsu Acquired Party rejected a Joint

Venture/Fujitsu Offer pursuant to Section 5(b), the terms of sale to the unaffiliated Person shall be no more favorable than the terms set forth in the Joint Venture/Fujitsu Offer. ****.

(d) The Parties agree that a Fujitsu Acquiring Party's acquisition of a majority interest in a Person whose principal line of business is not a Competing Business but which has a division or operations that constitute a Competing Business shall not be deemed to be a breach of the obligations set forth in Section 3 for so long as Fujitsu and/or its applicable Affiliates are complying in all material respects with its obligations under this Section 5.

6. No Solicitation of Employees.

(a) Without the prior written consent of the Board of Managers of the Joint Venture, each of the AMD Entities during the AMD Non-Solicitation Term, and each of the Fujitsu Entities during the Fujitsu Non-Solicitation Term, shall not (and each shall cause its Affiliates not to), directly or indirectly, either for itself or another Person, (i) hire or retain, or offer to hire or retain, as a director, officer, employee, partner, consultant, independent contractor or otherwise, any individual employed by or seconded to the Joint Venture or any of its Subsidiaries (*provided* that such restriction shall not apply to any secondees as to whom the Joint Venture agrees are being seconded on a temporary basis or for a specific project) or (ii) solicit or encourage any individual to terminate his or her employment with the Joint Venture or any of its Subsidiaries, unless, in either such case, (A) the Joint Venture (and/or its applicable Subsidiary) has terminated the employment or secondment of such individual or (B) at least two (2) years has elapsed since such individual has voluntarily terminated his or her employment or secondment with the Joint Venture (and/or its applicable Subsidiary).

(b) Without the prior written consent of Fujitsu, during the AMD Non-Solicitation Term each of the AMD Entities shall not (and each shall cause its Affiliates not to), directly or indirectly, either for itself or another Person, (i) hire or retain, or offer to hire or retain, as director, officer, employee, partner, consultant, independent contractor or otherwise, any individual employed by a Fujitsu Entity or any of its Affiliates or (ii) solicit or encourage any individual to terminate his or her employment with a Fujitsu Entity or any of its Affiliates, unless, in either such case, (A) the Fujitsu Entity (and/or its applicable Affiliate) has terminated the employment of such individual or (B) at least two (2) years has elapsed since such individual has voluntarily terminated his or her employment with the Fujitsu Entity (and/or its applicable Affiliates).

(c) Without the prior written consent of AMD, during the Fujitsu Non-Solicitation Term each of the Fujitsu Entities shall not (and each shall cause its Affiliates not to), directly or indirectly, either for itself or another Person, (i) hire or retain, or offer to hire or retain, as director, officer, employee, partner, consultant, independent contractor or otherwise, any individual employed by an AMD Entity or any of its Affiliates or (ii) solicit or encourage any individual to terminate his or her employment with an AMD Entity or any of its Affiliates, unless, in either such case, (A) the AMD Entity (and/or its applicable Affiliate) has terminated the employment of such individual or (B) at least two (2) years has elapsed since such individual

has voluntarily terminated his or her employment with the AMD Entity (and/or its applicable Affiliates).

(d) Without the prior written consent of AMD or Fujitsu, as applicable, the Joint Venture shall not (and shall cause its Subsidiaries not to), directly or indirectly, either for itself or another Person, (i) hire or retain, or offer to hire or retain, as director, officer, employee, partner, consultant, independent contractor or otherwise, any individual employed by an AMD Entity or any of its Affiliates or any Fujitsu Entity or any of its Affiliates (other than employees that are dual employees or that are seconded to the Joint Venture or its Subsidiaries by an AMD Entity or its Affiliates or a Fujitsu Entity or its Affiliates) or (ii) solicit or encourage any individual to terminate his or her employment with an AMD Entity or any of its Affiliates or any Fujitsu Entity or any of its Affiliates (other than employees that are dual employees or that are seconded to the Joint Venture or its Subsidiaries by an AMD Entity or its Affiliates or a Fujitsu Entity or its Affiliates), unless, in either such case, (A) the AMD Entity (and/or its applicable Affiliate) or the Fujitsu Entity (and/or its applicable Affiliate), as applicable, has terminated the employment of such individual or (B) at least two (2) years has elapsed since such individual has voluntarily terminated his or her employment with the AMD Entity (and/or its applicable Affiliates) or the Fujitsu Entity (and/or its applicable Affiliate), as applicable.

7. Injunctive Relief. The Parties agree that (a) the provisions of Sections 2, 3, 4, 5 and 6 of this Agreement are reasonable and necessary to protect the legitimate interests of the other Parties and (b) any violation of Sections 2, 3, 4, 5 or 6 of this Agreement will result in irreparable injury to the non-breaching Party(ies), the exact amount of which will be difficult to ascertain, and that remedies at law for any such violation would not be reasonable or adequate compensation to the non-breaching Party(ies) for such violation. Accordingly, each Party agrees that if such Party violates the provisions applicable to such Party in Sections 2, 3, 4, 5 or 6 the non-breaching Party(ies) shall be entitled to specific performance and injunctive relieve, without posting bond or other security, and without the necessity of proving actual damages, in addition to any other remedy which may be available at law or in equity, including consequential damages.

8. AMD Term.

(a) AMD Non-Competition Term. Sections 2 and 4 of this Agreement shall terminate with respect to the AMD Entities (the period from the date hereof until such termination, the "**AMD Non-Competition Term**"):

(i) immediately upon written notice of the AMD Entities to the other Parties at any time if (A) a Material Breach by a Fujitsu Entity has occurred, the AMD Entities have elected not to fund the related funding obligation on behalf of the Fujitsu Entities as provided in Section 10.6.1(b) of the Operating Agreement, and the Fujitsu Entities have not fully cured such Material Breach within the Cure Period, (B) a Material Breach by a Fujitsu Entity has occurred, the AMD Entities have elected to fund the related funding obligation on behalf of the Fujitsu Entities as provided in Section 10.6.1(b) of the Operating Agreement and the Fujitsu Entities have not purchased from the applicable AMD Entity the applicable convertible

promissory note within the Cure Period or (C) a Material Breach by a Fujitsu Entity has occurred for which there is no Cure Period under the terms of the Operating Agreement;

(ii) immediately upon the dissolution of the Joint Venture pursuant to Article 10 of the Operating Agreement or otherwise;

(iii) in the event of a Change in Control of Fujitsu has occurred, one (1) year after the date on which the AMD Entities and all of their Affiliates, collectively, cease to hold more than a five percent (5%) Percentage Interest; or

(iv) in all other circumstances, two (2) years after the date on which the AMD Entities and all of their Affiliates, collectively, cease to hold more than a five percent (5%) Percentage Interest.

(b) AMD Non-Solicitation Term. Section 6 of this Agreement shall terminate with respect to the AMD Entities (the period from the date hereof until such termination, the "**AMD Non-Solicitation Term**"):

(i) immediately upon written notice of the AMD Entities to the other Parties at any time if (A) a Material Breach by a Fujitsu Entity has occurred, the AMD Entities have elected not to fund the related funding obligation on behalf of the Fujitsu Entities as provided in Section 10.6.1(b) of the Operating Agreement, and the Fujitsu Entities have not fully cured such Material Breach within the Cure Period, (B) a Material Breach by a Fujitsu Entity has occurred, the AMD Entities have elected to fund the related funding obligation on behalf of the Fujitsu Entities as provided in Section 10.6.1(b) of the Operating Agreement and the Fujitsu Entities have not purchased from the applicable AMD Entity the applicable convertible promissory note within the Cure Period or (C) a Material Breach by a Fujitsu Entity has occurred for which there is no Cure Period under the terms of the Operating Agreement;

(ii) immediately upon the dissolution of the Joint Venture pursuant to Article 10 of the Operating Agreement or otherwise;

(iii) in the event of a Change in Control of Fujitsu has occurred, two (2) year after the date on which the AMD Entities and all of their Affiliates, collectively, cease to hold more than a five percent (5%) Percentage Interest; or

(iv) in all other circumstances, three (3) years after the date on which the AMD Entities and all of their Affiliates, collectively, cease to hold more than a five percent (5%) Percentage Interest.

9. Fujitsu Term.

(a) Fujitsu Non-Competition Term. Sections 3 and 5 of this Agreement shall terminate with respect to the Fujitsu Entities (the period from the date hereof until such termination, the "**Fujitsu Non-Competition Term**"):

(i) immediately upon written notice of the Fujitsu Entities to the other Parties at any time if (A) a Material Breach by an AMD Entity has occurred, the Fujitsu Entities have elected not to fund the related funding obligation on behalf of the AMD Entities as provided in Section 10.6.1(b) of the Operating Agreement, and the AMD Entities have not fully cured such Material Breach within the Cure Period, (B) a Material Breach by an AMD Entity has occurred, the Fujitsu Entities have elected to fund the related funding obligation on behalf of the AMD Entities as provided in Section 10.6.1(b) of the Operating Agreement and the AMD Entities have not purchased from the applicable Fujitsu Entity the applicable convertible promissory note within the Cure Period or (C) a Material Breach by an AMD Entity has occurred for which there is no Cure Period under the terms of the Operating Agreement;

(ii) immediately upon the dissolution of the Joint Venture pursuant to Article 10 of the Operating Agreement or otherwise;

(iii) in the event of a Change in Control of AMD has occurred, one (1) year after the date on which the Fujitsu Entities and all of their Affiliates, collectively, cease to hold more than a five percent (5%) Percentage Interest; or

(iv) in all other circumstances, two (2) years after the date on which the Fujitsu Entities and all of their Affiliates, collectively, cease to hold more than a five percent (5%) Percentage Interest.

(b) Fujitsu Non-Solicitation Term. Section 6 of this Agreement shall terminate with respect to the Fujitsu Entities (the period from the date hereof until such termination, the "**Fujitsu Non-Solicitation Term**"):

(i) immediately upon written notice of the Fujitsu Entities to the other Parties at any time if (A) a Material Breach by an AMD Entity has occurred, the Fujitsu Entities have elected not to fund the related funding obligation on behalf of the AMD Entities as provided in Section 10.6.1(b) of the Operating Agreement, and the AMD Entities have not fully cured such Material Breach within the Cure Period, (B) a Material Breach by an AMD Entity has occurred, the Fujitsu Entities have elected to fund the related funding obligation on behalf of the AMD Entities as provided in Section 10.6.1(b) of the Operating Agreement and the AMD Entities have not purchased from the applicable Fujitsu Entity the applicable convertible promissory note within the Cure Period, or (C) a Material Breach by an AMD Entity has occurred for which there is no Cure Period under the terms of the Operating Agreement;

(ii) immediately upon the dissolution of the Joint Venture pursuant to Article 10 of the Operating Agreement or otherwise; or

(iii) in the event of a Change in Control of AMD has occurred, two (2) year after the date on which the Fujitsu Entities and all of their Affiliates, collectively, cease to hold more than a five percent (5%) Percentage Interest; or

(iv) in all other circumstances, three (3) years after the date on which the Fujitsu Entities and all of their Affiliates, collectively, cease to hold more than a five percent (5%) Percentage Interest.

10. Termination as to Joint Venture. The obligations of the Joint Venture under Section 6(d) shall terminate as to any individual in the employ of any AMD Entity or Affiliate thereof upon the termination of the AMD Non-Solicitation Term pursuant to Section 8(b), and the obligations of the Joint Venture under Section 6(d) shall terminate as to any individual in the employ of any Fujitsu Entity or Affiliate thereof upon the termination of the Fujitsu Non-Solicitation Term pursuant to Section 9(b).

11. Notices. Unless otherwise provided herein, all notices, requests, instructions or consents required or permitted under this Agreement shall be in writing and will be deemed given: (a) when delivered personally; (b) when sent by confirmed facsimile; (c) ten business days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) three business days after deposit with an internationally recognized commercial overnight carrier specifying next-day delivery, with written verification of receipt. All communications will be sent as follows (or to such other address or facsimile number as may be designated by a Party giving written notice to the other Parties pursuant to this Section 11):

If to the Joint Venture:	FASL LLC Attention: General Counsel One AMD Place m/s 150 PO Box 3453 Sunnyvale, California 94086 U.S.A. Facsimile: (408) 774-7399
If to the AMD Entities:	Advanced Micro Devices, Inc. Attention: General Counsel One AMD Place Sunnyvale, California 94086 Facsimile: (408) 774-7399 with a copy (which shall not constitute notice) to: Latham & Watkins LLP Attention: Tad Freese 505 Montgomery Street, Suite 1900 San Francisco, California 94111 Facsimile: (415) 395-8095
If to the Fujitsu Entities:	Fujitsu Limited Electronic Devices Group

Fuchigami 50 Akiruno-shi
Tokyo 197-0833
Japan
Attention: Executive Vice President
Business Planning & Promotion Group
Facsimile: +81-42-532-2550

12. Amendments; No Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is duly executed, in the case of an amendment, by the Joint Venture, each of the AMD Entities and each of the Fujitsu Entities, or, in the case of a waiver, by the Party against whom the waiver is to be enforced. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial waiver or exercise thereof preclude the enforcement of any other right, power or privilege.

13. Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any Party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the Parties may have by law, statute, ordinance or otherwise.

14. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, including any entity that is the successor to substantially all of the assets or businesses of such Party. No Party may assign, delegate or transfer any of its rights or obligations hereunder, other than to a successor to substantially all of the assets or businesses of such Party, without the prior written consent of the other Parties. Any attempted assignment in violation of this Section 14 shall be null and void.

15. Language. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the Parties. All communications and notices to be made or given pursuant to this Agreement shall be in the English language.

16. Construction; Interpretation. No Party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any Party.

17. Severability. If any provision in this Agreement should be found or be held to be invalid or unenforceable (including, without limitation, the geographic and temporal restrictions contained herein), then the meaning of said provision will be construed, to the extent feasible, so as to render the provision enforceable, and if no feasible interpretation would save such provision, it will be severed from the remainder of this Agreement which will remain in full force and effect unless the severed provision is essential and material to the rights or benefits received by any Party. In such event, the Parties will use their respective reasonable efforts to

negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the Parties' intent in entering into this Agreement.

18. Counterparts. This Agreement may be executed in counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a Party shall constitute a valid and binding execution and delivery of this Agreement by such Party.

19. Entire Agreement. This Agreement, together with Operating Agreement, the Contribution Agreement, the Confidentiality Agreement and the Transaction Documents constitute the entire agreement among the Parties pertaining to the subject matter hereof, and supersede all prior oral and written, and all contemporaneous oral, agreements and understandings pertaining thereto.

20. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California, United States of America, as applied to agreements among California residents entered into and wholly to be performed within the State of California (without reference to any choice or conflicts of laws rules or principles that would require the application of the laws of any other jurisdiction).

21. Dispute Resolution. The Parties hereby agree that claims, disputes or controversies of whatever nature, arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement (or any other agreement contemplated by or related to this Agreement), shall be resolved in accordance with the dispute resolution procedures set forth in Schedule A to the Operating Agreement, which procedures are incorporated herein and deemed to apply *mutatis mutandis* to the Parties.

22. Further Assurances. Each of the Parties does hereby covenant and agree on behalf of itself, its successors, and its assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish, and deliver such other instruments, documents and statements, and to take such other action as may be required by law or reasonably necessary or advisable to effectively carry out the purposes of this Agreement.

23. Third-Party Beneficiaries. Nothing herein expressed or implied is intended to or shall be construed to confer upon or give any Person, other than the Parties hereto, and their respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

(Signature Page Follows)

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ADVANCED MICRO DEVICES, INC.

By: /s/ Thomas M. McCoy

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

AMD INVESTMENTS, INC.

By: /s/ Thomas M. McCoy

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

FUJITSU LIMITED

By: /s/ Hiroaki Kurokawa

Name: Hiroaki Kurokawa
Title: President and Representative Director

FUJITSU MICROELECTRONICS HOLDING, INC.

By: /s/ Kazuo Iida

Name: Kazuo Iida
Title: President

FASL LLC

By: /s/ Thomas M. McCoy

Name: Thomas M. McCoy
Title: Manager

*Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as ****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.*

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Exhibit 10.58

ADVANCED MICRO DEVICES, INC.
1996 STOCK INCENTIVE PLAN

1. PURPOSE

The purpose of this Plan is to encourage key personnel, Outside Directors and advisors whose long-term service is considered essential to the Company's continued progress, to remain in the service of the Company or its Affiliates. By means of the Plan, the Company also seeks to attract new key employees, Outside Directors and advisors whose future services are necessary for the continued improvement of operations. The Company intends future increases in the value of securities granted under this Plan to form part of the compensation for services to be rendered by such persons in the future. It is intended that this purpose will be effected through the granting of Options.

2. DEFINITIONS

The terms defined in this Section 2 shall have the respective meanings set forth herein, unless the context otherwise requires.

(a) ***"Affiliate"*** The term "Affiliate" shall mean any corporation, partnership, joint venture or other entity in which the Company holds an equity, profits or voting interest of thirty percent (30%) or more.

(b) ***"Board"*** The term "Board" shall mean the Company's Board of Directors or its delegate as set forth in Sections 3(d) and 3(e) below.

(c) ***"Change of Control"*** Unless otherwise defined in a Participant's employment agreement, the term "Change of Control" shall be deemed to mean any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or any of its Affiliates) representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company to effect a transaction described in clause (i) or (ii) of this sentence) whose appointment, election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board; or (iii) there is consummated a merger or consolidation of the Company or subsidiary thereof with or into any other corporation, other than a merger or consolidation

which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding securities which represent immediately after such merger or consolidation more than 50% of the combined voting power of the voting securities of either the Company or the other entity which survives such merger or consolidation or the parent of the entity which survives such merger or consolidation; or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 80% of the combined voting power of the voting securities of which are owned by persons in substantially the same proportions as their ownership of the Company immediately prior to such sale. Notwithstanding the foregoing (i) unless otherwise provided in a Participant's employment agreement, no "Change of Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately prior to such transaction or series of transactions and (ii) unless otherwise provided in a Participant's employment agreement, "Change of Control" shall exclude the acquisition of securities representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities by the Company or any of its wholly owned subsidiaries, or any trustee or other fiduciary holding securities of the Company under an employee benefit plan now or hereafter established by the Company.

(d) ***"Code"*** The term "Code" shall mean the Internal Revenue Code of 1986, as amended to date and as it may be amended from time to time.

(e) ***"Company"*** The term "Company" shall mean Advanced Micro Devices, Inc., a Delaware corporation.

(f) ***"Constructive Termination"*** The term "Constructive Termination" shall mean a resignation by a Participant who has been elected by the Board as a corporate officer of the Company due to diminution or adverse change in the circumstances of such Participant's employment with the Company, as determined in good faith by the Participant; including, without limitation, reporting relationships, job description, duties, responsibilities, compensation, perquisites, office or location of employment. Constructive Termination shall be communicated by written notice to the Company, and such termination shall be deemed to occur on the date such notice is delivered to the Company.

(g) ***"Disinterested Director"*** The term "Disinterested Director" shall mean a member of the Board who has not, during the one year prior to service as an administrator of the Plan, or during such service, been granted or awarded equity securities of the Company pursuant to this Plan (except for automatic grants of options to Outside Directors pursuant to Section 8 hereof) or any other plan of the Company or any of its Affiliates.

(h) ***"Fair Market Value per Share"*** The term "Fair Market Value per Share" shall mean as of any day (i) the closing price for Shares on the New York Stock Exchange as reported

on the composite tape on the day as of which such determination is being made or, if there was no sale of Shares reported on the composite tape on such day, on the most recently preceding day on which there was such a sale, or (ii) if the Shares are not listed or admitted to trading on the New York Stock Exchange on the day as of which the determination is made, the amount determined by the Board or its delegate to be the fair market value of a Share on such day.

(i) ***"Insider"*** The term "Insider" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

(j) ***"ISO"*** The term "ISO" shall mean a stock option described in Section 422(b) of the Code.

(k) ***"NSO"*** The term "NSO" shall mean a nonstatutory stock option not described in Section 422(b) of the Code.

(l) ***"Option"*** The term "Option" shall mean (except as herein otherwise provided) a stock option granted under this Plan.

(m) ***"Outside Director"*** The term "Outside Director" shall mean a member of the Board of Directors of the Company who is not also an employee of the Company or an Affiliate.

(n) ***"Participant"*** The term "Participant" shall mean any person who holds an Option or Restricted Stock Award granted under this Plan.

(o) ***"Plan"*** The term "Plan" shall mean this Advanced Micro Devices, Inc. 1996 Stock Incentive Plan, as amended from time to time.

(p) ***"Shares"*** The term "Shares" shall mean shares of Common Stock of the Company and any shares of stock or other securities received as a result of the adjustments provided for in Section 11 of this Plan.

3. ADMINISTRATION

(a) The Board, whose authority shall be plenary, shall administer the Plan and may delegate part or all of its administrative powers with respect to part or all of the Plan pursuant to Section 3(d); provided, however, that the Board shall delegate administration of the Plan to the extent required by Section 3(e).

(b) Except for automatic grants of Options to Outside Directors pursuant to Section 8 hereof, the Board or its delegate shall have the power, subject to and within the limits of the express provisions of the Plan:

(1) To grant Options pursuant to the Plan.

(2) To determine from time to time which of the eligible persons shall be granted Options under the Plan, the number of Shares for which each Option shall be granted, the term of each granted Option and the time or times during the term of each

Option within which all or portions of each Option may be exercised (which at the discretion of the Board of its delegate may be accelerated.)

(3) To prescribe the terms and provisions of each Option granted (which need not be identical) and the form of written instrument that shall constitute the Option agreement.

(4) To take appropriate action to amend any Option hereunder, including to amend the vesting schedule of any outstanding Option, or to cause any Option granted hereunder to cease to be an ISO, provided that no such action adverse to a Participant's interest may be taken by the Board or its delegate without the written consent of the affected Participant.

(5) To determine whether and under what circumstances an Option may be settled in cash or Shares.

(c) The Board or its delegate shall also have the power, subject to and within the limits of the express provisions of this Plan:

(1) To construe and interpret the Plan and Options granted under the Plan, and to establish, amend and revoke rules and regulations for administration of the Plan. The Board or its delegate, in the exercise of this power, shall generally determine all questions of policy and expediency that may arise and may correct any defect, omission or inconsistency in the Plan or in any Option agreement in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(2) Generally, to exercise such powers and to perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

(d) The Board may, by resolution, delegate administration of the Plan (including, without limitation, the Board's powers under Sections 3(b) and (c) above), under either or both of the following:

(1) with respect to the participation of or granting of Options to an employee, consultant or advisor who is not an Insider, to a committee of one or more members of the Board, whether or not such members of the Board are Disinterested Directors;

(2) with respect to matters other than the selection for participation in the Plan, substantive decisions concerning the timing, pricing, amount or other material term of an Option, to a committee of one or more members of the Board, whether or not such members of the Board are Disinterested Directors, or to one or more Insiders.

(e) Unless each member of the Board is a Disinterested Director, the Board shall, by resolution, delegate administration of the Plan with respect to the participation in the Plan of employees who are Insiders, including its powers to select such employees for participation in the Plan, to make substantive decisions concerning the timing, pricing, amount or any other material term of an Option, to a committee of two or more Disinterested Directors who are also "outside directors" within the meaning of Section 162(m) of the Code. Any committee to which

administration of the Plan is so delegated pursuant to this Section 3(e) may also administer the Plan with respect to an employee described in Section 3(d)(1) above.

(f) Except as required by Section 3(e) above, the Board shall have complete discretion to determine the composition, structure, form, term and operations of any committee established to administer the Plan. If administration is delegated to a committee, unless the Board otherwise provides, the committee shall have, with respect to the administration of the Plan, all of the powers and discretion theretofore possessed by the Board and delegable to such committee, subject to any constraints which may be adopted by the Board from time to time and which are not inconsistent with the provisions of the Plan. The Board at any time may revest in the Board any of its administrative powers under the Plan, except under circumstances where a committee is required to administer the Plan under Section 3(e) above.

(g) The determinations of the Board or its delegate shall be conclusive and binding on all persons having any interest in this Plan or in any awards granted hereunder.

4. SHARES SUBJECT TO PLAN

Subject to the provisions of Section 11 (relating to adjustments upon changes in capitalization), the Shares which may be available for issuance under the Plan shall not exceed in the aggregate 42,900,000 Shares of the Company's authorized Common Stock and may be unissued Shares or reacquired Shares or Shares bought on the market for the purposes of issuance under the Plan. If any Options granted under the Plan shall for any reason be forfeited or canceled, terminate or expire, the Shares subject to such Options shall be available again for the purposes of the Plan. Shares which are delivered or withheld from the Shares otherwise due on exercise of an Option shall become available for future awards under the Plan. Shares that have actually been issued under the Plan, upon exercise of an Option shall not in any event be returned to the Plan and shall not become available for future awards under the Plan.

5. ELIGIBILITY

Options may be granted only to full or part-time employees, officers, directors, consultants and advisors of the Company and/or of any Affiliate provided such consultants and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. Outside Directors shall not be eligible for the benefits of the Plan, except as provided in Section 8 hereof. Any Participant may hold more than one Option at any time; provided, however, that no Participant will be eligible to receive more than 2,000,000 Shares in any calendar year under the Plan pursuant to the grant of Options hereunder, other than new employees of the Company or an Affiliate of the Company (including new employees who are also officers and directors of the Company or an Affiliate of the Company), who are eligible to receive up to a maximum of 3,000,000 Shares in the calendar year in which they commence their employment.

6. STOCK OPTIONS—GENERAL PROVISIONS

(a) Except for automatic grants of Options to Outside Directors under Section 8 hereof, each Option granted pursuant to the Plan may, at the discretion of the Board, be granted either as an ISO or as an NSO. No Option may be granted alternatively as an ISO and as an NSO.

(b) To the extent that the aggregate exercise price for ISOs which are exercisable for the first time by a Participant during any calendar year (under this Plan or any other plans of the Company or its subsidiaries or parent (as such terms are defined in Section 424 of the Code) exceeds $100,000, such Options shall be treated as NSOs.

(c) No ISO may be granted to a person who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of the Company or any of its subsidiaries or parent (as such terms are defined in Section 424 of the Code) unless the exercise price is at least 110% of the Fair Market Value per Share of the stock subject to the Option and the term of the Option does not exceed five (5) years from the date such ISO is granted.

(d) Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify an ISO under Section 422 of the Code.

7. TERMS OF OPTION AGREEMENT

Except as otherwise required by the terms of Section 8 hereof, each Option agreement shall be in such form and shall contain such terms and conditions as the Board from time to time shall deem appropriate, subject to the following limitations:

(a) The term of any NSO shall not be greater than ten (10) years and one day from the date it was granted. The term of any ISO shall not be greater than ten (10) years from the date it was granted.

(b) The exercise price of each ISO shall be not less than the Fair Market Value per Share of the stock subject to the Option on the date the Option is granted. NSOs may be granted at an exercise price that is not less than Fair Market Value per Share of the Shares at the time an NSO is granted.

(c) Unless otherwise specified in the Option agreement, no Option shall be transferable otherwise than by will, pursuant to the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder, or as otherwise permitted by regulations and interpretations under Section 16 of the Exchange Act.

(d) Except as otherwise provided in paragraph (e) of this Section 7 or in a Participant's employment agreement, the rights of a Participant (other than an Outside Director) to exercise an Option shall be limited as follows:

(1) DEATH OR DISABILITY: If a Participant's service is terminated by death or disability, then the Participant or the Participant's estate, or such other person as

may hold the Option, as the case may be, shall have the right for a period of twelve (12) months following the date of death or disability, or for such other period as the Board may fix, to exercise the Option to the extent the Participant was entitled to exercise such Option on the date of his death or disability, or to such extent as may otherwise be specified by the Board (which may so specify after the date of his death or disability but before expiration of the Option), provided the actual date of exercise is in no event after the expiration of the term of the Option. A Participant's estate shall mean his legal representative or any person who acquires the right to exercise an Option by reason of the Participant's death or disability.

(2) MISCONDUCT: If a Participant is determined by the Board to have committed an act of theft, embezzlement, fraud, dishonesty, a breach of fiduciary duty to the Company (or Affiliate), or deliberate disregard of the rules of the Company (or Affiliate), or if a Participant makes any unauthorized disclosure of any of the trade secrets or confidential information of the Company (or Affiliate), engages in any conduct which constitutes unfair competition with the Company (or Affiliate), induces any customer of the Company (or Affiliate) to break any contract with the Company (or Affiliate), or induces any principal for whom the Company (or Affiliate) acts as agent to terminate such agency relationship, then, unless otherwise provided in a Participant's employment agreement, neither the Participant, the Participant's estate nor such other person who may then hold the Option shall be entitled to exercise any Option with respect to any Shares whatsoever, after termination of service, whether or not after termination of service the Participant may receive payment from the Company (or Affiliate) for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Board shall give the Participant an opportunity to present to the Board evidence on his behalf. For the purpose of this paragraph, unless otherwise provided in a Participant's employment agreement, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Participant that his service is terminated.

(3) TERMINATION FOR OTHER REASONS: If a Participant's service is terminated for any reason other than those mentioned above under "DEATH OR DISABILITY" or "MISCONDUCT," the Participant, the Participant's estate, or such other person who may then hold the Option may, within three months following such termination, or within such longer period as the Board may fix, exercise the Option to the extent such Option was exercisable by the Participant on the date of termination of his employment or service, or to the extent otherwise specified by the Board (which may so specify after the date of the termination but before expiration of the Option) provided the date of exercise is in no event after the expiration of the term of the Option.

(4) EVENTS NOT DEEMED TERMINATIONS: Unless otherwise provided in a Participant's employment agreement, the service relationship shall not be considered interrupted in the case of (i) a Participant who intends to continue to provide services as a director, employee, consultant or advisor to the Company or an Affiliate; (ii) sick leave; (iii) military leave; (iv) any other leave of absence approved by the Board, provided such leave is for a period of not more than 90 days, unless reemployment upon the expiration

of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing; or (v) in the case of transfer between locations of the Company or between the Company or its Affiliates. In the case of any employee on an approved leave of absence, the Board may make such provisions respecting suspension of vesting of the Option while on leave from the employ of the Company or an Affiliate as it may deem appropriate, except that in no event shall an Option be exercised after the expiration of the term set forth in the Option.

(e) Unless otherwise provided in a Participant's employment agreement, if any Participant's employment is terminated by the Company for any reason other than for Misconduct or, if applicable, by Constructive Termination, within one year after a Change of Control has occurred, then all Options held by such Participant shall become fully vested for exercise upon the date of termination, irrespective of the vesting provisions of the Participant's Option agreement. For purposes of this subsection (e), the term "Change of Control" shall have the meaning assigned by this Plan, unless a different meaning is defined in an individual Participant's Option agreement or employment agreement.

(f) Options may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Board or its delegate shall deem appropriate.

(g) The Board may modify, extend or renew outstanding Options; provided that any such action may not, without the written consent of a Participant, impair any such Participant's rights under any Option previously granted.

8. AUTOMATIC GRANTS TO OUTSIDE DIRECTORS

(a) Each Outside Director shall be granted an Option to purchase 12,500 Shares under the Plan (the ***"First Option"***) on April 30, July 31, October 31 and December 15 or the first business day following such date, in the year that such Outside Director is first elected or appointed as a member of the Board; provided that an Outside Director who has previously been elected as a member of the Board on the Effective Date set forth in Section 14 below shall not be granted a First Option under the Plan. Thereafter, on April 30, July 31, October 31 and December 15 or the first business day following such date, each Outside Director reported as being elected at the annual meeting of the Company's stockholders shall be granted an additional Option to purchase 6,250 Shares under the Plan (the ***"Annual Option"***). Further, subject to the right of any Outside Director who has not previously been elected as a member of the Board to receive a First Option, if there are insufficient Shares available under the Plan for each Outside Director who is eligible to receive an Annual Option (as adjusted) in any year, the number of Shares subject to each Annual Option in such year shall equal the total number of available Shares then remaining under the Plan divided by the number of Outside Directors who are eligible to receive an Annual Option on such date, as rounded down to avoid fractional Shares. All Options granted to Outside Directors shall be subject to the following terms and conditions of this Section 8.

(b) All Options granted to Outside Directors pursuant to the Plan shall be NSOs.

(c) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, may consist entirely of (i) cash, (ii) certified or cashier's check, (iii) other Shares which (x) either have been owned by the Participant for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company, and (y) have a Fair Market Value per Share on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised, (iv) delivery of a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds required to pay the exercise price, or (v) any combination of the foregoing methods of payment.

(d) Each Option granted to an Outside Director shall be for a term of ten years plus one day. Each First Option shall vest and become exercisable according to the following schedule: one-third on April 30 of the calendar year following the date of grant; the remaining two-thirds vest in monthly increments thereafter, through April 30 of the third calendar year following the date of grant. Each Annual Option shall vest and become exercisable according to the following schedule: one-third on April 30 of the calendar year following the date of grant; the remaining two-thirds vest in monthly increments thereafter, through April 30 of the third calendar year following the date of grant. Any Shares acquired by an Outside Director upon exercise of an Option shall not be freely transferable until six months after the date stockholder approval referred to in Section 14 hereof is obtained.

(e) If an Outside Director's tenure on the Board is terminated for any reason, then the Outside Director or the Outside Director's estate, as the case may be, shall have the right for a period of twenty-four months following the date such tenure is terminated to exercise the Option to the extent the Outside Director was entitled to exercise such Option on the date the Outside Director's tenure terminated; provided the actual date of exercise is in no event after the expiration of the term of the Option. An Outside Director's "estate" shall mean the Outside Director's legal representative or any person who acquires the right to exercise an Option by reason of the Outside Director's death or disability.

(f) Upon a Change of Control, all Options held by an Outside Director shall become fully vested and exercisable upon such Change of Control, irrespective of any other provisions of the Outside Director's Option agreement.

(g) The automatic grants to Outside Directors pursuant to this Section 8 shall not be subject to the discretion of any person. The other provisions of this Plan shall apply to the Options granted automatically pursuant to this Section 8, except to the extent such other provisions are inconsistent with this Section 8.

9. PAYMENTS AND LOANS UPON EXERCISE OF OPTIONS

With respect to Options other than Options granted to Outside Directors pursuant to Section 8, the following provisions shall apply:

(a) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Board or its delegate (and, in the case of an ISO, shall be determined at the time of grant) and may consist entirely of (i) cash, (ii) certified or cashier's check, (iii) promissory note, (iv) other Shares which (x) either

have been owned by the Participant for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company, and (y) have a Fair Market Value per Share on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised, (v) delivery of a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds required to pay the exercise price, or (vi) any combination of the foregoing methods of payment. Any promissory note shall be a full recourse promissory note having such terms as may be approved by the Board and bearing interest at a rate sufficient to avoid imputation of income under Sections 483, 1274 or 7872 of the Code; provided that Participants who are not employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares; provided further, that the portion of the exercise price equal to the par value, if any, of the Shares must be paid in cash;

(b) The Company may make loans or guarantee loans made by an appropriate financial institution to individual Participants, including Insiders, on such terms as may be approved by the Board for the purpose of financing the exercise of Options granted under the Plan and the payment of any taxes that may be due by reason of such exercise.

10. TAX WITHHOLDING

(a) Where, in the opinion of counsel to the Company, the Company has or will have an obligation to withhold federal, state or local taxes relating to the exercise of any Option, the Board may in its discretion require that such tax obligation be satisfied in a manner satisfactory to the Company. With respect to the exercise of an Option, the Company may require the payment of such taxes before Shares deliverable pursuant to such exercise are transferred to the holder of the Option.

(b) With respect to the exercise of an Option, a Participant may elect (a ***"Withholding Election"***) to pay his minimum statutory withholding tax obligation by the withholding of Shares from the total number of Shares deliverable pursuant to the exercise of such Option, or by delivering to the Company a sufficient number of previously acquired Shares, and may elect to have additional taxes paid by the delivery of previously acquired Shares, in each case in accordance with rules and procedures established by the Board. Previously owned Shares delivered in payment for such additional taxes must have been owned for at least six months prior to the delivery or must not have been acquired directly or indirectly from the Company and may be subject to such other conditions as the Board may require. The value of Shares withheld or delivered shall be the Fair Market Value per Share on the date the Option becomes taxable. All Withholding Elections are subject to the approval of the Board must be made in compliance with rules and procedures established by the Board.

11. ADJUSTMENTS OF AND CHANGES IN CAPITALIZATION

If there is any change in the Common Stock of the Company by reason of any stock dividend, stock split, spin-off, split up, merger, consolidation, recapitalization, reclassification, combination or exchange of Shares, or any other similar corporate event, then the Board shall make appropriate adjustments to the number of Shares theretofore appropriated or thereafter subject or which may become subject to an Option under the Plan. In addition, the Board will make appropriate adjustment to the Share limitations set forth in Section 5 above. Outstanding Options shall also be automatically converted as to price and other terms if necessary to reflect the foregoing events. No right to purchase fractional Shares shall result from any adjustment in Options pursuant to this Section 11. In case of any such adjustment, the Shares subject to the Option shall be rounded down to the nearest whole Share. Notice of any adjustment shall be given by the Company to each holder of any Option which shall have been so adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

12. PRIVILEGES OF STOCK OWNERSHIP

No Participant will have any rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares.

13. EXCHANGE AND BUYOUT OF AWARDS; RULE 16b-3

Other than in connection with a change in the Company's capitalization (as described in this plan), Options may not be repriced, replaced or exchanged without stockholder preapproval if the effect of such a repricing, replacement or exchange would be to reduce the exercise price of an Incentive Stock Option or Nonstatutory Stock Option; provided, however, that the Company may effect a one-time exchange offer (the Exchange Offer) to be commenced in the discretion of the Compensation Committee of the Board of Directors no sooner than May 2, 2003, pursuant to which employees, other than the six senior executives named in the Summary Compensation Table in the Company's Proxy Statement for its 2003 Annual Meeting of Stockholders (the Proxy Statement), shall be given a one-time opportunity to surrender unexercised Options with exercise prices greater than $10.00 per share in exchange for a grant of new options (New Options) in accordance with exchange ratios calculated using the Black-Scholes stock option valuation model. The New Options will be granted no less than six months and one day following the cancellation of the surrendered Options and will be granted at the fair market value of the Company's common stock on the date of grant. The New Options will have the vesting schedules and terms and conditions as described in the Proxy Statement. No modification of an Option shall impair the option holder's right without the written consent of the option holder.

14. EFFECTIVE DATE OF THE PLAN

This Plan will become effective when adopted by the Board (the ***"Effective Date"***). This Plan must be approved by the stockholders of the Company, consistent with applicable laws, within twelve (12) months before or after the Effective Date. Upon the Effective Date, the Board

or its delegate may grant Options pursuant to this Plan; provided that no Option may be exercised prior to the initial stockholder approval of this Plan. In the event that stockholder approval is not obtained within the time period provided herein, all Options granted hereunder will be canceled. So long as Insiders are Participants, the Company will comply with the requirements of Rule 16b-3 with respect to stockholder approval.

15. AMENDMENT OF THE PLAN

(a) The Board at any time, and from time to time, may amend the Plan; provided that, except as provided in Section 11 (relating to adjustments upon changes in capitalization), no amendment for which stockholder approval is required shall be effective unless such approval is obtained within the required time period. Whether stockholder approval is required shall be determined by the Board.

(b) It is expressly contemplated that the Board may, without seeking approval of the Company's stockholders, amend the Plan in any respect necessary to provide the Company's employees with the maximum benefits provided or to be provided under Section 422 of the Code or Section 16 of the Exchange Act and the regulations promulgated thereunder and/or to bring the Plan or Options granted under it into compliance therewith.

(c) Rights and obligations under any Option granted before any amendment of the Plan shall not be altered or impaired by amendment of the Plan, except with the consent of the person who holds the Option, which consent may be obtained in any manner that the Board or its delegate deems appropriate.

(d) To the extent required by Rule 16b-3, the Board may not amend the provisions of Section 8 hereof more than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act, or the rules thereunder.

16. REGISTRATION, LISTING, QUALIFICATION, APPROVAL OF STOCK AND OPTIONS

An award under this Plan will not be effective unless such award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the Securities and Exchange Commission or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

17. NO RIGHT TO EMPLOYMENT

Nothing in this Plan or in any Option shall be deemed to confer on any employee any right to continue in the employ of the Company or any Affiliate or to limit the rights of the Company or its Affiliates, which are hereby expressly reserved, to discharge an employee at any time, with or without cause, or to adjust the compensation of any employee.

18. MISCELLANEOUS

The use of any masculine pronoun or similar term is intended to be without legal significance as to gender.

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Hector de J. Ruiz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Advanced Micro Devices, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2003

/s/ HECTOR DE J. RUIZ

Hector de J. Ruiz
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert J. Rivet, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Advanced Micro Devices, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2003

/s/ ROBERT J. RIVET

Robert J. Rivet
Chief Financial Officer

Exhibit 32.1

Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Advanced Micro Devices, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i.) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 29, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii.) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 11, 2003

/s/ HECTOR DE J. RUIZ

Hector de J. Ruiz
President and Chief Executive Officer

Exhibit 32.2

Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Advanced Micro Devices, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i.) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 29, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii.) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 11, 2003

/s/ ROBERT J. RIVET

Robert J. Rivet
Senior Vice President, Chief Financial Officer