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

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**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 30, 2002

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

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**ADVANCED MICRO DEVICES, INC.**

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(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**94-1692300**  
(I.R.S. Employer  
Identification No.)

**One AMD Place**  
**Sunnyvale, California**  
(Address of principal executive offices)

**94088**  
(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

The number of shares of \$0.01 par value common stock outstanding as of July 19, 2002: 342,322,902

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**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 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
Net sales	\$ 600,299	\$ 985,264	\$ 1,502,372	\$ 2,174,011
Expenses:				
Cost of sales	558,290	636,199	1,145,164	1,351,029
Research and development	178,425	171,114	350,307	328,874
Marketing, general and administrative	160,248	156,291	317,108	305,429
	896,963	963,604	1,812,579	1,985,332
Operating income (loss)	(296,664)	21,660	(310,207)	188,679
Interest income and other, net	8,661	12,308	18,199	31,131
Interest expense	(15,729)	(20,199)	(27,887)	(41,844)
Income before income taxes and equity in net income (loss) of joint venture	(303,732)	13,769	(319,895)	177,966
Provision (benefit) for income taxes	(121,493)	3,717	(125,534)	56,260
Income (loss) before equity in net income (loss) of joint venture	(182,239)	10,052	(194,361)	121,706
Equity in net income (loss) of joint venture	(2,699)	7,300	260	20,483
Net income (loss)	\$ (184,938)	\$ 17,352	\$ (194,101)	\$ 142,189
Net income (loss) per common share:				
Basic	\$ (0.54)	\$ 0.05	\$ (0.57)	\$ 0.44
Diluted	\$ (0.54)	\$ 0.05	\$ (0.57)	\$ 0.43
Shares used in per share calculation:				
Basic	341,782	330,120	341,294	322,234
Diluted	341,782	340,533	341,294	332,183

See accompanying notes.

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

	June 30, 2002	December 30, 2001*
	(unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 506,191	\$ 427,288
Short-term investments	593,752	442,709
	<u>1,099,943</u>	<u>869,997</u>
Total cash, cash equivalents and short-term investments	1,099,943	869,997
Accounts receivable, net of allowance for doubtful accounts	534,929	659,783
Inventories:		
Raw materials	39,321	26,489
Work-in-process	116,205	236,679
Finished goods	224,552	117,306
	<u>380,078</u>	<u>380,474</u>
Total inventories	380,078	380,474
Deferred income taxes	236,152	155,898
Prepaid expenses and other current assets	166,963	286,957
	<u>2,418,065</u>	<u>2,353,109</u>
Total current assets	2,418,065	2,353,109
Property, plant and equipment, at cost:		
Land	47,808	33,207
Buildings and leasehold improvements	1,258,840	1,461,228
Equipment	4,884,883	4,162,652
Construction in progress	592,477	469,191
	<u>6,784,008</u>	<u>6,126,278</u>
Total property, plant and equipment	6,784,008	6,126,278
Accumulated depreciation and amortization	(3,849,131)	(3,387,140)
	<u>2,934,877</u>	<u>2,739,138</u>
Property, plant and equipment, net	2,934,877	2,739,138
Investment in joint venture	378,164	363,611
Other assets	171,936	191,384
	<u>\$ 5,903,042</u>	<u>\$ 5,647,242</u>
	\$ 5,903,042	\$ 5,647,242
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 258,641	\$ 304,990
Accrued compensation and benefits	128,641	129,042
Accrued liabilities	343,289	443,995
Income taxes payable	37,824	56,234
Deferred income on shipments to distributors	38,381	47,978
Notes payable to banks	82,424	63,362
Current portion of long-term debt, capital lease obligations and other	284,936	268,336
	<u>1,174,136</u>	<u>1,313,937</u>
Total current liabilities	1,174,136	1,313,937
Deferred income taxes	75,438	105,305
Long-term debt, capital lease obligations and other, less current portion	1,141,060	672,945
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$0.01; 750,000,000 authorized; 342,286,797 shares issued and outstanding at June 30, 2002 and 340,502,883 at December 30, 2001	3,423	3,405
Capital in excess of par value	1,984,110	1,966,374
Treasury stock, at cost: 6,310,580 shares	(77,157)	(77,157)
Retained earnings	1,601,579	1,795,680
Accumulated other comprehensive income (loss)	453	(133,247)
	<u>3,512,408</u>	<u>3,555,055</u>
Total stockholders' equity	3,512,408	3,555,055
	<u>\$ 5,903,042</u>	<u>\$ 5,647,242</u>
	\$ 5,903,042	\$ 5,647,242

\* Amounts as of December 30, 2001 were derived from the December 30, 2001 audited financial statements.

See accompanying notes.

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

	Six Months Ended	
	June 30, 2002	July 1, 2001
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (194,101)	\$ 142,189
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	331,138	303,089
Amortization	26,077	9,287
Provision for doubtful accounts	1,860	398
Net change in deferred income taxes	(97,761)	23,798
Foreign grant and subsidy income	(28,831)	(24,749)
Net loss on disposal of property, plant and equipment	17,015	18,862
Net realized gain on sale of available-for-sale securities	(702)	—
Undistributed income of joint venture	(260)	(20,483)
Recognition of deferred gain on sale of building	(840)	(841)
Net compensation recognized under employee stock plans	1,654	2,860
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	123,049	(181,368)
Decrease (increase) in inventories	550	(64,718)
Decrease (increase) in prepaid expenses	(44,646)	2,147
Decrease in other assets	145,500	47,209
Decrease (increase) in tax refund receivable and tax payable	15,290	(37,887)
Refund of customer deposits under purchase agreements	(30,000)	(39,000)
Decrease in payables and accrued liabilities	(161,819)	(162,564)
Decrease in accrued compensation	(399)	(51,290)
Income tax benefit from employee stock option exercises	—	4,480
Net cash provided by (used in) operating activities	102,774	(28,581)
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(371,410)	(377,818)
Proceeds from sale of property, plant and equipment	2,240	367
Cash paid for the acquisition of Alchemy, net of cash acquired	(26,509)	—
Purchases of available-for-sale securities	(2,729,547)	(2,190,266)
Proceeds from sales/maturities of available-for-sale securities	2,611,547	2,205,171
Investment in joint venture	—	(122,356)
Net cash used in investing activities	(513,679)	(484,902)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	581,784	327,117
Payments on debt and capital lease obligations	(184,734)	(47,598)
Debt issuance cost	(14,057)	—
Proceeds from foreign grants	74,781	18,660
Proceeds from issuance of stock and other	16,099	32,623
Net cash provided by financing activities	473,873	330,807
Effect of exchange rate changes on cash and cash equivalents	15,935	(16,276)
Net increase (decrease) in cash and cash equivalents	78,903	(198,957)
Cash and cash equivalents at beginning of period	427,288	591,457
Cash and cash equivalents at end of period	\$ 506,191	\$ 392,500
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	\$ 17,212	\$ 26,458
Income taxes	\$ 23,342	\$ 50,996
Supplemental disclosures of non-cash financing activities:		
Redemption of convertible debt	\$ —	\$ 516,860

See accompanying notes.

**ADVANCED MICRO DEVICES, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**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 29, 2002. 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 30, 2001. 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 30, 2002 and July 1, 2001 each included 13 weeks. The six months ended June 30, 2002 and July 1, 2001 each included 26 weeks.

**2. New Accounting Pronouncements**

The Company adopted Statement of Financial Accounting Standards No. 141, "Business Combinations" (SFAS 141), Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142) and Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144) at the beginning of the 2002 fiscal year. The adoption of these standards did not have a material impact on the Company's financial statements.

In July 2002, the FASB issued Statement of Financial Accounting Standards No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146). SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." (EITF 94-3). The principal difference between SFAS 146 and EITF 94-3 relates to SFAS 146's timing for recognition of a liability for a cost associated with an exit or disposal activity. SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3 a liability for an exit cost as generally defined in EITF 94-3 was recognized at the date of an entity's commitment to an exit plan. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002. SFAS 146 is applied prospectively upon adoption and, as a result, would not have a material impact on the Company's current financial position or results of operations.

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**3. Available-For-Sale Securities**

The following is a summary of the available-for-sale securities held by the Company as of June 30, 2002:

(Thousands)	<u>Cost</u>	<u>Fair Market Value</u>
Cash equivalents:		
Commercial paper	\$ 32,724	\$ 32,977
Money market funds	149,458	149,487
Federal agency notes	786	786
<b>Total cash equivalents</b>	<b>\$ 182,968</b>	<b>\$ 183,250</b>
Short-term investments:		
Bank notes	\$ 22,686	\$ 22,949
Corporate notes	212,109	213,833
Money market auction rate preferred stocks	99,216	99,355
Federal agency notes	251,367	252,603
Tax exempt money market fund	5,000	5,012
<b>Total short-term investments</b>	<b>\$ 590,378</b>	<b>\$ 593,752</b>
Long-term investments:		
Equity investments	\$ 11,571	\$ 14,200
Commercial paper	10,000	10,000
Federal agency notes	2,463	2,463
<b>Total long-term investments (included in other assets)</b>	<b>\$ 24,034</b>	<b>\$ 26,663</b>

The Company realized a net gain on the sale of available-for-sale securities of \$0.7 million in the first six months of 2002.

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**4. Net Income (Loss) Per Common Share**

Basic net income (loss) per common share is computed using the weighted-average common shares outstanding. Diluted net income (loss) per common share is computed as though all potential dilutive common shares were outstanding during the period. Dilutive securities include stock options and shares issuable upon the conversion of convertible debt. For the three and six month periods ended June 30, 2002, 21 million and 18 million shares, respectively, of common stock issuable upon the assumed conversion of convertible debt were anti-dilutive and were not included in the calculation of diluted net income (loss) per share due to recorded net losses. For the three and six month periods ended June 30, 2002, outstanding stock options representing 3 million and 5 million shares, respectively, were not included in the calculation of diluted net income (loss) per share, as the effect would also be anti-dilutive. The following table sets forth the components of basic and diluted income (loss) per common share:

	Quarter Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
<i>(Thousands except per share data)</i>				
Numerator:				
Numerator for basic income (loss) per common share	\$ (184,938)	\$ 17,352	\$ (194,101)	\$ 142,189
Denominator:				
Denominator for basic income (loss) per share— weighted-average shares	341,782	330,120	341,294	322,234
Effect of dilutive securities:				
Employee stock options	—	10,413	—	9,949
Dilutive potential common shares	—	10,413	—	9,949
Denominator for diluted income (loss) per common share—adjusted weighted-average shares	341,782	340,533	341,294	332,183
Net income (loss) per common share:				
Basic	\$ (0.54)	\$ 0.05	\$ (0.57)	\$ 0.44
Diluted	\$ (0.54)	\$ 0.05	\$ (0.57)	\$ 0.43

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**5. Investment in Joint Venture**

In 1993, AMD and Fujitsu Limited formed a joint venture, Fujitsu AMD Semiconductor Limited (FASL), for the development and manufacture of non-volatile memory devices. FASL operates advanced integrated circuit (IC) manufacturing facilities in Aizu-Wakamatsu, Japan, for the production of Flash memory devices. The Company's share of FASL is 49.992 percent, and the investment is accounted for under the equity method. At June 30, 2002, the cumulative adjustment related to the translation of the FASL financial statements into U.S. dollars resulted in a decrease in the investment in FASL of \$27.2 million.

The following are the significant FASL related party transactions and balances, which have been included in the Company's consolidated financial statements:

	Quarter Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
(Thousands)				
Royalty income	\$ 8,265	\$ 10,604	\$ 15,541	\$ 24,949
Purchases	88,382	129,027	175,881	288,754
	June 30, 2002	December 30, 2001		
(Thousands)				
Royalty receivable	\$ 7,107	\$ 6,962		
Accounts payable	3,075	37,957		

The following is condensed unaudited financial data of FASL:

	Quarter Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
(Thousands)				
Net sales	\$ 171,896	\$ 250,294	\$ 341,181	\$ 566,761
Gross profit (loss)	(5,491)	28,521	43,704	92,533
Operating income (loss)	(6,412)	27,018	41,944	89,994
Net income (loss)	(28,289)	15,717	(4,243)	52,292

The Company's share of FASL net income (loss) set forth above differs from the equity in net income (loss) of joint venture reported on the condensed consolidated statements of operations. The difference is due to adjustments resulting from intercompany profit eliminations, which are reflected on the Company's consolidated statements of operations. The Company has never received cash dividends from its investment in FASL.

In 2000, FASL 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 FASL, the Company agreed to guarantee the repayment of up to \$125 million to Fujitsu in connection with its obligation

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as a co-signer with FMI under its global multicurrency revolving credit facility (the Credit Facility) with a third-party bank (the Guarantee). On November 30, 2001, Fujitsu announced that it was closing the Gresham Facility due to the downturn of the Flash memory market. On March 26, 2002, the Company received notice from Fujitsu that FMI requested an advance of funds from Fujitsu to avoid default under the Credit Facility, which notice is required as a condition to the Company's obligations under the Guarantee. However, to date, the Company has not received a demand for payment under the terms of the Guarantee from Fujitsu. Furthermore, the Company continues to disagree with Fujitsu as to the amount, if any, of the Company's obligations under the Guarantee. While the Company continues to discuss this matter with Fujitsu, the Company cannot at this time reasonably predict its outcome including any amounts the Company might be required to pay Fujitsu, and therefore, has not recorded any liability in its consolidated financial statements associated with the Guarantee.

### 6. Segment Reporting

AMD operates in two reportable segments: the Core Products and Foundry Services segments. The Core Products segment includes PC processors, Memory products and Other IC products. The Foundry Services segment includes fees for services provided to Legerity, Inc., the Company's former voice communication products subsidiary, and Vantis Corporation, the Company's former programmable logic subsidiary. The following table is a summary of sales and operating income (loss) by segment with a reconciliation to net income (loss) for the quarters and six months ended June 30, 2002 and July 1, 2001:

	Quarter Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
(Thousands)				
Segment net sales:				
Core Products segment	\$ 593,869	\$ 955,455	\$ 1,483,989	\$ 2,102,595
Foundry Services segment	6,430	29,809	18,383	71,416
Total segment net sales	\$ 600,299	\$ 985,264	\$ 1,502,372	\$ 2,174,011
Segment operating income (loss):				
Core Products segment	\$ (289,206)	\$ 27,787	\$ (301,746)	\$ 193,996
Foundry Services segment	(7,458)	(6,127)	(8,461)	(5,317)
Total segment operating income (loss)	(296,664)	21,660	(310,207)	188,679
Interest income and other, net	8,661	12,308	18,199	31,131
Interest expense	(15,729)	(20,199)	(27,887)	(41,844)
Benefit (provision) for income taxes	121,493	(3,717)	125,534	(56,260)
Equity in net income (loss) of joint venture	(2,699)	7,300	260	20,483
Net income (loss)	\$ (184,938)	\$ 17,352	\$ (194,101)	\$ 142,189

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### 7. Comprehensive Income (Loss)

The following are the components of comprehensive income (loss):

	Quarter Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
(Thousands)				
Net income (loss)	\$ (184,938)	\$ 17,352	\$ (194,101)	\$ 142,189
Net change in cumulative translation adjustments	138,745	(23,558)	101,356	(40,940)
Net change in unrealized gains (losses) on cash flow hedges	40,290	(3,831)	33,418	(11,648)
Unrealized gains (losses) on available-for-sale securities	91	498	(1,077)	(10,492)
Other comprehensive income (loss)	179,126	(26,891)	133,697	(63,080)
Comprehensive income (loss)	\$ (5,812)	\$ (9,539)	\$ (60,404)	\$ 79,109

The components of accumulated other comprehensive income (loss) are as follows:

	June 30, 2002	December 30, 2001
(Thousands)		
Unrealized gain on investments, net of tax	\$ 3,994	\$ 5,071
Net unrealized gains (losses) on cash flow hedges, net of tax	30,019	(3,399)
Cumulative translation adjustments	(33,560)	(134,919)
	\$ 453	\$ (133,247)

### 8. Senior Convertible Debt

On January 29, 2002, the Company closed a private offering of \$500 million aggregate principal amount of its 4¾% Convertible Senior Debentures (the Debentures) Due 2022 issued pursuant to Rule 144A and Regulation S of the Securities Act. The Company intends to use the net proceeds generated from the offering for capital expenditures, working capital and general corporate purposes.

The debentures bear interest at a rate of 4¾ percent per annum. The interest rate will be 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 such date on 5-year U.S. Treasury Notes, plus 43 basis points. The interest rate will not be less than 4¾ percent and will not exceed 6¾ percent. The debentures are convertible by the holders into the Company's 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 debentures will be convertible into approximately 43 shares of the Company's common stock.

The debentures will be redeemable by the Company for cash at specified prices declining to 100 percent of the principal amount plus accrued and unpaid interest at the Company's option beginning on February 5, 2005, provided that the Company may not redeem the debentures prior to February 1, 2006 unless the last reported sale price of the Company's common stock

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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.

Holders of the debentures will have the ability to require the Company to repurchase the debentures, in whole or in part, on February 1, 2009, February 1, 2012 and February 1, 2017. The holders of the debentures will also have the ability to require the Company to repurchase the debentures in the event that the Company undergoes 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 debentures plus accrued and unpaid interest.

### **9. Business Acquisition**

On February 19, 2002, the Company completed the acquisition of Alchemy Semiconductor, Inc., (Alchemy) a privately held company, for approximately \$30 million in cash consideration to Alchemy stockholders. Alchemy designs, develops and markets low-power, high performance microprocessors for personal connectivity devices such as personal digital assistants (PDAs), web tablets and portable and wired Internet access devices and gateways.

The Company has accounted for the acquisition using the purchase method, and the results of operations of Alchemy have been included in the Company's operations since acquisition. Approximately \$2.9 million of the purchase price represented acquired in-process research and development (IPR&D) that had not yet reached technological feasibility and had no alternative future use. The \$2.9 million was expensed upon the acquisition of Alchemy. In addition, the Company recorded \$18.7 million of goodwill based on the residual difference between the amount paid and the fair values assigned to identified tangible and intangible assets using an independent valuation. The Company adopted SFAS 141 and SFAS 142 at the beginning of 2002. Pursuant to SFAS 142, goodwill and intangible assets with indefinite lives are no longer amortized but will be reviewed annually for impairment.

### **10. Restructuring and Other Special Charges**

The Company announced a restructuring plan on September 25, 2001, due to the continued slowdown in the semiconductor industry and a resulting decline in revenues. In connection with the plan, the Company closed Fabs 14 and 15 in Austin, Texas in June 2002. These facilities supported certain of the Company's older products and its Foundry Service operations, which are being discontinued as part of the plan. The Company also reorganized related manufacturing facilities and reduced related activities primarily in Penang, Malaysia along with associated administrative support.

The restructuring plan will result in the reduction of approximately 2,240 direct manufacturing and related administrative support positions by the end of the third quarter of 2002. Approximately 750 of these positions were associated with closing Fabs 14 and 15 in Austin. The balance of the reductions resulted from reorganizing activities primarily in Penang, Malaysia.

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Pursuant to the September 25, 2001 plan, the Company recorded restructuring costs and other special charges of \$89.3 million, consisting of \$34.1 million of anticipated severance and fringe benefit costs, \$12.3 million and \$3.2 million of anticipated exit costs to close facilities in Austin and Penang, and \$28.7 million and \$10.3 million of non-cash asset impairment charges in Austin and Asia, primarily Penang. The asset impairment charges related primarily to buildings and production equipment and have been incurred as a result of the Company's decision to implement the restructuring plan. Management determined the fair value of the affected equipment based on market conditions and certain information obtained from third parties.

The following table summarizes activity under the plan through June 30, 2002:

(Thousands)	Severance and Employee Benefits	Facilities and equipment impairment	Facility and equipment decommission costs	Other facility exit costs	Total
Q3 2001 charges	\$ 34,105	\$ 39,000	\$ 15,500	\$ 700	\$ 89,305
Non-cash charges	—	(39,000)	—	—	(39,000)
Cash charges	—	—	—	—	—
Accruals at September 30, 2001	34,105	—	15,500	700	50,305
Cash charges	(7,483)	—	—	(54)	(7,537)
Accruals at December 30, 2001	26,622	—	15,500	646	42,768
Cash charges	(9,678)	—	(420)	—	(10,098)
Accruals at March 31, 2002	16,944	—	15,080	646	32,670
Cash charges	(11,546)	—	—	—	(11,546)
Accruals at June 30, 2002	\$ 5,398	\$ —	\$ 15,080	\$ 646	\$ 21,124

As of June 30, 2002, 2,205 employees were terminated resulting in cash payments of approximately \$29 million in severance and employee benefit costs. The remaining severance cash payments will be made by the end of the third quarter of 2002.

The plan will be substantially completed by the end of the third quarter of 2002, with the exception of the remaining decommissioning expenses, which will be paid over the course of the next 12 months.

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

***Cautionary Statement Regarding Forward-Looking Statements***

*The statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations that are forward-looking are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. The forward-looking statements 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 produce AMD Athlon™ and AMD Duron™ microprocessors with the performance and in the volume required by customers on a timely basis; our ability to maintain average selling prices of seventh-generation microprocessors despite aggressive marketing and pricing strategies of our competitors; our ability and the ability of third parties to provide timely infrastructure solutions (motherboards and chipsets) to support our microprocessors; our ability to increase customer and market acceptance of our seventh- and eighth-generation microprocessors; 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 and design facility in Dresden, Germany (Dresden Fab 30); and the financing, construction and utilization of the Fujitsu AMD Semiconductor Limited (FASL) manufacturing facilities. See "Financial Condition" and "Risk Factors" below, as well as such other risks and uncertainties as are detailed in our other Securities and Exchange Commission reports and filings for a discussion of the factors that could cause actual results to differ materially from the forward-looking statements.*

*The following discussion should be read in conjunction with the Unaudited Consolidated Financial Statements and related notes included in this report and our Audited Financial Statements and related notes as of December 30, 2001 and December 31, 2000 and for each of the three years in the period ended December 30, 2001 as filed in our Annual Report on Form 10-K.*

AMD, the AMD Arrow logo, and combinations thereof, Advanced Micro Devices, AMD Athlon, AMD Duron, AMD Opteron and MirrorBit are either trademarks or registered trademarks of Advanced Micro Devices, Inc. in the United States and/or other jurisdictions. Vantis is a trademark of Lattice Semiconductor Corporation. Legerity is a trademark of Legerity, Inc. Microsoft and Windows are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other jurisdictions. Other terms used to identify companies and products may be trademarks of their respective owners.

[Table of Contents](#)**RESULTS OF OPERATIONS**

We participate in all three technology areas within the digital integrated circuit (IC) market—microprocessors, memory circuits and logic circuits—through our Core Products and Foundry Services segments. Our Core Products segment includes our PC processor products, Memory products and Other IC products. PC processor products include our seventh-generation microprocessors, the AMD Athlon and AMD Duron microprocessors. Memory products include Flash memory devices and Erasable Programmable Read-Only Memory (EPROM) devices. Other IC products include embedded processors, networking products, personal connectivity solutions products and platform products, which primarily consists of chipsets. Our Foundry Services segment consists of service fees from Legerity, Inc. and Vantis Corporation.

On February 19, 2002, we completed the acquisition of Alchemy Semiconductor, Inc., a privately held company, for approximately \$30 million in cash consideration to Alchemy stockholders. Alchemy designs, develops and markets low-power, high performance microprocessors for personal connectivity devices such as personal digital assistants (PDAs), web tablets and portable and wired Internet access devices and gateways.

We use a 52- to 53-week fiscal year ending on the last Sunday in December. The quarters ended June 30, 2002, March 31, 2002 and July 1, 2001 each included 13 weeks. The six months ended June 30, 2002 and July 1, 2001 each included 26 weeks.

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

	Quarter Ended			Six Months Ended	
	June 30, 2002	March 31, 2002	July 1, 2001	June 30, 2002	July 1, 2001
(Millions)					
Core Products segment:					
PC Processors	\$ 380	\$ 684	\$ 588	\$ 1,064	\$ 1,249
Memory Products	175	160	316	\$ 335	727
Other IC Products	39	46	51	85	126
	594	890	955	1,484	2,102
Foundry Services segment	6	12	30	18	72
	\$ 600	\$ 902	\$ 985	\$ 1,502	\$ 2,174

**Net Sales Comparison of Quarters Ended June 30, 2002 and March 31, 2002**

Net sales of \$600 million for the second quarter of 2002 decreased by 33 percent compared to net sales of \$902 million for the first quarter of 2002.

During the second quarter of 2002, PC processors net sales of \$380 million decreased by 44 percent compared to the first quarter of 2002 due to declines in both average selling prices and unit sales. The decline in unit sales from

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approximately 8 million in the first quarter of 2002 to approximately 6 million in the second quarter of 2002 reflected a weaker than expected PC market. The decline in our average selling prices of approximately 28% from the first quarter of 2002 was principally due to a shift in the mix of products sold. In the third quarter of 2002, we expect unit shipments of PC processors to follow seasonal patterns, which generally show increases from second quarter levels. Our ability to increase PC processor revenue in the third quarter of 2002 depends upon customer demand for the newest versions of the AMD Athlon processors, resulting in an increase of average selling prices and an increase in unit shipments of our PC processors.

Memory products net sales of \$175 million increased by 9 percent in the second quarter of 2002 compared to the first quarter of 2002 due to an increase in unit shipments based on the strength of the high-end mobile phone market. This increase was partially offset by a continuing decline in average selling prices, although at a slower rate of decline than in preceding quarters. In the third quarter of 2002, we expect sequential sales growth of Flash memory devices due to an improving product portfolio.

Other IC products net sales of \$39 million decreased by 17 percent in the second quarter of 2002 compared to the first quarter of 2002 primarily due to a decline in sales of platform products, embedded processors and networking products.

Foundry Services segment service fees of \$6 million decreased by 50 percent in the second quarter of 2002 compared to the first quarter of 2002.

### **Net Sales Comparison of Quarters Ended June 30, 2002 and July 1, 2001**

Net sales of \$600 million for the second quarter of 2002 decreased by 39 percent compared to net sales of \$985 million for the second quarter of 2001.

PC processors net sales of \$380 million decreased by 35 percent in the second quarter of 2002 compared to the same quarter of 2001 primarily due to lower unit sales and average selling prices of our seventh-generation microprocessors.

Memory products net sales of \$175 million decreased by 45 percent in the second quarter of 2002 compared to the same quarter of 2001 due to a decline in average selling prices as a result of the sustained weakness in the communications and networking equipment industries, partially offset by an increase in unit shipments.

Other IC products net sales of \$39 million in the second quarter of 2002 decreased by 25 percent compared to the same quarter of 2001 primarily due to decreased net sales from embedded processors and platform products.

Foundry Services segment service fees of \$6 million in the second quarter of 2002 decreased by 80 percent compared to the same quarter of 2001.

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### Net Sales Comparison of Six Months Ended June 30, 2002 and July 1, 2001

Net sales of \$1,502 million for the first six months of 2002 decreased by 31 percent compared to net sales of \$2,174 million for the first six months of 2001.

PC processors net sales of \$1,064 million decreased 15 percent in the first six months of 2002 compared to the same period of 2001 primarily due to decline in average selling prices and unit shipments of our seventh- generation microprocessors.

Memory products net sales of \$335 million decreased by 54 percent in the first six months of 2002 compared to the same period of 2001 due to a decline in both unit shipments and average selling prices as a result of sustained broad market weakness.

The Other IC products net sales of \$85 million decreased by 33 percent in the first six months of 2002 compared to the same period of 2001 primarily due to decreased net sales of embedded processors.

The Foundry Services segment service fees of \$18 million in the first six months of 2002 decreased by 75 percent compared to the same period of 2001.

### 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:

	Quarter Ended			Six Months Ended	
	June 30, 2002	March 31, 2002	July 1, 2001	June 30, 2002	July 1, 2001
(Millions except for gross margin percentage)					
Cost of sales	\$ 558	\$ 587	\$ 636	\$ 1,145	\$ 1,351
Gross margin percentage	7%	35%	35%	24%	38%
Research and development	\$ 178	\$ 172	\$ 171	\$ 350	\$ 329
Marketing, general and administrative	160	157	156	317	305
Interest and other income, net	9	10	12	19	31
Interest expense	16	12	20	28	42

We operate in an industry characterized by intense competition and high fixed costs due to capital-intensive manufacturing processes, particularly the costs to build and maintain state-of-the-art wafer production facilities required for PC processors and memory devices. As a result, our gross margin percentage is significantly affected by fluctuations in unit sales and average selling prices.

The gross margin percentage of 7 percent in the second quarter of 2002 decreased from 35 percent in the first quarter of 2002 and the second quarter of 2001. The gross margin percentage of 24 percent for the first six months of 2002 decreased from 38 percent for the same period in 2001. The decline in gross margin was primarily due to a decline in both average selling prices and unit shipments of our PC processors. Given ongoing capital investments required to expand production and to remain competitive, in order to increase our gross margins we must increase unit sales and average selling prices of our products.

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Research and development expenses of \$178 million in the second quarter of 2002 increased by three percent compared to the first quarter of 2002, and four percent compared to the same quarter in 2001. Research and development expenses of \$350 million in the first six months of 2002 increased six percent compared to the first six months of 2001. The increase in research and development expenses was primarily due to PC processor research and development activities.

Research and development expenses and cost of sales in the second quarter of 2002 included the recognition of \$4.2 and \$10.8 million, respectively, of deferred credits on foreign capital grants and interest subsidies that were received from the State of Saxony for Dresden Fab 30. In the first six months of 2002, these credits totaled \$7.6 and \$21.2 million. In the first six months of 2001, these credits totaled \$3.5 and \$21.2 million.

Marketing, general and administrative expenses of \$160 million in the second quarter of 2002 were relatively flat compared to \$157 million in the first quarter of 2002 and \$156 million in the second quarter of 2001. Marketing, general and administrative expenses of \$317 million for the first six months of 2002 increased four percent compared to the first six months of 2001 primarily due to increased AMD Athlon microprocessor marketing efforts.

In the second quarter of 2002, interest and other income, net of \$9 million decreased 10 percent compared to the first quarter of 2002 and 25 percent compared to the second quarter of 2001. In the first six months of 2002, interest and other income, net of \$19 million decreased 39 percent compared to the first six months of 2001. The decrease in interest income was primarily due to lower interest rates and lower investment balances.

Interest expense of \$16 million in the second quarter of 2002 increased 33 percent compared to the first quarter of 2002 primarily because our \$500 million 4¾ percent convertible senior debentures, issued at the end of January 2002, were outstanding during the entire second quarter of 2002. Interest expense for the second quarter of 2002 decreased 20 percent compared to the same quarter of 2001 primarily due to the capitalization of interest beginning in the third quarter of 2001 associated with the expansion of Dresden Fab 30. Interest expense of \$28 million in the first six months of 2002 decreased 33 percent compared to the first six months of 2001 primarily due to the capitalization of interest beginning in the third quarter of 2001 associated with the expansion of Dresden Fab 30 and the lower interest rate on our currently outstanding convertible debt.

We announced a restructuring plan on September 25, 2001, due to the continued slowdown in the semiconductor industry and a resulting decline in revenues. In connection with the plan, we closed Fabs 14 and 15 in Austin, Texas in June 2002. These facilities supported certain of our older products and Foundry Service operations, which will be discontinued as part of our plan. We also reorganized related manufacturing facilities and reduced related activities primarily in Penang, Malaysia, along with associated administrative support.

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The restructuring plan will result in the reduction of approximately 2,240 direct manufacturing and related administrative support positions by the end of the third quarter of 2002. Approximately 750 of these positions were associated with closing Fabs 14 and 15 in Austin. The balance of the reductions resulted from reorganizing activities primarily in Penang, Malaysia.

Pursuant to the September 25, 2001 plan, we recorded restructuring costs and other special charges of \$89.3 million, consisting of \$34.1 million of anticipated severance and fringe benefit costs, \$12.3 million and \$3.2 million of anticipated exit costs to close facilities in Austin and Penang, and \$28.7 million and \$10.3 million of non-cash asset impairment charges in Austin and Asia, primarily Penang. The asset impairment charges related primarily to buildings and production equipment and have been incurred as a result of our decision to implement the restructuring plan. Management determined the fair value of the affected equipment based on market conditions and certain information obtained from third parties.

We recorded an additional charge of \$6.9 million during the third quarter of 2001 for the impairment of inventories associated with product lines to be discontinued as part of our September 25, 2001 restructuring plan. This amount was recorded in cost of sales in our statement of operations.

Please refer to the table in footnote 10 which summarizes activity under the plan through June 30, 2002. As a result of this restructuring plan, we expect to realize overall cost reductions of \$125 million on an annualized basis. The actions taken to date resulted in actual savings of approximately \$11.2 million in the second quarter of 2002. As of June 30, 2002, 2,205 employees had been terminated resulting in cash payments of approximately \$29 million in severance and employee benefit costs. The remaining severance cash payments will be made in the third quarter of 2002.

The plan will be substantially completed by the end of the third quarter of 2002, with the exception of the remaining decommissioning expenses, which will be paid over the course of the next 12 months.

### **Income Tax**

We recorded an income tax benefit of \$122 million in the second quarter of 2002 and an income tax provision of \$4 million in the second quarter of 2001. The effective tax rates for the quarter and six months ended June 30, 2002 were 40 percent and 39 percent, reflecting the benefits of tax credits and low-taxed foreign income. The effective tax rates for the quarter and six months ended July 1, 2001 were 27 percent and 32 percent, reflecting similar tax benefits.

### **Other Items**

International sales as a percent of net sales were 72 percent in the second quarter of 2002 compared to 65 percent in the first quarter of 2002 and 61 percent in the same quarter of 2001. International sales as a percent of net sales were 68 percent in the first six months of 2002

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compared to 62 percent in the first six months of 2001. During the second quarter of 2002, approximately one percent of our net sales were denominated in foreign currencies, the same as in the first quarter of 2002. We do not have sales denominated in local currencies in countries that have highly inflationary economies.

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**Comparison of Segment Income (Loss)**

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 income (loss) by segment for the periods presented below:

	Quarter Ended			Six Months Ended	
	June 30, 2002	March 31, 2002	July 1, 2001	June 30, 2002	July 1, 2001
(Millions)					
Core Products	\$ (289)	\$ (13)	\$ 28	\$ (302)	\$ 194
Foundry Services	(7)	(1)	(6)	(8)	(5)
Total segment operating income (loss)	\$ (296)	\$ (14)	\$ 22	\$ (310)	\$ 189

Core Products' operating results for the second quarter of 2002 decreased \$276 million compared to the first quarter of 2002 and \$316 million compared to the same quarter of 2001. Core Products' operating results in the first six months of 2002 decreased \$496 million compared to the first six months of 2001. The change in operating results was primarily due to a decline in both average selling prices and unit shipments of our PC processors.

## FINANCIAL CONDITION

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.

Accounts receivable decreased at a slower rate than the decrease in our revenue resulting in an increase in days sales outstanding. This was caused by the overall economic slowdown whereby customers were generally paying us more slowly than in prior periods. Inventory valuation remained relatively flat despite the decrease in revenues primarily due to a decrease in forecasted demand as a result of market conditions.

Net cash used by operating activities was \$29 million in the first six months of 2001 primarily due to net income of \$142 million, adjusted for depreciation and amortization of \$312 million, offset by a decrease of \$483 million in net changes in operating assets and liabilities.

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, \$30 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 used by investing activities was \$485 million in the first six months of 2001 primarily due to \$378 million used for the purchases of property, plant and equipment and \$122 million of additional equity investments in FASL, offset by \$15 million of net cash inflow from the purchases and sales of available-for-sale securities.

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.

Net cash provided by financing activities was \$331 million during the first six months of 2001 primarily due to \$327 million from borrowing activities, \$18 million of capital investment grants from the German government as part of the Dresden Fab 30 loan agreements, and \$33 million in proceeds from issuance of stock in connection with stock option exercises and purchases under our Employee Stock Purchase Plan, offset by \$48 million in payments on debt and capital lease obligations.

### **Notes Payable to Banks**

We entered into a Loan and Security Agreement (the Loan Agreement) with a consortium of banks led by a domestic financial institution on July 13, 1999. The Loan Agreement provides for a four-year secured revolving line of credit of up to \$200 million. We can borrow, subject to amounts that may be set aside by the lenders, up to 85 percent of our eligible accounts receivable from original equipment manufacturers and 50 percent of our eligible accounts receivable from distributors. We must comply with certain financial covenants if the level of domestic cash we hold declines to \$200 million or the amount of borrowings under the Loan Agreement rises to 50 percent of available credit. Under these circumstances the Loan Agreement restricts our ability to pay cash dividends on our common stock. Our obligations under the Loan Agreement are secured by a pledge of all of our accounts receivable, inventory, general intangibles and the related proceeds. As of June 30, 2002, we had borrowed \$75 million under the Loan Agreement.

As of June 30, 2002, we had approximately \$18 million in lines of credit available to our foreign subsidiaries under other financing agreements, of which approximately \$7 million was outstanding.

### **Senior Convertible Debt**

On January 29, 2002, we closed a private offering of \$500 million aggregate principal amount of our 4¾% Convertible Senior Debentures Due 2022 issued pursuant to Rule 144A and Regulation S of the Securities Act. The debentures bear interest at a rate of 4¾ percent per annum. The interest rate will be 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 such date on 5-year U.S. Treasury Notes, plus 43 basis points. The interest rate will not be less than 4¾ percent and will not exceed 6¾ percent. Holders of the debentures will also have the right to require us to repurchase all or a portion of their debentures on February 1, 2009, February 1, 2012, and February 1, 2017, at a price equal to 100 percent of the principal amount plus accrued and unpaid interest. The 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 debentures will be convertible into approximately 43 shares of our common stock. We intend to use the net proceeds generated from the offering for capital expenditures, working capital, and general corporate purposes. 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.

### **Dresden Term Loans and Dresden Guarantee**

AMD Saxony Limited Liability Company & Co. KG (formerly known as AMD Saxony Manufacturing GmbH) (AMD Saxony), an indirect wholly owned German subsidiary of AMD, continues to facilitate Dresden Fab 30, which began production in the second quarter of 2000. AMD, the Federal Republic of Germany, the State of Saxony, and a consortium of banks are providing credit support for the project. We currently estimate that the construction and facilitization costs of Dresden Fab 30 will be \$2.5 billion when it is fully equipped by the end of 2003. As of June 30, 2002, we had invested \$2.0 billion. 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 are denominated in deutsche marks (converted to euros), the dollar amounts are subject to change based on applicable conversion rates. We used the exchange rate that was permanently fixed on

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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 1.01 euro to one U.S. dollar as of June 30, 2002, to value the amounts denominated in deutsche marks. The Dresden Loan Agreements provide for the funding of the construction and facilitization of Dresden Fab 30. The funding consists of:

- equity, subordinated loans and loan guarantees from 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 Dresden Fab 30 project costs in the form of subordinated loans to, or equity investments in, AMD Saxony. In accordance with the terms of the Dresden Loan Agreements, as of June 30, 2002, we have invested \$597 million in the form of subordinated loans to and equity investments in AMD Saxony, which are eliminated in our consolidated financial statements. In addition to support from AMD, the consortium of banks referred to above has made available up to \$759 million in loans to AMD Saxony to help fund Dresden Fab 30 project costs. AMD Saxony had \$558 million of such loans outstanding through June 30, 2002, which are included in our consolidated balance sheets.

Finally, the Federal Republic of Germany and the State of Saxony are supporting the Dresden Fab 30 project, in accordance with the Dresden Loan Agreements, in the form of:

- guarantees equal to the lesser of 65 percent of AMD Saxony bank debt or \$759 million;
- capital investment grants and allowances totaling \$287 million; and
- interest subsidies totaling \$147 million.

Of these amounts, AMD Saxony had received approximately \$284 million in capital investment grants and allowance, \$80 million in interest subsidies and \$28 million in research and development subsidies through June 30, 2002, which are included in our consolidated financial statements. The grants and subsidies are subject to conditions, including meeting specified levels of employment at December 2001 and maintaining those levels until June 2007. Noncompliance with the conditions of the grants 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. As of June 30, 2002, we were in compliance with all of the conditions of the grants and subsidies.

As of July 1, 2002, AMD Saxony was converted from a GmbH (limited liability company) into a KG (limited partnership). The partners in AMD Saxony are AMD Saxony Holding GmbH, AMD's wholly owned subsidiary that held the shares of AMD Saxony before the conversion, and two newly formed wholly owned subsidiaries of AMD, AMD Saxony Admin GmbH (held indirectly) and AMD Saxony LLC. In addition, the Dresden Loan Agreements were amended in June 2002. Under the June 2002 amendments, we reduced our obligation to reimburse AMD Saxony for the cost of producing wafers for us. We also agreed to increase the maximum amount of revolving loans that we make available to AMD Saxony from \$500 million to \$750 million, and we agreed that interest payments on the revolving loans would be capitalized until the bank loans are repaid in full. As of June 30, 2002, \$161 million of revolving loans were

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outstanding. Because the loans are due to be repaid by our subsidiary, AMD Saxony, the related intercompany loan and debt is not recorded on our consolidated financial statements.

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

- provide interim funding to AMD Saxony if either the remaining capital investment allowances or the remaining interest subsidies are delayed, such funding to be repaid to AMD as AMD Saxony receives the grants 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 35 percent of AMD Saxony's obligations under the Dresden Loan Agreements, which guarantee must not be less than \$110 million or more than \$304 million, until the bank loans are repaid in full.

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

- material variances from the approved plan and specifications;
- our failure to fund equity contributions or shareholder loans or otherwise comply with our obligations relating to the Dresden Loan Agreements;
- the sale of shares in AMD Saxony or AMD Holding;
- 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 or AMD Holding; and
- the occurrence of a default under the Loan Agreement.

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 is not cured by us, would result in a cross-default under the Dresden Loan Agreements and the Loan Agreement. As of June 30, 2002, 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 and the Loan Agreement, which default would permit acceleration of certain indebtedness, which could have a material adverse effect on us. 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.

### **FASL Facilities and Guarantees**

FASL, a joint venture formed by AMD and Fujitsu Limited in 1993, operates advanced wafer fabrication facilities in Aizu-Wakamatsu, Japan (FASL JV1, FASL JV2 and FASL JV3), for the production of Flash memory devices, which are sold to us and Fujitsu. FASL is continuing the facilitization of FASL JV2 and FASL JV3. We expect FASL JV2 and JV3, including

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equipment, to cost approximately \$2.2 billion when fully equipped. As of June 30, 2002, approximately \$1.6 billion of these costs had been funded by cash generated from FASL operations. These costs are incurred in Japanese yen and are, therefore, subject to change due to foreign exchange rate fluctuations. We used the exchange rate on June 30, 2002 of 119.72 yen to one U.S. dollar to translate the amounts denominated in yen into U.S. dollars.

In 2000, FASL 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 FASL, we agreed to guarantee the repayment of up to \$125 million to Fujitsu in connection with its obligation as a co-signer with FMI under its global multicurrency revolving credit facility (the Credit Facility) with a third-party bank (the Guarantee). On November 30, 2001, Fujitsu announced that it was closing the Gresham Facility, due to the downturn of the Flash memory market. On March 26, 2002, we received notice from Fujitsu that FMI requested an advance of funds from Fujitsu to avoid default under the Credit Facility, which notice is required as a condition to our obligations under the Guarantee. However, to date we have not received a demand for payment under the terms of the Guarantee from Fujitsu. Furthermore, we continue to disagree with Fujitsu as to the amount, if any, of our obligations under the Guarantee. While we continue to discuss this matter with Fujitsu, we cannot at this time reasonably predict its outcome including any amounts we might be required to pay Fujitsu, and, therefore, have not recorded any liability in our consolidated financial statements associated with the Guarantee.

A significant portion of FASL's capital expenditures in 2002 will continue to be funded by cash generated from FASL's operations. However, to the extent that additional funds are required for the full facilitization of FASL JV2 and FASL JV3, we will be required to contribute cash or guarantee third-party loans in proportion to our 49.992 percent interest in FASL, up to 25 billion yen (\$209 million). As of June 30, 2002, we had \$176 million in loan guarantees outstanding with respect to FASL's outstanding third-party loans.

### **UMC**

On January 31, 2002, we announced an alliance with United Microelectronics Corporation (UMC) under which UMC and AMD will establish a joint venture to operate a state-of-the-art, 300-mm wafer fabrication facility in Singapore for high-volume production of PC processors and other logic products. As part of the alliance, UMC and AMD will collaborate in the development of advanced process technologies for semiconductor logic products. We separately announced a foundry agreement under which UMC will produce PC processors to augment Dresden Fab 30 production capacity for devices produced on 130-nanometer and smaller-geometry technology.

### **Other Financing Activities**

We plan to make capital investments of approximately \$430 million during the remainder of 2002, including amounts related to the continued facilitization of Dresden Fab 30. We believe that cash flows from our operations and current cash balances, together with available external

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financing, will be sufficient to fund our operations and capital investments for the next twelve months.

### **Recently Adopted Accounting Pronouncements**

We adopted Statement of Financial Accounting Standards No. 141, "Business Combinations" (SFAS 141), Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Asset" (SFAS 142) and Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144) at the beginning of the 2002 fiscal year. The adoption of these standards did not have a material impact on our financial statements.

In July 2002, the FASB issued Statement of Financial Accounting Standards No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146). SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." (EITF 94-3). The principal difference between SFAS 146 and EITF 94-3 relates to SFAS 146's timing for recognition of a liability for a cost associated with an exit or disposal activity. SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3 a liability for an exit cost as generally defined in EITF 94-3 was recognized at the date of an entity's commitment to an exit plan. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002. SFAS 146 is applied prospectively upon adoption and, as a result, would not have a material impact on our current financial position or results of operations.

### **RISK FACTORS**

**Fluctuations in the Personal Computer Market May Continue to Materially Adversely Affect Us.** Our business is closely tied to the personal computer industry. Industry-wide fluctuations in the PC marketplace have materially adversely affected us, including the industry downturn experienced during 2001 and currently, and may materially adversely affect us in the future. There is currently excess PC processor inventory in the supply chain. If market conditions do not improve, this could limit our shipments until customer demand increases and inventories are balanced to end user demand.

**The Cyclical Nature of the Semiconductor Industry May Limit Our Ability to Maintain or Increase Revenue and Profit Levels During Industry Downturns.** The semiconductor industry is highly cyclical, to a greater extent than other less dynamic or less technology-driven industries. In the past, including during 2001, the first half of 2002 and currently, our financial performance has been negatively affected by significant downturns in the semiconductor industry as a result of:

- the cyclical nature of the demand for the products of semiconductor customers;
- excess inventory levels in the channels of distribution, including our customers;

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- excess production capacity; and
- accelerated declines in average selling prices.

If current conditions do not improve in the near term or if these or other conditions in the semiconductor industry occur in the future, we will be adversely affected.

**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 against Intel in this market, 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, we could be materially adversely affected.

We must continue to market successfully our seventh-generation Microsoft Windows compatible microprocessors, the AMD Athlon and AMD Duron microprocessors. To sell the volume of AMD Athlon and AMD Duron microprocessors we currently plan to manufacture through 2002, we must increase sales to existing customers and develop new customers in both consumer and commercial markets. 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 Pentium 4 processor;
- our ability to maintain and improve the successful marketing position of the AMD Athlon XP microprocessor, which relies on market acceptance of a metric based on overall processor performance versus processor speed;
- our ability to maintain average selling prices of microprocessors despite increasingly aggressive Intel pricing strategies, marketing programs, new product introductions and product bundling 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 will be able to convert production in Dresden Fab 30 to 90-nanometer copper interconnect process technology beginning in 2003;
- our ability to expand our chipset and system design capabilities; and
- the availability and acceptance of motherboards and chipsets designed for our microprocessors.

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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 the AMD Athlon and AMD Duron microprocessors, our seventh-generation processors, and the success of future generations of microprocessors.

Shipments of our eighth-generation processors for desktops, AMD Athlon processors based on Hammer technology, are planned to begin in the fourth quarter of 2002 depending on platform availability. There is a risk that platform availability could lag processor availability, which could cause us to delay first customer shipments of our processors until platforms are available. Shipments of our eighth-generation enterprise class processor for workstations and servers, the AMD Opteron™ processor based on Hammer technology, are planned to begin in the first half of 2003. These processors will be produced in Dresden Fab 30, initially on 130-nanometer process technology employing silicon on insulator technology. These processors are designed to provide high performance for both 32-bit and 64-bit applications. The success of our eighth-generation processors are subject to risks and uncertainties including our ability to produce them in a timely manner on new process technologies in the volume and with the performance and feature set required by customers, market acceptance of them and the availability, performance and feature set of motherboards and chipsets designed for our eighth-generation processors.

If we fail to achieve continued and expanded market acceptance of our seventh-generation microprocessors or if we fail to introduce in a timely manner, or achieve market acceptance for, our eighth-generation microprocessors, we may be materially adversely affected.

**Weak Market Demand for Our Flash Memory Products or Any Difficulty in Our Transition to MirrorBit Technology May Have a Material Adverse Impact on Us.** While improving somewhat, the demand for Flash memory devices continues to be weak due to the sustained downturn in the communications and networking equipment industries and excess inventories held by our 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 competitive products. A decline in unit sales of our Flash memory devices and/or lower average selling prices could have a material adverse effect on us.

In July 2002 we commenced production shipments of our first product with MirrorBit™ technology. Our MirrorBit technology is a new memory cell architecture that enables Flash memory products to hold twice as much data as standard Flash memory devices. MirrorBit technology is expected to result in reduced cost of our products. Any substantial difficulty in transitioning our Flash memory products to MirrorBit technology, or failure to achieve the cost savings we expect, could reduce our ability to be competitive in the market and could 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, target our customers and our channel partners with special incentives and discipline customers who do

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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;
- 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 also dominates the PC system platform. As a result, PC OEMs are highly dependent on Intel, less innovative on their own and, to a large extent, distributors of Intel technology.

In marketing our microprocessors to these OEMs and dealers, we depend on 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 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 seventh-generation and eighth-generation microprocessors will depend on our ability to ensure that the microprocessors can be used in PC platforms designed to support our microprocessors or that platforms are available that support both Intel processors and our microprocessors. A failure of the designers and producers of motherboards, chipsets, processor modules and other system components to support our microprocessor offerings would have a material adverse effect 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, has adversely affected demand for our microprocessors, Flash memory devices and other integrated circuits. Similarly, a continued decline of the worldwide semiconductor market or a significant decline in economic conditions in any significant

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geographic area would likely decrease the overall demand for our products, which could have a material adverse effect on us. In addition, these economic conditions are also affecting our customers. If the economic slowdown continues or worsens, it could adversely impact our customers' ability to pay us in a timely manner.

**If We Were to Lose Microsoft Corporation's Support for Our Products or Its Logo License, Our Ability to Market Our Processors May 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 provide support in its operating systems for our x86 instruction sets, including our x86-64 Hammer technology that will be introduced with our eighth-generation AMD Athlon and AMD Opteron processors, independent software providers may forego designing their software applications to take advantage of our innovations. In addition, we have entered into logo license agreements with Microsoft that allow us to label our products as "Designed for Microsoft Windows," which expire in November 2002 and which may be terminated without cause on 30 days notice by either party. If we fail to retain the support and certification of Microsoft or if we are unable to renew or renegotiate the license agreements on acceptable terms, our ability to market our processors could be materially adversely affected.

**We Plan for Significant Capital Expenditures in 2002 and Beyond and if We Cannot Generate that Capital Internally or Obtain it Externally, 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 \$430 million during the remainder of 2002. These capital expenditures include those relating to the continued facilitization of our manufacturing facilities known as Dresden Fab 30, in Dresden, Germany, and Fab 25, in Austin, Texas. These capital expenditures will be a substantial drain on our cash flow and may also decrease our cash balances. To the extent that we cannot generate the required capital internally or obtain such capital externally, we could be materially adversely affected.

In March 1997, AMD Saxony entered into a loan agreement and other related agreements with a consortium of banks led by Dresdner Bank AG. These agreements require that we partially fund Dresden Fab 30 project costs in the form of subordinated loans to, or equity investments in, AMD Saxony. We currently estimate that the maximum construction and facilitization costs to us of Dresden Fab 30 will be \$2.5 billion when fully equipped by the end of 2003. We had invested \$2.0 billion as of June 30, 2002. If we are unable to meet our obligations to AMD Saxony as required under these agreements, we will be in default under the loan agreement, which would permit acceleration of indebtedness.

Our joint venture with Fujitsu Limited, FASL, continues to facilitize its manufacturing facilities in Aizu-Wakamatsu, Japan, known as FASL JV2 and FASL JV3. We expect FASL JV2 and FASL JV3, including equipment, to cost approximately \$2.2 billion when fully equipped. As of June 30, 2002, approximately \$1.6 billion of this cost had been funded. To the extent that additional funds are required for the full facilitization of FASL JV2 and FASL JV3, we will be required to contribute cash or guarantee third-party loans in proportion to our 49.992 percent interest in FASL. In 2000, FASL further expanded its production capacity through a foundry

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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 FASL, we agreed to guarantee the repayment of up to \$125 million to Fujitsu in connection with its obligation as a co-signer with FMI under its global multicurrency revolving credit facility (the Credit Facility) with a third-party bank (the Guarantee). On November 30, 2001, Fujitsu announced that it was closing the Gresham Facility, due to the downturn of the Flash memory market. On March 26, 2002, we received notice from Fujitsu that FMI had requested an advance of funds from Fujitsu to avoid default under the Credit Facility. Although we disagree with Fujitsu as to the amount, if any, of our obligations under the Guarantee, Fujitsu has indicated its belief that we are obligated to pay the full \$125 million. If we are unable to fulfill our obligations with respect to FASL, our business could be materially and adversely affected.

While the FASL joint venture has been successful to date, there can be no assurance that Fujitsu and AMD will elect to continue the joint venture in its present form or at all.

**Our Inability to Quickly Adapt to Significant Fluctuations in Demand for Our Products Relative to the Capacity of Our Manufacturing Facilities Could Have a Material Adverse Effect on Us.** Because we cannot quickly adapt our manufacturing capacity to rapidly changing market conditions, at times we underutilize our manufacturing facilities as a result of reduced demand for certain of our products. We are substantially increasing our manufacturing capacity by making significant capital investments in Dresden Fab 30, Fab 25, FASL JV3 and our 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.

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.

At this time, the most significant risk is that we will have underutilized capacity in Fab 25 as we continue to transition the production of microprocessors out of Fab 25 and into Dresden Fab 30 and as we convert Fab 25 to a Flash memory device production facility while demand for Flash memory products remains depressed.

Further, during periods where we are implementing new process technologies, our manufacturing facilities may not be fully productive. For example, as we convert Fab 25 to Flash memory device production, Fab 25 will not be fully productive. A substantial delay in the successful conversion of Fab 25 or the technology transitions in Dresden Fab 30 to 130-nanometer process technology employing silicon on insulator technology and then to smaller geometries could have a material adverse effect on us.

**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.** 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 eighth-generation family of microprocessors. 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.

**Any Substantial Interruption of or Problems with Our Manufacturing Operations Could Materially Adversely Affect Us.** Any substantial interruption of our manufacturing operations, either as a result of a labor dispute, equipment failure or other cause, could materially adversely affect us. Further, manufacturing yields may be adversely affected by, among other things, errors and interruptions in the fabrication process, defects in raw materials, implementation of new manufacturing processes, equipment performance and process controls. A decline in manufacturing yields may have a material adverse effect on our earnings.

**Our Inability to Effectively Transition to a New Enterprise Resource Planning Program Could Have a Material Adverse Effect on Us.** We are currently in the process of transitioning to an SAP software system as our new enterprise resource planning system, which is intended to provide an integrated information system to serve all of AMD. The first phase of the implementation was successfully completed in January 2002. Future phases of the implementation are expected to occur through 2003. We are heavily dependent on the proper function of our internal systems to conduct our business. System failure or malfunctioning may result in disruptions of operations and inability to process transactions. If we encounter unforeseen problems with respect to the system operations or future implementations, we could be materially adversely affected.

**If Our Products Are Not Compatible with Some or All Industry-Standard Software and Hardware, We Could be Materially Adversely Affected.** It is possible that our products may not be 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.

**Costs Related to Defective Products Could Have a Material Adverse Effect on Us.** It is possible that 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.

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**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 products are performed at our manufacturing facilities in Penang, Malaysia; Bangkok, Thailand; Suzhou, China; Japan; and Singapore; or by subcontractors in the United States and Asia. 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 may have a material adverse effect on us.

**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 Quarterly, Annual and Seasonal Fluctuations.** Our operating results are subject to substantial quarterly and annual fluctuations due to a variety of factors, including decreases in average selling prices of our products, general worldwide economic conditions, the gain or loss of significant customers, market acceptance of our products and new product introductions by us or our competitors. In addition, changes in the mix of products produced and sold in the mix of sales by distribution channels, in the availability and cost of products from our suppliers or in production capacity and manufacturing yields can contribute to periodic fluctuations in operating results.

Our operating results also tend to vary seasonally. Our revenues are generally lower in the first, second and third quarters of each year than in the fourth quarter. This seasonal pattern is largely

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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.

**Our Inability to Adapt to the Rapid Technological Change Characteristic of the Market for Our Products Could Materially Adversely Affect Us.** The market for our products is generally characterized by rapid technological developments, evolving industry standards, changes in customer requirements, frequent new product introductions and enhancements, short product life cycles and severe price competition. Our success depends substantially on our ability, on a cost-effective and timely basis, to continue to enhance our existing products, develop and introduce new products that take advantage of technological advances and meet the demands of our customers.

**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.

**Our Customers Can Cancel or Revise Purchase Orders Without Penalty. We Must Commit Resources to the Manufacture of Products Without Any Advance Purchase Commitments from Customers, Which Could Result in Excess Costs to Us.** Sales of our products are made primarily pursuant to purchase orders for current delivery or agreements covering purchases over a period of time, which may be revised or canceled without penalty. As a result, we must commit resources to the manufacture of products without any advance purchase commitments from customers. Therefore, the failure of demand for our products to match the supply of our products could result in the expenditure of excess costs, which could have a material adverse effect on us.

**Our Obligations Under Specific Provisions in our Agreements with Distributors Expose Us to Material Adverse Effects When We Experience an Unexpected Significant Decline in the Price of Our Products.** 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 there is an unexpected significant decline in the price of our products.

**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

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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 Applicable Environmental Regulations Could Subject Us to Fines, Suspension of Production, Alteration of Our Manufacturing Operations or Regulatory Action.** Our business involves the use of hazardous materials. If we fail to comply with governmental regulations related to the use, storage, handling, discharge or disposal of toxic, volatile or otherwise hazardous chemicals used in our manufacturing process, we may be subject to fines, suspension of production, alteration of our manufacturing processes or cessation of our operations. Such regulations could require us to procure expensive remediation equipment or to incur other expenses to comply with environmental regulations. 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 us. Violations of environmental laws may result in criminal and civil liabilities.

**Terrorist Attacks, Such as the Attacks That Occurred in New York and Washington, DC on September 11, 2001, and Other Acts of Violence or War May Materially Adversely Affect the Markets in which We Operate, Our Operations and Our Profitability.** 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 has entered into an armed conflict 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 any of these armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business.

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

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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 price of our securities.

**Our Corporate Headquarters, Assembly and Research and Development Activities Are Located in an Earthquake Zone and these Operations Could Be Interrupted in the Event of an Earthquake.** Our corporate headquarters, assembly operations in California and research and development activities related to process technologies are located near major earthquake fault lines. In the event of a major earthquake, we could experience business interruptions, destruction of facilities and/or loss of life, all of which could materially adversely affect us.

**We Have a Substantial Amount of Debt and Debt Service Obligations, Which Could Adversely Affect Our Financial Position.** Our Loan Agreement provides for a four-year secured revolving line of credit of up to \$200 million, which currently expires on July 14, 2003. Under this agreement, we can borrow, subject to amounts which 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. If the level of cash we hold in the United States declines below \$200.0 million or the amount of borrowings rises to 50 percent of available credit, we must comply with financial covenants that require us to maintain particular adjusted tangible net worth levels as detailed in the Loan Agreement. Our obligations under this agreement are secured by a pledge of most of our accounts receivable, inventory, general intangibles and the related proceeds. As of June 30, 2002, \$75 million was outstanding under the Loan Agreement.

Our indirect wholly owned subsidiary, AMD Saxony Limited Liability Company & Co. KG (formerly known as AMD Saxony Manufacturing GmbH) (AMD Saxony), is a party to a loan agreement and other related agreements with a consortium of banks led by Dresdner Bank AG. These agreements require that we partially fund Dresden Fab 30 project costs in the form of subordinated loans to, or equity investments in, AMD Saxony. If we are unable to meet our obligations to AMD Saxony as required under these agreements, we will be in default under the Loan Agreement, which would permit acceleration of indebtedness under both agreements. In addition, the Dresden Loan Agreement prohibits AMD Saxony from paying any dividends, so cash held by AMD Saxony will not be available for the repayment of the debentures. 32 percent of our consolidated assets were held by AMD Saxony as of June 30, 2002.

To the extent that additional funds are required for the full facilitization of FASL JV2 and FASL JV3, we will be required to contribute cash or guarantee third-party loans in proportion to our 49.992 percent interest in FASL. If we are unable to fulfill our obligations to FASL, our business could be materially and adversely affected. In 2000, FASL 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 FASL, we agreed to guarantee the repayment of up to \$125 million to Fujitsu in connection with its obligation as a co-signer with FMI under its global multicurrency revolving credit facility (the Credit Facility) with a third-party bank (the Guarantee). On November 30, 2001, Fujitsu announced that it was closing the Gresham Facility, due to the downturn of the Flash memory market. On March 26, 2002, we received notice from Fujitsu that FMI had requested an advance

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of funds from Fujitsu to avoid default under the Credit Facility, which notice is required as a condition to our obligations under the Guarantee. However, to date we have not received a demand for payment under the terms of the Guarantee from Fujitsu. Furthermore, we continue to disagree with Fujitsu as to the amount, if any, of our obligations under the Guarantee. While we continue to discuss this matter with Fujitsu, we cannot at this time reasonably predict its outcome including any amounts we might be required to pay Fujitsu, and, therefore, have not recorded any liability in our consolidated financial statements associated with the Guarantee.

On January 29, 2002, we closed a private offering of \$500 million aggregate principal amount of our 4¾% Convertible Senior Debentures Due 2022 (the Debentures). The debentures bear interest at a rate of 4¾ percent per annum. The interest rate will be 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 such date on 5-year U.S. Treasury Notes, plus 43 basis points. The interest rate will not be less than 4¾ percent and will not exceed 6¾ percent. Holders of the debentures will also have the right to require us to repurchase all or a portion of their debentures on February 1, 2009, February 1, 2012 and February 1, 2017, at a price equal to 100% of the principal amount plus accrued and unpaid interest. For federal income tax purposes, holders of debentures have agreed to treat the debentures as “contingent payment debt instruments,” which allows us to deduct interest significantly in excess of cash we pay as interest payments while the debentures are outstanding. If this agreed upon treatment was successfully challenged by the Internal Revenue Service, our ability to deduct these excess amounts may be limited.

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 our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our Loan Agreement in an amount sufficient to enable us to pay our debt or Debentures, or to fund our other liquidity needs. We may need to refinance all or a portion of our debt, including the Debentures, on or before maturity. We cannot assure you that we will be able to refinance any of our debt, including our Loan Agreement or the Debentures, on commercially reasonable terms or at all.

We may incur substantial additional debt in the future. As of June 30, 2002, we had the ability to borrow \$200 million under the Loan Agreement, of which \$75 million was outstanding. If new debt is added to our and our subsidiaries’ current debt levels, the risk of our inability to repay our debt, including the Debentures, could intensify.

**The Price of Our Common Stock Continues to Be Highly Volatile.** Based on the trading history of our common stock, we believe that the following factors have caused and are likely to continue to cause the market price of our common stock to fluctuate substantially:

- quarterly fluctuations in our operating and financial results;
- announcements of new technologies, products and/or pricing by us or our competitors;
- the pace of new process technology and product manufacturing ramps;
- fluctuations in the stock price and operating results of our competitors, particularly Intel;
- changes in earnings estimates or buy/sell recommendations by financial analysts;
- changes in the ratings of our debentures or other securities;

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- production yields of key products; and
- general conditions in the semiconductor industry.

In addition, an actual or anticipated shortfall in revenue, gross margins or earnings from securities analysts' expectations could have an immediate effect on the trading price of our common stock. Technology company stocks in general have experienced extreme price and volume fluctuations that are often unrelated to the operating performance of the companies. Market volatility may adversely affect the market price of our common stock, which could affect the price of our debentures and limit our ability to raise capital or to make acquisitions.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

On January 29, 2002, we closed a private offering of \$500 million aggregate principal amount of our 4¾% Convertible Senior Debentures Due 2022 issued pursuant to Rule 144A and Regulation S of the Securities Act. The debentures bear interest at a rate of 4¾ percent per annum. The 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 debentures will be convertible into approximately 43 shares of our common stock. We intend to use the net proceeds generated from the offering for capital expenditures, working capital and general corporate purposes.

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 30, 2001. We experienced a significant increase in accumulated other comprehensive income (loss) due to a significant appreciation of both the euro and yen during the second quarter of 2002. 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.

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**PART II. OTHER INFORMATION**

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

AMD's annual meeting of stockholders was held on April 25, 2002. 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:

<u>Name</u>	<u>For</u>	<u>Withheld</u>
W.J. Sanders III	270,091,790	5,862,012
Hector de J. Ruiz	272,299,224	3,654,578
Charles M. Blalack	272,001,559	3,952,243
R. Gene Brown	272,076,740	3,877,062
Robert B. Palmer	272,381,552	3,572,250
Joe L. Roby	270,051,647	5,902,155
Friedrich Baur	272,225,531	3,728,271
Leonard Silverman	272,335,232	3,618,570

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

For: 270,617,163      Against: 3,849,145      Abstain: 1,487,490

Proposal No. 3: The proposal to approve the amendments to the 1996 Stock Incentive Plan was approved.

For: 240,113,462      Against: 32,862,551      Abstain: 2,977,788

**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

- (a) Exhibits
- 3.2 By-Laws, as amended, filed as Exhibit 3.2 to AMD's Amendment No. 4 to Form S-3 Registration Statement filed with the Securities and Exchange Commission on August 6, 2002, is hereby incorporated by reference.
- \*\*10.43 (a-4) Amendment Agreement No. 4 to the Syndicated Loan Agreement, dated as of June 3, 2002, among AMD Saxony Manufacturing GmbH, Dresdner Bank AG, Dresdner Bank Luxembourg S.A. and the banks party thereto.
- \*\*10.43 (f-5) Accession Agreement and Fourth Amendment to Sponsor's Support Agreement, dated as of June 3, 2002, among AMD, AMD Saxony Holding GmbH, AMD Saxony LLC, AMD Saxony Admin GmbH, Dresdner Bank AG and Dresdner Bank Luxembourg S.A.
- 10.43 (g-4) Third Amendment to Sponsors' Loan Agreement, dated as of June 3, 2002, among AMD, AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH.
- 10.43 (h-1) First Amendment to Sponsors' Subordination Agreement, dated as of February 20, 2001, among AMD, AMD Saxony Holding GmbH, AMD Saxony Manufacturing GmbH, and Dresdner Bank Luxembourg S.A. and Dresdner Bank A.G.
- 10.43 (h-2) Accession Agreement and Second Amendment to Sponsors' Subordination Agreement, dated as of June 3, 2002, among AMD, AMD Saxony Holding GmbH, AMD Saxony LLC, AMD Saxony Admin GmbH, AMD Saxony Manufacturing GmbH, and Dresdner Bank Luxembourg S.A. and Dresdner Bank AG.
- 10.43 (l-4) Third Amendment to AMD Saxonia Wafer Purchase Agreement, dated as of June 3, 2002, between AMD Saxony Holdings GmbH and AMD Saxony Manufacturing GmbH.
- 10.43 (o-1) First Amendment to AMD Inc. Subordination Agreement, dated as of February 20, 2001, among AMD, AMD Saxony Holding GmbH, Dresdner Bank Luxembourg S.A. and Dresdner Bank A.G.
- 10.43 (o-2) Accession Agreement and Second Amendment to AMD, Inc. Subordination Agreement, dated as of June 3, 2002, among AMD, AMD Saxony Holding GmbH, AMD Saxony LLC, AMD Saxony Admin GmbH, Dresdner Bank Luxembourg S.A. and Dresdner Bank AG.

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(b) Reports on Form 8-K

A Current Report on Form 8-K dated April 17, 2002 reporting under Item 5—  
Other Events, was filed announcing our first quarter results.

\*\*Confidential treatment has been requested with respect to certain parts of this Exhibit.

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.

Advanced Micro Devices, Inc.

Date: August 12, 2002

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

\*\*\* Confidential treatment has been requested as to certain portions of this agreement. Such omitted confidential information has been designated by an asterisk and has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended, and the Commission's rules and regulations promulgated under the Freedom of Information Act, pursuant to a request for confidential treatment. \*\*\*

AMENDMENT AGREEMENT NO. 4

dated  
June 3, 2002

by and among

AMD SAXONY MANUFACTURING GMBH

and

DRESDNER BANK AG

and

the other  
BANKS and FINANCIAL INSTITUTIONS  
named herein

and

DRESDNER BANK LUXEMBOURG S.A.

-----

TO THE

SYNDICATED LOAN AGREEMENT

dated

11 March 1997 (As Amended)

AND OTHER OPERATIVE DOCUMENTS

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AMENDMENT AGREEMENT TO THE SYNDICATED LOAN AGREEMENT  
DATED 11 MARCH 1997 (AS AMENDED)

by and between

1. AMD SAXONY MANUFACTURING GMBH, Dresden, registered in the Commercial Register of the Dresden Local Court under HRB 13186 (presumably to be known as "AMD Saxony LLC & Co. KG" following the Registration), - hereinafter referred to as "AMD Saxonia" -
  2. DRESDNER BANK AG,  
- hereinafter referred to as "Security Agent" -
  3. the other Banks and Financial Institutions named on the signature pages herein  
- the parties referred to at 3 and 4 hereinafter each referred to as a "Bank" or together as the "Banks", as the case may be -
- and
4. DRESDNER BANK LUXEMBOURG S.A.  
- hereinafter referred to as "Agent" or "Paying Agent", as the case may be -

PREAMBLE

1. AMD Saxonia, Dresdner Bank AG (in its capacity as Security Agent), the Banks and Dresdner Bank Luxembourg S.A. (in its capacity as Agent and Paying Agent) are party to the Loan Agreement (as defined below) with respect to loan facilities totalling DM 1,500,000,000 for the purpose of co-financing the Project Costs defined therein.
2. Pursuant to the Conversion Documents, AMD Saxonia proposes to change its legal form to a Kommanditgesellschaft (a limited partnership organized under the laws of the Federal Republic of Germany), with AMD Saxony Holding GmbH ("AMD Holding") and AMD Saxony Admin GmbH ("AMD Admin") as its sole limited partners (Kommanditisten) and AMD Saxony LLC ("AMD Saxony LLC") as its sole general partner (Komplementar);
3. The parties hereto have agreed to make certain changes to the Syndicated Loan Agreement dated 11 March 1997, as amended on 6 February 1998, 29 June 1999 and 20 February 2001 (hereinafter the "Loan Agreement"), and to the Operative Documents referred to therein, to reflect the Conversion and to make certain other amendments, all in accordance with the terms of this Agreement.

ss. 1  
Definitions

- 1.1 The terms defined in the Loan Agreement will have the same meanings when used in this Agreement, except where the context otherwise requires. In addition, the following terms shall have the meaning set forth below:

"Agreed Terms" means, in respect of any document, that document substantially in the form thereof which has been initialled (for the purposes of identification) by or on behalf of AMD Saxonia and the Agent.

"Agreement" means this amendment agreement.

"Amendment Agreements" means those agreements and documents described in ss.ss. 4.1.1 through 4.1.9 below.

"Conversion" means the change in the legal form of AMD Saxonia from a Gesellschaft mit beschränkter Haftung (a limited liability company) to a Limited Partnership in accordance with the Conversion Documents and the Registration.

"Conversion Documents" means the following agreements and documents, each in the Agreed Terms: (i) the Certificate of Formation of AMD Saxony LLC; (ii) the AMD Admin Articles of Association; (iii) the Formation Protocol for AMD Admin, (iv) the Application to the Commercial Register for Formation of AMD Admin; (v) the Resolution of AMD Holding as Shareholder of AMD Admin for Section 181 German Civil Code Release, (vi) the List of Shareholders for AMD Admin, (vii) the AMD Saxony LLC Agreement; (viii) the Partnership Agreement of AMD Saxony LLC & Co., KG, (ix) the Assignment and Trust Agreement between AMD Holding and AMD

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Saxony LLC, (x) the Purchase and Assignment Agreement between AMD Holding and AMD Admin, (xi) the Resolution of AMD Holding as Shareholder of AMD Saxonia for Transfer of Fractional Share to AMD Saxony LLC, (xii) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Admin, (xiii) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Admin), (xiv) the Resolution of AMD Holding and AMD Saxony LLC as Shareholders of AMD Saxonia for Transfer of Fractional Share to AMD Admin, (xv) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Saxony LLC, (xvi) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Saxony LLC), (xvii) the Resolution of AMD Holding, AMD Admin and AMD Saxony LLC as Shareholders of AMD Saxonia Approving Conversion to a Limited Partnership, (xviii) the Resolution of AMD Inc. as Shareholder of AMD Holding Approving Conversion of AMD Saxonia, (xix) Application to the Commercial Register for Conversion of AMD Saxonia to a Limited Partnership; (xx) Application to the Real Estate Register for Change in AMD Saxonia's Name, (xxi) the Transfer Agreement for Transfer Back Of Fractional Share between AMD Holding and AMD Saxony LLC, (xxii) Application to the Commercial Register for Transfer Back of Fractional Share by AMD Saxony LLC to AMD Holding, (xxiii) Power of Attorney regarding Removal of AMD Saxony LLC as General Partner of AMD Saxonia, and (xxiv) any other agreement or document designated by the AMD Companies (with the consent of the Agent) in addition to or in substitution for any of the above-named documents or agreements as a "Conversion Document."

"Conversion Effective Date" means the date on which the Registration takes effect.

"Limited Partnership" means a limited partnership (Kommanditgesellschaft) under the laws of the Federal Republic of Germany.

"Registration" means the registration of the Conversion with the Commercial Register at the Local Court in Dresden.

1.2 Unless the context requires otherwise, any reference to an Operative Document or a Project Agreement shall be a reference to such Document or Agreement as it shall have been, or from time to time be, amended, supplemented or replaced in accordance with the terms of the Loan Agreement and the respective Operative Document or Project Agreement.

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ss. 2  
Conversion to a Limited Partnership

2.1 Subject to ss. 4 and ss. 5.2, the Agent, the Security Agent and the Banks consent to and approve the Conversion in accordance with the terms and conditions of the Conversion Documents.

ss. 3  
Amendment of the Loan Agreement

3.1 With effect from the Conversion Effective Date, and subject to ss.4 and ss. 5.2:

3.1.1 the Loan Agreement is hereby amended in accordance with the changes marked as set out in Schedule 1 of this Agreement; and

3.1.2 Schedules 1, 14, 22 and 62 of the Loan Agreement are hereby deleted and replaced with Schedules 1, 14, 22 and 62 as set out in Schedule 1 of this Agreement and the documents noted under the heading "Schedule 24" (as included in Schedule 1 of this Agreement) are to be added to the end of Schedule 24 of the Loan Agreement.

- 3.2 Save to the extent amended by ss. 3.1 above, the provisions of the Loan Agreement, together with the Schedules thereto, remain in full force and effect.

ss. 4  
Condition Precedent

- 4.1 ss.ss. 2 and 3 of this Agreement are subject to the condition precedent of the Agent having confirmed to the Banks in writing that it has received the documents set out in ss. 4.1.1 through ss. 4.1.27. The documents set out in ss. 4.1.18 through ss. 4.1.20, and ss. 4.1.27 must be satisfactory to the Agent in terms of content and form. The agreements specified in ss. 4.1.1 through ss. 4.1.17, and in ss. 4.1.26 must have been entered into and/or executed in a legally binding manner and

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their validity may not be subject to any conditions (except conditions as to the occurrence of the Registration):

- 4.1.1 Amendment Agreement to Sponsors' Support Agreement pursuant to Schedule 2;
- 4.1.2 Amendment Agreement to the AMD Saxonia Wafer Purchase Agreement pursuant to Schedule 3;
- 4.1.3 Consent/Acknowledgement under the AMD Holding Wafer Purchase Agreement pursuant to Schedule 4;
- 4.1.4 Amendment Agreement to Sponsors' Subordination Agreement pursuant to Schedule 5;
- 4.1.5 Amendment Agreement to AMD Inc. Subordination Agreement pursuant to Schedule 6;
- 4.1.6 Amendment Agreement to Revolving Loan Facility Agreement pursuant to Schedule 7;
- 4.1.7 Amendment Agreement to Sponsors' Loan Agreement pursuant to Schedule 8;
- 4.1.8 Amendment Agreement to AMD Saxonia Assignment (U.S.A.) pursuant to Schedule 9;
- 4.1.9 Clarification and Security Agreement pursuant to Schedule 10;
- 4.1.10 AMD Inc. Pledge Agreement over Membership Interests in AMD Saxony LLC pursuant to Schedule 11;
- 4.1.11 AMD Saxony LLC Security Agreement pursuant to Schedule 12;
- 4.1.12 AMD Saxony LLC Pledge Agreement over KG Partnership Interest in AMD Saxonia pursuant to Schedule 13;

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- 4.1.13 AMD Holding Pledge Agreement over GmbH-share in AMD Admin pursuant to Schedule 14;
- 4.1.14 AMD Admin Global Assignment Agreement pursuant to Schedule 15;
- 4.1.15 AMD Admin Pledge Agreement over KG Partnership Interest in AMD Saxonia pursuant to Schedule 16;
- 4.1.16 AMD Admin Pledge of Bank Accounts pursuant to Schedule 17;
- 4.1.17 AMD Holding Pledge Agreement over KG Partnership Interest in AMD Saxonia pursuant to Schedule 18;
- 4.1.18 Written Acknowledgement of Sachsische Aufbaubank GmbH regarding the amendment of the Loan Agreement and the other Operative Documents contemplated herein;
- 4.1.19 Written Approval of the Guarantors regarding the amendment of the Loan Agreement and the other Operative Documents contemplated herein;
- 4.1.20 Written Acceptance of the Guaranty Decision executed by AMD Inc. and AMD Saxonia;

- 4.1.21 Legal Opinion of the Law Office O'Melveny & Myers LLP, Counsel to AMD Inc, under U.S. law pursuant to Schedule 19;
- 4.1.22 Legal Opinion of the Law Office Norr, Stiefenhofer & Lutz, Counsel to the AMD Companies pursuant to Schedule 20;
- 4.1.23 Legal Opinion of the Law Office Baker & McKenzie, Counsel to the Agent and to the Banks pursuant to Schedule 21;
- 4.1.24 Legal Opinion of the Law Office White & Case, Feddersen, Counsel to the Agent and to the Banks pursuant to Schedule 22;

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- 4.1.25 Fairness Opinion from Ernst & Young relating to Management Plan pursuant to Schedule 23;
- 4.1.26 Certified copies of the Conversion Documents duly executed and in notarial form (as appropriate) and/or certified by the Secretary of State of the State of Delaware (as appropriate);
- 4.1.27 Evidence that the increase of the Total Revolving Loan Commitment Amount has been consented to by the banks under the Loan and Security Agreement of 13 July 1999, as amended.

ss. 5  
Covenants

- 5.1 AMD Saxonía undertakes with the Agent and the Banks to cause certificates in the form attached as Annexes I and II to Schedule 22 to the Loan Agreement to be delivered to the Agent by AMD Inc.'s Insurance Broker within 60 days following the Conversion Effective Date, at the Agent's request.
- 5.2 AMD Saxonía hereby undertakes with the Agent and the Banks that:
  - 5.2.1 it will promptly notify the Agent of the execution of the Conversion Documents; and
  - 5.2.2 it will not make any application for Registration prior to the Agent having given to the Banks the written confirmation referred to in ss. 4.1.
- 5.3 Any breach by AMD Saxonía of its obligations under ss. 5.2 shall constitute an event which entitles the Banks to terminate the Loan Agreement pursuant to Section 21 thereof.
- 5.4 AMD Saxonía undertakes to furnish the Agent promptly (and in any event within twenty days of the Registration) with a certified Commercial Registry extract for AMD Saxonía following the Registration.

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- 5.5 The Agent undertakes that it shall provide to the Banks the written confirmation referred to in ss. 4.1 promptly following its receipt of the documents referred to in ss. 4.1.1 through ss. 4.1.27 in accordance with ss. 4.1 and to inform AMD Saxonía accordingly.

ss. 6  
Representations and Warranties

- 6.1 AMD Saxonía represents and warrants to the Banks, as of the date hereof and as of the Conversion Effective Date, as follows:
  - 6.1.1 AMD Saxonía has taken all necessary steps and obtained all necessary consents to enter into this Agreement, and, when entered into, will have taken all necessary steps and have obtained all necessary consents to enter into the Conversion Documents to which it is party, the Amendment Agreements to which it is a party and each other document referred to in ss. 4.1 to which it is a party in a legally binding manner and to exercise its rights thereunder.
  - 6.1.2 The execution by AMD Saxonía of this Agreement and the execution by each of AMD Inc., AMD Saxonía, AMD Holding, AMD Saxony LLC and AMD Admin of the Conversion Documents, the Amendment Agreements and each other document referred to in ss. 4.1 to which it is party, and the compliance by each of them of their obligations thereunder and the exercise by each of them of their rights thereunder:

(i) does not and, in the case of the Conversion Documents, the Amendment Agreements and each of the documents referred to

in ss. 4.1 when entered into by it, will not violate any provision of applicable law, any judgment or any requirements or any approvals of any authority or the like or contractual obligations or any other obligations applicable to each of AMD Inc., AMD Saxonia, AMD Holding, AMD Saxony LLC and AMD Admin;

- (ii) does not and, in the case of the Conversion Documents, the Amendment Agreements and each of the documents referred to

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in ss. 4.1 when entered into by it, will not result in the termination or acceleration of any other obligations of each of AMD Inc., AMD Saxonia, AMD Holding, AMD Saxony LLC and AMD Admin;

- (iii) subject to securities to be furnished, if necessary, in accordance with Secs. 204, 22 UmwG (German Act on Transformation of Companies), does not and, in the case of the Conversion Documents, the Amendment Agreements and each of the documents referred to in ss. 4.1 when entered into by it, will not result in an obligation of any of AMD Inc., AMD Saxonia, AMD Holding, AMD Saxony LLC and AMD Admin to create any security in favor of any third party, save as contemplated in the Security Documents or in the Loan Agreement (as amended by this Agreement).

6.1.3 This Agreement, the Conversion Documents, the Amendment Agreements and each other document referred to in ss. 4.1 to which AMD Inc., AMD Saxonia, AMD Holding, AMD Saxony LLC and AMD Admin is a party constitutes, or when entered into by it, will constitute, its legally binding obligations which are enforceable in accordance with their terms, subject to the reservations made in the Legal Opinions. Those reservations comprise limitations on the enforceability of legal documents which are governed by German law or by U.S. federal or state law if and to the extent that express reservations have been made in this respect in the Legal Opinions to be delivered to and to be approved by the Agent pursuant to ss. 4.1.21 through ss. 4.1.24.

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ss. 7  
Miscellaneous

- 7.1 This Agreement is part of the Loan Agreement. All references in the Loan Agreement and in the Operative Documents and all statements and declarations relating thereto shall apply in the same manner to this Agreement.
- 7.2 Without prejudice to the foregoing, AMD Saxonia hereby ratifies and confirms that its obligations under the Loan Agreement, as amended, shall continue in full force and effect following the Conversion.
- 7.3 This Agreement and all documents referred to herein shall be deemed Operative Documents within the meaning of the Loan Agreement.
- 7.4 This Agreement may be executed in any number of counterparts and by different parties on separate counterparts which when taken together shall constitute one agreement.
- 7.5 Paragraphs 25.1, 27, 28 and 29 of the Loan Agreement shall apply mutatis mutandis to this Agreement.
- 7.6 The references in the Operative Documents to the General Terms and Conditions of the Security Agent shall relate to the version applicable from time to time.

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AMD SAXONY MANUFACTURING GMBH

/s/ Dr. Hans-Raimund Deppe

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Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

DRESDNER BANK AG,  
(as Security Agent and Lending Bank)

/s/ Prellwitz

-----  
Its Signatory under power of attorney

Other Lending Banks:

KREDITANSTALT FUR WIEDERAUFBAU

/s/ Prellwitz

-----  
Its Signatory under power of attorney

DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK

/s/ Prellwitz

-----  
Its Signatory under power of attorney

LANDESBANK BADEN-WURTEMBERG

/s/ Prellwitz

-----  
Its Signatory under power of attorney

LANDESBANK SACHSEN GIROZENTRALE

/s/ Prellwitz

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Its Signatory under power of attorney

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BAYERISCHE LANDESBANK GIROZENTRALE

/s/ Prellwitz

-----  
Its Signatory under power of attorney

HVB BANQUE LUXEMBOURG SOCIETE ANONYME

/s/ Prellwitz

-----  
Its Signatory under power of attorney

BAYERISCHE HYPO- UND VEREINSBANK AG; MUNCHEN

/s/ Prellwitz

-----  
Its Signatory under power of attorney

BHF-BANK AKTIENGESELLSCHAFT

/s/ Prellwitz

-----  
Its Signatory under power of attorney

COMMERZBANK AKTIENGESELLSCHAFT, Filiale Dresden

/s/ Prellwitz

-----  
Its Signatory under power of attorney

DEUTSCHE POSTBANK AG BONN

/s/ Prellwitz

-----  
Its Signatory under power of attorney

HAMBURGISCHE LANDESBANK - GIROZENTRALE -

/s/ Prellwitz

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Its Signatory under power of attorney

IKB DEUTSCHE INDUSTRIEBANK AG

/s/ Prellwitz  
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Its Signatory under power of attorney

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LANDESBANK RHEINLAND-PFALZ - GIROZENTRALE

/s/ Prellwitz  
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Its Signatory under power of attorney

ABN AMRO BANK (DEUTSCHLAND) AG, Frankfurt

/s/ Prellwitz  
-----

Its Signatory under power of attorney

CREDITANSTALT AG, Wien

/s/ Prellwitz  
-----

Its Signatory under power of attorney

THE SUMITOMO MITSUI BANKING CORPORATION, Niederlassung Dusseldorf

/s/ Prellwitz  
-----

Its Signatory under power of attorney

DRESDNER BANK LUXEMBOURG S.A.  
(as Agent and Paying Agent)

/s/ Prellwitz  
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Its Signatory under power of attorney

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English translation of the legally  
binding German Loan Agreement as amended.  
Translation prepared for convenience only.

Amended and Restated  
-----

SYNDICATED LOAN AGREEMENT

Dated 11 March 1997,

as amended by Supplemental Agreements dated 6 February 1998, 29 June 1999,  
20 February 2001 and 3 June 2002

among

AMD SAXONY MANUFACTURING GMBH  
(proposed to be renamed "AMD Saxony LLC & Co KG")  
-as Borrower-

and

DRESDNER BANK AG  
- as Security Agent -

and

THE OTHER BANKS AND FINANCIAL INSTITUTIONS  
named herein

-as Lenders-

and

Baker & McKenzie/Doser Amereller Noack

Frankfurt

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Schedule 58	Legal Opinion of O'Melveny & Myers LLP
Schedule 59	Legal Opinion of Norr Stiefenhofer & Lutz
Schedule 60	Legal Opinion of Baker & McKenzie
Schedule 61	Legal Opinion of Feddersen Laule Scherzberg & Ohle Hansen Ewerwahn
Schedule 62	General Terms and Conditions
Schedule 63	Maximum 65/35 Guaranty Amount

SYNDICATED LOAN AGREEMENT

between

1. AMD SAXONY MANUFACTURING GMBH (proposed to be renamed "AMD Saxony LLC & Co KG"), Dresden, registered in the Commercial Register of the Dresden County Court,
    - hereinafter referred to as "AMD Saxonia" -
    - as Borrower -
  2. DRESDNER BANK AG,
    - hereinafter also referred to as "Security Agent", as the case may be -
  3. The Banks and financial institutions listed in Schedule 1
    - the parties referred to at 2 and 3 hereinafter each referred to as a "Bank" or together as the "Banks", as the case may be -
    - as Lenders -
- and
4. DRESDNER BANK LUXEMBOURG S.A.
    - hereinafter referred to as the "Agent" or the "Paying Agent", as the case may be -

PREAMBLE

1. AMD Saxonia owns and operates a fabrication facility in Dresden for the manufacture of microchip silicon wafers (the "Fabrication Facility") together with an integrated research and development center (the "Design Center") (which together are referred to as the "Project"). Prior to its conversion to a limited partnership, AMD

Saxonia was a wholly owned subsidiary of AMD Saxony Holding GmbH domiciled in Dresden, registered in the Commercial Register of the Dresden County Court under HRB 13931 ("AMD Holding") whose sole shareholder is Advanced Micro Devices, Inc., a Delaware corporation of One AMD Place, Sunnyvale, California 94088 - 3453 ("AMD Inc.").

2. The investment cost required for implementation of the Project has been partially financed in an amount of up to DM 1,500,000,000 through the credit facilities made available to AMD Saxonia on and subject to the terms and conditions of this syndicated loan agreement (the "Agreement").
3. AMD Inc. made available to AMD Saxonia, via AMD Holding, equity in the form of ordinary share capital in an aggregate amount of DM 217,550,000, together with subordinated loans pursuant to the terms of the Sponsors' Support Agreement and the

Sponsors' Loan Agreement, totalling in aggregate DM 645,000,000 as at 31 December 1999. Furthermore, AMD Inc. has undertaken to make available to AMD Saxonia subordinated revolving loans in an aggregate amount of US\$750,000,000 pursuant to the Revolving Loan Facility Agreement (as defined below) to finance the general corporate funding requirements of AMD Saxonia.

4. The Free State of Saxony has agreed to provide regional aid for the Project comprising (i) a dedicated purpose investment grant in an aggregate amount of DM 476,687,000 (which together with investment subsidies in an aggregate amount of DM 23,813,000 totals an aggregate amount of DM 500,500,000), and (ii) a dedicated purpose interest subsidy in an amount of DM 300,000,000 which in each case will be paid to AMD Saxonia by Dresdner Bank AG in Dresden, in its capacity as house bank.
5. Pursuant to the Conversion Documents, AMD Saxonia has changed its legal form to a Limited Partnership.
6. The Banks have agreed to make available to AMD Saxonia the facilities referred to above on and subject to the following terms and conditions.

IT IS AGREED AS FOLLOWS:

ss. 1

#### Definitions and Interpretation

1.1 Definitions of terms not defined above are as follows:

##### Agreed Terms:

in respect of any document, that document substantially in the form thereof which has been initialled (for the purposes of identification) by or on behalf of AMD Saxonia and the Agent.

##### AMD/Dresdner Subsidy Agreement (AMD/Dresdner Zuschussvertrag):

the agreement between AMD Saxonia and Dresdner Bank AG in its capacity as house bank to AMD Saxonia, in the form set out in Schedule 25.

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##### AMD Admin:

AMD Saxony Admin GmbH, a limited liability company, with its seat in Dresden, a wholly-owned subsidiary of AMD Holding.

##### AMD Companies (AMD-Gesellschaften):

together AMD Saxonia, AMD Holding, AMD Saxony LLC, AMD Admin and AMD Inc.

##### AMD Holding Wafer Purchase Agreement:

the agreement between AMD Holding and AMD Inc., in the form set out in Schedule 33.

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##### AMD K6 microprocessor:

the Microsoft Windows compatible general purpose microprocessor under development by AMD Inc. to compete with Intel Corporation's Pentium Pro microprocessor.

##### AMD Saxonia Partnership Agreement (AMD Saxonia Gesellschaftsvertrag):

the partnership agreement of AMD Saxonia between AMD Holding, AMD Admin and AMD Saxony LLC dated 3 June 2002.

AMD Saxonia Wafer Purchase Agreement:

the agreement between AMD Saxonia and AMD Holding, in the form set out in Schedule 35.

AMD Saxony LLC:

a limited liability company organised under the laws of the State of Delaware, United States of America, a wholly-owned subsidiary of AMD Inc.

Amendment Agreements (Nachtragsvereinbarungen):

the following agreements and documents, each dated 3 June 2002:

- (i) the Amendment Agreement No. 4 to this Syndicated Loan Agreement between AMD Saxonia, the Security Agent, the Banks and the Agent;
- (ii) the Accession Agreement and Fourth Amendment to the Sponsors' Support Agreement between the Sponsors, AMD Saxony LLC, AMD Admin, the Agent and the Security Agent;
- (iii) the Third Amendment to the AMD Saxonia Wafer Purchase Agreement between AMD Holding and AMD Saxonia;
- (iv) the Consent/Acknowledgement under the AMD Holding Wafer Purchase Agreement executed by AMD Holding, AMD Inc. and the Security Agent;
- (v) the Accession Agreement and Second Amendment to the Sponsors' Subordination Agreement between the Sponsors, AMD Saxony LLC, AMD Admin, AMD Saxonia, the Agent and the Security Agent;
- (vi) the Accession Agreement and Second Amendment to the AMD Inc. Subordination Agreement between the Sponsors, AMD Saxony LLC, AMD Admin, the Agent and the Security Agent;
- (vii) the First Amendment to the Revolving Loan Facility Agreement between the Sponsors and AMD Saxonia;
- (viii) the Third Amendment to the Sponsors' Loan Agreement between the Sponsors and AMD Saxonia;
- (ix) the First Amendment to the AMD Saxonia Assignment (U.S.A.) between AMD Saxonia and the Security Agent; and
- (x) the Clarification and Security Agreement between the AMD Companies, the Agent and the Security Agent.

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Assignment and Trust Agreement:

the agreement referred to in (ix) of the definition of Conversion Documents.

Available Revolving Loan Facility Amount:

means, on any date, any amount (which must be positive) of:

- (i) the Total Revolving Loan Commitment Amount on such date;

less

- (ii) the aggregate unpaid principal amount of all Revolving Loans outstanding on such date.

Auditor (Wirtschaftsprüfer):

Ernst & Young Wirtschaftsprüfungsgesellschaft mbH or such other firm of auditors charged with duties relating to the Project as may be appointed by AMD Saxonia with the consent of the Agent, such consent not to be unreasonably withheld.

Banks' Auditor (Wirtschaftsprüfer der Banken):

BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft or such other firm of auditors charged with duties relating to the Project as may be appointed by the Banks with the consent of AMD Saxonia, such consent not to be unreasonably withheld.

Banking Day (Bankarbeitstag):

each day on which banks are generally open for business in London, Frankfurt am Main, Dresden and Luxembourg.

Capital Expenditure (Investitionskosten):

acquisition and manufacturing costs in respect of fixed and movable assets in accordance with ss. 266 2 A II of the Commercial Code and acquisition costs for intangible assets in accordance with ss. 266 2 A I of the Commercial Code, to the extent the same have a useful operational life of more than one year (not being expenditures chargeable to the profit and loss account).

Completion (Fertigstellung):

the date on which the initial satisfaction of all conditions set forth in the Technical Completion Certificate (Obligors) and the Technical Completion Certificate (Technical Advisor) set out in Schedules 9 and 10 is confirmed to the Agent by the submission of properly executed originals of such Certificates.

Conversion (Umwandlung):

the change in legal form of AMD Saxonia from a Gesellschaft mit beschränkter Haftung (a limited liability company) to a Limited Partnership in accordance with the Conversion Documents and the Registration.

Conversion Documents (Umwandlungsdokumente):

means the following agreements and documents, each in the Agreed Terms:

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- (i) the Certificate of Formation of AMD Saxony LLC;
- (ii) the AMD Admin Articles of Association;
- (iii) the Formation Protocol for AMD Admin;
- (iv) the Application to the Commercial Register for Formation of AMD Admin;
- (v) the Resolution of AMD Holding as Shareholder of AMD Admin relating to the releases of the managing director from the restrictions of Section 181 German Civil Code;
- (vi) the List of Shareholders for AMD Admin;
- (vii) the AMD Saxony LLC Agreement;
- (viii) the AMD Saxonia Partnership Agreement;
- (ix) the Assignment and Trust Agreement between AMD Holding and AMD Saxony LLC;
- (x) the Purchase and Assignment Agreement between AMD Holding and AMD Admin;
- (xi) the Resolution of AMD Holding as Shareholder of AMD Saxonia for Transfer of Fractional Share to AMD Saxony LLC;
- (xii) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Admin;
- (xiii) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Admin);
- (xiv) the Resolution of AMD Holding and AMD Saxony LLC as Shareholders of AMD Saxonia for Transfer of Fractional Share to AMD Admin;
- (xv) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Saxony LLC;
- (xvi) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Saxony LLC);
- (xvii) the Resolution of AMD Holding, AMD Admin and AMD Saxony LLC as Shareholders of AMD Saxonia Approving Conversion to Limited Partnership;
- (xviii) the Resolution of AMD Inc. as Shareholder of AMD Holding Approving Conversion of AMD Saxonia;
- (xix) Application to the Commercial Register for Conversion of AMD Saxonia to Limited Partnership;

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- (xx) Application to the Real Estate Register for Change in AMD Saxonia's Name;
- (xxi) the Transfer Agreement for Transfer Back Of Fractional Share between AMD Holding and AMD Saxony LLC;
- (xxii) Application to the Commercial Register for Transfer Back of Fractional Share by AMD Saxony LLC to AMD Holding;
- (xxiii) Power of Attorney regarding Removal of AMD Saxony LLC as General Partner of AMD Saxonia; and

(xxiv) any other agreement or document designated by the AMD Companies (with the consent of the Agent) in addition to or in substitution for any of the above-named documents or agreements as a "Conversion Document."

Conversion Effective Date (Umwandlungsstichtag):  
the date on which the Registration takes effect.

Disclosure Schedule:  
the list of matters disclosed by AMD Saxonia set out in Schedule 15.

Drawdown Notice (Auszahlungsverlangen):  
a Drawdown Notice in the form of the specimen set out in Schedule 3.

Drawdown Schedule (Auszahlungsplan):  
the drawdown schedule set out in Schedule 2, as the same may be revised in accordance with the Project Budget.

Equipment Supply Contract (Liefervertrag):  
each agreement (also in the form of an order) between AMD Saxonia and suppliers (including AMD Inc. or one of its affiliates) relating to the acquisition by, and delivery to, AMD Saxonia of fixed or tangible current assets for the Project but excluding Excepted Software Agreements.

Event of Default (Kündigungsggrund):  
any event which would entitle a party to an Operative Document, possibly after the giving or expiry of notice and/or lapse of time, to terminate the relevant Operative Document.

Euro:  
the currency introduced at the start of the third stage of economic and monetary union pursuant to the treaty establishing the European Community, as amended by the treaty on European Union effective January 1, 1999.

Excepted Software Agreements (Ausgenommene Softwareverträge):  
means software licenses and software service agreements entered into by AMD Saxonia which are used exclusively:

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(i) for financial planning, business administration systems and similar ancillary administrative functions and which are not linked to, or connected with (a) the production process in the Fabrication Facility; (b) general bookkeeping and invoicing and (c) production planning; or

(ii) in the Design Center.

Facilities (Kredite):  
as defined in ss. 2.1.

Guarantors (Burgen):  
the Federal Republic of Germany and the Free State of Saxony in their respective capacities as guarantors pursuant to the 65/35 Guaranty.

Guaranty Decision (Burgschaftsentscheidung):  
the decision dated 2 July 1996 set out in Schedule 24 concerning the guaranty application made by AMD Saxonia, including the following documents:

- (i) the specimen credit agreement F 13.09.1990 (1993 Edition) Federal/State or THA;
- (ii) the General Terms and Conditions applicable to the assumption of Guaranties by the Federal Republic of Germany and the States of the Accession Territory (States) in the edition dated F 04.01.1993 Federal/State;
- (iii) Notes relating to applications for guaranties and loans of the Treuhandanstalt Berlin and/or Federal and State guaranties for projects in the Accession Territory in the edition dated 1993 F 12.10.1990;
- (iv) the Memorandum of Understanding ("Gemeinsame Feststellungen") of 19 February 1997, the Amendment Decision of 12 December 1997 and the letter from C&L Deutsche Revision AG dated 5 January 1998;
- (v) the letters from C&L Deutsche Revision AG to Dresdner Kleinwort Benson and Dresdner Kleinwort Wasserstein, respectively, dated 17 November 2000 and 7 February 2001; and
- (vi) the letter from C&L Deutsche Revision AG to Dresdner Kleinwort Wasserstein/Dresdner Bank AG dated 22 May 2002.

65/35 Guaranty (65/35 Burgschaft):

the several maximum amount shortfall guaranties issued by each of the Free State of Saxony (26%) and the Federal Republic of Germany (39%) in accordance with the Guaranty Decision up to a maximum aggregate amount of 65% of the Facilities (in aggregate DM 975,000,000), together with the shortfall of interest and costs, vested with a first right of satisfaction in favor of the Banks over all security granted by the AMD Companies as security for the Banks' risk of recovery (but subject to a set off of 65% of payments made (if any) under the Sponsors' Guaranty in the form of Schedule 32, as

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amended, to this Agreement against the Guarantors' obligations under the aforesaid shortfall guaranties).

Insurance Advisor (Versicherungsberater):

Willis Ltd., London or such other insurance advisor as may from time to time be appointed by the Agent with the consent of AMD Saxonia, which consent shall not be unreasonably withheld.

Interest Period (Zinsperiode):

the interest periods to be designated for individual advances, in each case in accordance with ss.ss. 6.1 to 6.4.

Lending Office (kreditausreichende Geschäftsstelle):

the lending office of each Bank referred to in Schedule 1 to this Agreement.

LIBOR-Rate (LIBOR-Satz):

the LIBOR-rate so defined in ss. 6.1.1.

Limited Partnership (Kommanditgesellschaft):

a limited partnership (Kommanditgesellschaft) under the laws of the Federal Republic of Germany.

Management Plan:

the management plan in the form set out in Schedule 14.

Material Service Contract (wesentlicher Leistungsvertrag):

each Service Contract

- (i) pursuant to which AMD Saxonia incurs obligations in aggregate in excess of DM 2,500,000 during the term of the contract, or
- (ii) which has an initial term in excess of 12 months, or which has an indefinite term, and in either case cannot be terminated by AMD Saxonia on less than 12 months' notice; or
- (iii) which is listed in Part I of Schedule 40.

Material Equipment Supply Contract (wesentlicher Liefervertrag):

is each Equipment Supply Contract:

- (i) pursuant to which AMD Saxonia incurs obligations in aggregate in excess of DM 3,750,000, or
- (ii) which has an initial term in excess of 12 months, or which has an indefinite term, and in either case cannot be terminated by AMD Saxonia on less than 12 months' notice; or
- (iii) which is listed in Part I of Schedule 40.

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Minimum Liquidity Covenant (Mindestliquiditätskennzahl):

as defined in Schedule 17, ss. 4.

Operative Documents (Transaktionsdokumente):

each of the following:

- (i) the Project Agreements;
- (ii) this Agreement, the Sponsors' Support Agreement, the Sponsors' Loan Agreement in the form set out in Schedule 29, the Security Documents, the Sponsors' Consent and Agreement in the form set out in Schedule 31, the AMD Saxonia Hedging Agreement in the form set out in Schedule 50a, the AMD/Dresdner Subsidy Agreement, the SAB/Dresdner Subsidy Agreement, the Sale and Settlement Agreement between AMD Saxonia and the City of Dresden dated 11 June 1996, together with amendments dated 25 October 1996 and 28 February 1997, and the Revolving Loan Facility Agreement;

- (iii) the Loan and Security Agreement dated as of July 13, 1999, as amended, between, inter alia, AMD Inc. and the Bank of America National Trust and Savings Association, the Management Plan, the Project Budget, the Project Schedule, the Plans and Specifications, the Information Memorandum of AMD Saxonia of September 1996, the [Scheduled Project Phase] Technical Completion Certificates (Obligors), the [Scheduled Project Phase] Technical Completion Certificates (Technical Advisor), in the form set out in Schedules 9 and 10, the Statement of the Use and Source of Funds, in the form set out in the Schedule 16, and each Consent and Agreement required pursuant to the agreements referred to in this definition in the form set out in Part II of Schedule 40, Annex 3 to Schedule 49, Annex 3 to Schedule 55 or in such other form to which the Agent has consented;
- (iv) each of the Conversion Documents and each of the Amendment Agreements; and
- (v) all other Operative Documents within the meaning of the Sponsors' Support Agreement and each other instrument or document designated by the Agent (with the consent of AMD Saxonia) as an Operative Document under this Agreement or the Sponsors' Support Agreement.

Plans and Specifications (Plane und Spezifikationen):

the plans and specifications to be prepared by AMD Saxonia and to be approved by the Technical Advisor, the Agent and each Sponsor for the fitting out of the Plant and the Design Center, as the same may be amended from time to time with the consent of each of the AMD Companies and the Agent. Amendments which do not reduce or affect the value of the Plant and the Design Center or the capacity and purpose of the Plant as set out in the Plans and Specifications originally approved, shall not require the consent of the Agent.

Power of Attorney (Vollmacht):

the document referred to in (xxiii) of the definition of Conversion Documents.

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Project Accounts (Projektkonten):

as defined in ss. 19.1.

Project Agreements (Projektverträge):

the AMD Saxonia Wafer Purchase Agreement, the AMD Holding Wafer Purchase Agreement, the AMD Saxonia Research, Design and Development Agreement, in the form set out in Schedule 36, the AMD Holding Research, Design and Development Agreement, in the form set out in Schedule 34, the Management Service Agreement, in the form set out in Schedule 37, the License Agreement, in the form set out in Schedule 38, the Design/Build Agreement, in the form set out in Schedule 39, the Equipment Supply Contracts, the Service Contracts, the AMD Inc. Guaranty, in the form set out in Schedule 27 and each other instrument or document designated by the Agent (with the consent of AMD Saxonia) as a Project Agreement for the purposes of this Agreement.

Project Budget (Projektbudget):

the budget set out in Schedule 6, including such amendments thereto made with the consent of the Agent in accordance with ss. 18.2 of this Agreement.

Project Costs (Projektkosten):

all Capital Expenditure and other costs which are incurred by AMD Saxonia in connection with the Project.

Project Phase (Projektabschnitt):

each project phase set out in the Project Schedule contemplated for the implementation of the Project.

Project Schedule (Projektzeitplan):

the timetable in the form set out in Schedule 7, including amendments thereto made with the consent of the Agent in accordance with ss. 18.2 of this Agreement.

Reference Rate (Basissatz):

the reference rate so defined in ss. 6.1.1.

Reference Banks (Referenzbanken):

the Agent together with Commerzbank AG and ABN AMRO Bank (Deutschland) AG or such other Banks designated by the Agent in their stead, subject to the approval of AMD Saxonia, such approval not to be unreasonably withheld.

Registration (Eintragung):

the registration of the Conversion with the Commercial Register in Dresden.

Revolving Loans:

the subordinated unsecured revolving loans made by the Sponsors under the terms of the Revolving Loan Facility Agreement.

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Revolving Loan Facility Agreement:

the \$750,000,000 subordinated unsecured Revolving Loan Facility Agreement dated 20 February 2001 between AMD Inc., AMD Holding, and AMD Saxonia, as amended by the First Amendment to the Revolving Loan Facility Agreement dated 3 June 2002.

SAB/Dresdner Subsidy Agreement (SAB/Dresdner Zuwendungsvertrag):

the agreement between the Sächsische Aufbaubank GmbH, Dresden and Dresdner Bank AG, Dresden in its capacity as house bank to AMD Saxonia, in the form set out in Schedule 26.

Security Documents (Sicherheitenverträge):

the agreements and other documents referred to in ss. 8.1.

Service Contract (Leistungsvertrag):

each contract in respect of services to be performed in favor of AMD Saxonia (with the exception of the AMD Saxonia Wafer Purchase Agreement, the Management Service Agreement as set out in Schedule 37 and employment contracts) which is not an Equipment Supply Contract but excluding Excepted Software Agreements.

Sponsors (Sponsoren):

together, AMD Inc. and AMD Holding.

Sponsors' Support Agreement:

the agreement entered into between AMD Inc., AMD Holding, AMD Saxony LLC, AMD Admin, the Agent and the Security Agent entitled "Sponsors' Support Agreement".

Subsidy Agreement (Zuschussvertrag/Zuwendungsvertrag):

together, the AMD/Dresdner Subsidy Agreement and the SAB/Dresdner Subsidy Agreement.

Substitution (Komplementärwechsel):

the substitution of AMD Admin as general partner of AMD Saxonia in place of AMD Saxony LLC, pursuant to the AMD Saxonia Partnership Agreement.

Technical Advisor (Technischer Berater):

Fraunhofer Institut für Siliziumtechnologie, Itzehoe, or such other technical advisor as may be appointed by the Agent with the consent of AMD Saxonia, which consent shall not be unreasonably withheld.

Total Revolving Loan Commitment Amount:

means US\$750,000,000 (seven hundred and fifty million US Dollars) or the "Euro Equivalent" (under, and as defined in, the Revolving Loan Facility Agreement) thereof, or such reduced amount as shall have been agreed upon by each of the Sponsors, AMD Saxonia, the Agent, and the Banks.

US GAAP:

the generally accepted accounting principles as set forth from time to time in the opinions and pronouncements of the United States Accounting Principles Board and the American

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Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

1.2 The terms referred to in the introduction to this Agreement, in the Preamble and in ss. 1.1 above shall, except where the context otherwise requires, have the same meanings when used in this Agreement. Unless the context requires otherwise, such terms shall also have such meanings when used in agreements, written notifications, confirmations and other documents which are issued pursuant to the terms of this Agreement. Unless the context requires otherwise, any reference to an Operative Document or a Project Agreement (including, in each case, any reference thereto as being in the form set out in a Schedule to this Agreement) shall be a reference to such Document or Agreement as it shall have been, or from time to time be, amended, varied, re-issued, replaced, novated or supplemented, in each case, in accordance with its terms and this Agreement. Any reference in this Agreement to the stated capital (Stammkapital) of AMD Saxonia shall, following the Conversion

Effective Date, be deemed to be a reference to the capital (Haftsummen and Pflichteinlagen) of a Limited Partnership. Any reference to any other term which, in connection with AMD Saxonia, relates to the capital structure of a German limited liability company shall, following the Conversion Effective Date, be deemed to be a reference to that term which corresponds thereto in the context of the capital structure of a partnership.

ss. 2  
Facilities

- 2.1 The Banks hereby agree to make available to AMD Saxonia a long term investment loan in an amount of up to DM 1,500,000,000 (in words: one billion five hundred million Deutsche Marks) (hereinafter "Facility A" or the "Facilities", as the case may be). The Facilities will be made available by each of the Banks in an amount corresponding to its commitment as set out in Schedule 1, as amended.
- 2.2 Each Bank shall make available its respective commitment under the Facilities pursuant to ss. 2.1 and Schedule 1, separately and independently from each other Bank, through its Lending Office. AMD Saxonia may draw the Facilities from all the Banks only in the proportion of their respective commitments in accordance with ss. 2.1 and Schedule 1. No Bank shall be liable to provide or make available any advance in respect of amounts to be provided or made available by the other Banks; any joint and several liability of the Banks is hereby excluded. The Paying Agent shall be obliged to distribute to AMD Saxonia the advances to be made by the other Banks only to the extent that the Paying Agent has in fact received payment of such advances. Each Bank shall have a claim against AMD Saxonia in the amount of advances made by such Bank, secured pro rata by the security to be granted in accordance with the terms and conditions of this Agreement.

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- 2.3 The failure by any Bank to comply with its obligations under this Agreement shall not affect either the enforceability of this Agreement as a whole or the obligations of any other party. In such case, AMD Saxonia shall have a claim solely against the defaulting Bank.

ss. 3  
Purpose

- 3.1 Facility A shall be used only for the purpose of the partial financing of the Project Costs. Utilization of Facility A to finance Project Costs which are not Capital Expenditure is permitted only up to a maximum amount of DM 100,000,000 and only in respect of costs incurred before 1 January 1999.
- 3.2 The use and source of funds in respect of each Project Phase shall be evidenced by furnishing to the Agent a statement of the use and source of funds, in the form set out in Schedule 16, certified by the Auditor, such statement to be delivered simultaneously with the Scheduled Project Phase Technical Completion Certificates pursuant to Schedules 9 and 10 for the relevant Project Phase and in any event promptly after the expiry of each calendar quarter, save as may, in individual cases, be otherwise agreed with the Agent.

ss. 4  
Utilization of the Facilities

- 4.1 To the extent that all the conditions precedent set out in ss.5 are satisfied, the Facilities may be drawn on and subject to the following terms and conditions by the delivery to the Paying Agent, with a copy to the Agent, of a written Drawdown Notice to be received by the Paying Agent, in the case of the first Drawdown Notice at least ten (10) Banking Days before the drawdown date and, in the case of any other Drawdown Notice five (5) Banking Days before the drawdown date, set out in such notice:

- 4.2 Facility A

Prior to Completion, advances shall be made up to the cumulative limit in each Project Phase set out in the Drawdown Schedule in accordance with the Project Schedule. Such limit and any advances drawn after Completion shall not, however, without the prior written consent of the Guarantors, be greater than the maximum guaranty amount for any calendar year prescribed by the Guarantors pursuant to Schedule 63. Advances shall be in minimum amounts of DM 15,000,000 and in integral multiples of DM 5,000,000 or in an equal amount to the undrawn portion of Facility A. No more than one advance may be made in any calendar month.

Drawdowns in any Project Phase are permitted only in the amount of

Project Costs which have been incurred during the same Project Phase, as the same are documented by invoices and other supporting evidence to be furnished together with the Drawdown Notice, as required below. Drawdowns in a current Project Phase are however permitted in respect of Project Costs which are shown to have been incurred in respect of an invoice for goods or services performed or delivered, submitted in the last thirty days prior to the end of a prior Project Phase and which have been included in full in the first Drawdown

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Notice of such current Project Phase. The preceding two sentences shall not apply to drawdowns requested following Completion.

Drawdown Notices, and the confirmation contained therein from AMD Saxonia in the form set out in Schedule 3, shall be furnished to the Agent and the Paying Agent at the same time. The following documents shall be furnished to the Agent together with relevant Drawdown Notice:

- (i) written confirmation of the Managing Directors (Geschäftsführung) of AMD Saxonia and an authorized representative of AMD Inc. that the conditions precedent referred to in ss.ss. 5.2.2 to 5.2.4 with respect to it have been satisfied at the time of the Drawdown Notice;
- (ii) in respect of drawdowns requested prior to Completion only, unless the Agent has waived the same, copies of invoices and a description in reasonable detail of the deliveries and services performed in respect of amounts which are at least equal to the amount proposed to be drawn. Project Costs which are not Capital Expenditure may be supported by evidence other than invoices, in such form as is reasonably satisfactory to the Agent;
- (iii) in respect of drawdowns requested prior to Completion only, written confirmation of the Auditor that the amounts invoiced are, or were, to the extent already paid, due and any contractually agreed retentions and other deductions, such as discounts, have been deducted in each case, in the form set out in Schedule 21, as amended.

Amounts drawn and subsequently repaid may not be reborrowed.

4.2.2 [left intentionally blank]

4.2.3 [left intentionally blank]

4.3 Drawings of the Facilities are not permitted after 29 June 2001.

4.4 Drawings under the Facilities shall be permitted only to the extent that the making of an advance would not result in the total amount advanced by the Banks exceeding by more than three times the total amount paid up on the ordinary share capital of AMD Saxonia and the total amount of subordinated loans advanced to AMD Saxonia (but excluding, for this purpose, Revolving Loans) and/or cash contributions made to the reserves and not repaid in accordance with Section 6.3 second sentence of the Sponsors' Support Agreement and used for Project Costs.

4.5 Advances under the Facilities will be made available to AMD Saxonia by the Paying Agent crediting AMD Saxonia's \*\*\* with the Agent.

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\*\*\* Confidential information omitted and filed separately with the Securities and Exchange Commission.

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4.6 The Banks shall be entitled to reject Drawdown Notices from AMD Saxonia if and to the extent that AMD Saxonia has assigned or charged its claims under this Agreement to any third party or if such claims have been subject to an attachment order without the consent of the Banks or if AMD Saxonia is in default in the payment of any amount due or is in breach of a material obligation, under this Agreement.

ss. 5  
Conditions to Drawing

5.1 Initial utilization of the Facilities is subject to the satisfaction of the conditions set out in ss. 4 and all the following conditions (including those set out in ss. 5.2) at the date of the Drawdown Notice and written confirmation from the Agent and/or the Paying Agent that it has received a duly completed Drawdown Notice and confirmation from the

Agent that it has received the documents referred to in ss. 5.1.1 to 5.1.16.

- 5.1.1 Written confirmation of the Chief Financial Officer of AMD Inc. \*\*\*
- 5.1.2 Written confirmation from AMD Saxonia and AMD Inc. that as at the date of the initial Drawdown Notice all material governmental approvals, consents and measures which are necessary for the implementation and ongoing operation of the Project in accordance with the Plans and Specifications and the Operative Documents are available, or have been taken, as the case may be, which, according to the progress of the Project are appropriate and there is no reason to believe that the same will be revoked, restricted or made subject to conditions or that governmental approvals, consents and measures necessary at a later stage of the Project will not be obtained or taken in a timely fashion. Schedule 20 contains a list of all material approvals, consents and measures within the meaning referred to above. To the extent applicable as aforesaid and if any Bank should so reasonably require, AMD Saxonia shall furnish the Agent with certified copies of all relevant documents required for the performance of the Operative Documents, and of the governmental approvals, consents and measures necessary for the operation of the Fabrication Facility and the Design Center.
- 5.1.3 Confirmation from AMD Inc. that as at the date of the initial Drawdown Notice all consents or approvals necessary from third party creditors in relation to the indebtedness or contingent liabilities of AMD Inc. and in relation to the execution, delivery and performance by each of the AMD Companies of their existing obligations and the subject matter of the Operative Documents have been obtained.
- 5.1.4 Receipt of an extract from the Land Register confirming that AMD Saxonia has been registered in the Register as the owner of parcels referred to as nos. Folio 851 parcels nos. 150/2, 121/2, 122, 123, 124, 125/2, 126, 127, 128/2, 129/3, 130, 131, 132, 133/1, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 143a, 144, 145, 146, 147, 148, 149, 151/2, 152, 153, 154/2, 155, 156, 157, 158, 159, 160/1, 160/2, 161, 162, 694/1 in the County Court of Dresden von Wilschdorf and that the land charge to be granted in accordance with ss. 8.1.6 has been registered and that there are no prior registered charges.

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\*\*\* Confidential information omitted and filed separately with the Securities and Exchange Commission.

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- 5.1.5 All fees to be borne by AMD Saxonia pursuant to this Agreement and the other Operative Documents, to which the Agent, the Security Agent, the Paying Agent or the Banks are party, and other payments relating to costs incurred pursuant to ss. 25.1 which are due have been paid.
- 5.1.6 The Agent has received the following duly executed legally binding documents whose effectiveness is not conditional (save solely in respect of any condition relating to this Agreement):
- (i) all Security Documents pursuant to ss. 8 with the exception of such Consents and Agreements required in accordance with this Agreement and the Security Documents set out in Schedules 49 and 55 which are to be furnished together with the relevant contracts when the same are entered into
  - (ii) Sponsors' Support Agreement, in the form set out in Schedule 28
  - (iii) AMD Saxonia Wafer Purchase Agreement, in the form set out in Schedule 35.
  - (iv) AMD Holding Wafer Purchase Agreement, in the form set out in Schedule 33.
  - (v) AMD Saxonia Research, Design and Development Agreement, in the form set out in Schedule 36.
  - (vi) AMD Holding Research, Design and Development Agreement, in the form set out in Schedule 34.
  - (vii) Management Service Agreement, in the form set out in Schedule 37.
  - (viii) License Agreement in the form set out in Schedule 38.
  - (ix) Sponsors' Loan Agreement, in the form set out in Schedule 29.

- (x) Sponsors' Consent and Agreement, in the form set out in Schedule 31.
- (xi) Design/Build Agreement including Contractor's Consent and Agreement, in the form set out in Schedule 39.
- (xii) copies, certified by a lawyer as true copies, of Material Equipment Supply Contracts and Material Service Contracts (to the extent executed as at the date of the initial Drawdown Notice), including relevant Consents and Agreements in the form set out in Schedule 40 Part II, Annex 3 of Schedule 49 or in such other form as the Agent has consented to as well as all other Consents and Agreements required in accordance with the Security Documents in the form set out in Schedules 49 and 55.
- (xiii) AMD/Dresdner Subsidy Agreement (Zuschussvertrag).
- (xiv) SAB/Dresdner Subsidy Agreement (Zuwendungsvertrag).

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- (xv) AMD Saxonia Hedging Agreement in the form set out in Schedule 50a.
- (xvi) confirmation in writing from the State Ministry of Saxony for Economics and Labour that it has received a Letter from the European Commission confirming its non-objection to the interest subsidies to be paid under the Subsidy Agreements.
- (xvii) Sale and Settlement Agreement between AMD Saxonia and the City of Dresden dated 11 June 1996, together with amendments dated 25 October 1996 and 28 February 1997.

5.1.7 The Agent has received from AMD Saxonia, AMD Holding and AMD Inc. respectively, confirmation that, as at the date of relevant Drawdown Notice, subject to any disclosure to the contrary in the Disclosure Schedule set out in Schedule 15, (i) its representations and warranties in the Operative Documents are true and accurate in all material respects as at such date; (ii) none of the events referred to in ss. 21 has occurred and is continuing, (iii) each of the Operative Documents to which it is a party is legally binding on it and in full force and effect and (iv) there has been no breach by AMD Saxonia of such Operative Documents.

5.1.8 The Agent has been furnished with the following documents:

- (i) Documents relating to AMD Inc.
  - (a) a certificate of incorporation of AMD Inc. together with any amendments thereto duly certified by the Secretary of State of the State of Delaware, USA;
  - (b) a certificate of the Secretary of State of the State Delaware, USA, referring to the certificate of incorporation of AMD Inc. and any amendments and confirming that the same are the only charter documents furnished to the Secretary of State concerning AMD Inc., that AMD Inc. is incorporated in the State of Delaware, USA, and is in good standing and at the date of the certificate all franchise taxes due up to that date have been paid;
  - (c) a certificate signed by the Secretary of State of the State of California, USA, in customary form, confirming that under Californian law, AMD Inc. satisfies all the conditions for intra-state business and as at the date of the confirmation is entitled to engage in intra-state business, subject to any required permits of the State of California otherwise required;
  - (d) a duly signed confirmation of the Recorder of Deeds of New Castle County, Delaware, USA, in customary form, confirming that a certified copy of the certificate of incorporation of AMD Inc. together with all amendments referred to in the certificate delivered pursuant to ss. 5.1.8 (b), has been furnished to his office;
  - (e) a duly signed confirmation of the Secretary of the Franchise Tax Board of the State of California, USA, in customary form, confirming that AMD

Inc. is in good standing, has no unpaid tax obligations known to the Franchise Tax Board and is entitled to carry on business in the State of California; the provision of such confirmation shall not, however, be necessary to the extent that such confirmation cannot be provided for the reasons disclosed in the Disclosure Schedule, provided the decisions concerning the tax assessments have been challenged bona fide in appropriate proceedings and provision has been made therefor in accordance with US GAAP.

The date of the documents referred to above shall not be more than one month prior to the date of the initial Drawdown Notice.

- (ii) Documents relating to AMD Holding
  - (a) certified copy of the Commercial Registry extract and the articles of incorporation of AMD Holding in the form certified by the County Court. The date of the Commercial Registry extract shall not be more than one month prior to the date of the Drawdown Notice;
  - (b) confirmation of the Managing Directors (Geschäftsführung) of AMD Holding that the matters set out in the documents referred to in (a) are true and accurate in all respects as they relate to the actual facts;
  - (c) audited financial statements of AMD Holding, including notes to the statements and a management report, together with an unqualified report by the Auditors for the year ended 31 December 1996.
- (iii) Documents relating to AMD Saxonia
  - (a) certified copy of the Commercial Registry extract and the articles of incorporation of AMD Saxonia in the form certified by the County Court; the date of the Commercial Registry extract shall not be more than one month prior to the date of the initial Drawdown Notice;
  - (b) written confirmation of the Managing Directors (Geschäftsführung) of AMD Saxonia that the documents referred to in (a) are true and accurate in all respects as they relate to the actual facts.
  - (c) audited financial statements of AMD Saxonia including notes to the statements and a management report, together with an unqualified report by the Auditors for the year ended 31 December 1996.

5.1.9 The Agent has received from AMD Inc. confirmation in the form of Schedule 3, dated as of the date of the initial Drawdown Notice, stating that there is attached (i) a written resolution of its Board of Directors authorizing execution of the Operative Documents and (ii) a copy of its by-laws in effect at the date of the initial Drawdown Notice and (iii) a list of its agents and officers who have signed the Operative Documents and the documents relating thereto as authorized signatories.

5.1.10 The Agent has received an opinion acceptable to it from a recognized reputable first class US financial advisory firm confirming that the Operative Documents to which AMD Inc. is a party are fair to AMD Inc. from a financial point of view.

5.1.11 The Agent has received the following legal opinions:

- (i) legal opinion (including an Exhibit A thereto in a form satisfactory to the Agent) of Bronson, Bronson & McKinnon LLP, counsel to AMD Inc., in the form set out in Schedule 57, relating to the Senior Secured Note Indenture dated 1 August 1996 and the Credit Agreement dated 19 July 1996 each as referred to in ss. 15.1.13, dated not more than 21 calendar after the date hereof;
- (ii) legal opinion of O'Melveny & Myers LLP, counsel to the AMD Companies, of even date herewith, in the form set out in

Schedule 58, together with confirmation in accordance with Schedule 58 from O'Melveny & Myers LLP that the statements referred to in the legal opinion continue to be true and accurate as at a date not more than ten calendar days prior to the date of the initial Drawdown Notice;

- (iii) legal opinion of Norr, Stiefenhofer & Lutz, counsel to the AMD Companies including an opinion relating to the completeness of the schedule of required governmental approvals, permits and measures (Schedule 20) as well as relating to the status of such required approvals, permits and measures in accordance with the progress of the Project, in a form updated from that set out in Schedule 59 satisfactory to the Banks dated not more than ten calendar days prior to the date of the initial Drawdown Notice; and
- (iv) legal opinion of Doser Amereller Noack / Baker & McKenzie, counsel to the Agent and the Banks of even date herewith, in the form set out in Schedule 60, together with confirmation from Doser Amereller Noack/Baker & McKenzie that the statements referred to in the legal opinion continue to be true and accurate as at a date not more than ten calendar days prior to the date of the initial Drawdown Notice;
- (v) legal opinions of Feddersen Laule Scherzberg & Ohle Hansen Ewerwahn, counsel to the Agent and the Banks of even date herewith in the form set out in Schedule 61, together with confirmation from Feddersen Laule Scherzberg & Ohle Hansen Ewerwahn that the statements referred to in the legal opinion continue to be true and accurate as at a date not more than ten calendar days prior to the date of the initial Drawdown Notice.

5.1.12 The Agent has received a technical report (Technical Report) from the Technical Advisor, in form and substance satisfactory to the Agent together with an updated confirmation from the Technical Advisor that the Technical Report continues to be true and accurate in all material respects together with the confirmation in writing from AMD Saxonia in the form set out in Schedule 19;

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5.1.13 The Agent has received confirmations from AMD Saxonia's Insurance Brokers in the form of Annexes I and II of Schedule 22 as well as confirmation from the Insurance Advisor in form and substance satisfactory to the Agent evidencing, in particular, that AMD Saxonia has taken out insurances in the scope required pursuant to ss. 17.8 and Schedule 22.

5.1.14 AMD Saxonia has registered its stated capital of at least DM 217,500,000 in the Commercial Register of which an amount of at least DM 108,750,000 has been paid up, at the latest on the date of the initial Drawdown Notice and that a sum in this amount has been credited to a Project Account in accordance with ss. 19.

5.1.15 The Technical Advisor has received the Plans and Specifications in form and substance satisfactory to the Technical Advisor and the Agent has received confirmation in writing, to that effect.

5.1.16 The conditions to initial drawing referred to in the AMD/Dresdner Subsidy Agreement and the SAB/Dresdner Subsidy Agreement relating to the payment of grants and subsidies have been satisfied.

5.2 Each of the following conditions must be satisfied on each drawing (including the first) of the Facilities:

5.2.1 the Agent and the Paying Agent have received a Drawdown Notice and the Agent has received the documents to be submitted simultaneously with such notice pursuant to ss. 4.1. Each Drawdown Notice shall in particular contain confirmation that the conditions referred to in ss. 5.2.2 to ss. 5.2.4 below are true and accurate;

5.2.2 the representations and warranties given by each of the AMD Companies in each of the Operative Documents are true and accurate in all material respects as at the date of the Drawdown Notice and will be true and accurate as at the date of drawing, save to the extent that their content relates solely to an earlier date;

5.2.3 as at the date of the Drawdown Notice and as at the date of drawing, none of the events referred to in ss. 21 which would entitle the Banks to terminate this Agreement has occurred;

5.2.4 as at the date of the Drawdown Notice and as at the date of drawing no event which has a "Material Adverse Effect" within the meaning of the

Sponsors' Support Agreement has occurred;

5.2.5 the Agent has received a copy certified by a lawyer of each Material Equipment Supply Contract and each Material Service Contract entered into by such date, together with the written Consent and Agreements of the other contracting party relating to the transfer of the relevant contracts in the form set out in Part II of Schedule 40 or in such other form to which the Agent shall have consented together with all Consents and Agreements required pursuant to the Security Documents set out in Schedules 49 and 55 which have not already been obtained;

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5.2.6 the Agent has received evidence reasonably requested by it that all the governmental approvals, permits and measures necessary according to the progress of the Project have been granted and, or taken, in accordance with Part B of Schedule 20 as well as, at the beginning of each Project Phase, a legal opinion acceptable to it from Norr, Stiefenhofer & Lutz relating to the completeness and the legal validity of such approvals, permits and measures;

5.2.7 the Agent has received at the beginning of each then current Project Phase confirmation in the form of the Scheduled Project Phase Technical Completion Certificates in accordance with Schedules 9 and 10 stating that the relevant preceding Project Phase has been completed;

5.2.8 the Agent has received at the end of each calendar year confirmations from AMD Saxonia's Insurance Brokers in the form of Annexes I and II of Schedule 22 as well as confirmation of the Insurance Advisor pursuant to ss. 5.1.13;

5.2.9 the Agent has received all evidence reasonably requested by it relating to compliance with or the enforceability of AMD Saxonia's obligations under this Agreement and the Security Documents.

ss. 6  
Interest, Commitment Fee, Payments

6.1 AMD Saxonia may elect, by a notification in a Drawdown Notice and/or an interest rate notice, whether a variable rate, a fixed rate or a combination of variable and fixed rates should apply to drawings under Facility A.

The rate of interest applicable to each advance drawn and the Interest Period applicable thereto as determined in accordance with ss. 6.2 shall be, at AMD Saxonia's option:

- (i) in respect of a fixed rate, the sum of the Reference Rate and the margin,
- (ii) in respect of a variable rate, the sum of the LIBOR-Rate and the margin.

6.1.1 The Reference Rate is the arithmetic mean (rounded up to the fourth decimal place) of the fixed rates per annum for DM interest rate swaps (fixed rate as against 6 months LIBOR) in an amount equal to the relevant advance for the Interest Period requested by AMD Saxonia, as corresponds to the rate quoted by the Reference Banks at 11.00 a.m. (London time) as the offered rate on the second Banking Day prior to the relevant Interest Period, as determined by the Paying Agent.

The LIBOR-Rate is the DM interest rate per annum in the London Interbank Market which in accordance with "Telerate Screen" page 3750 (or such other page as may be substituted for page 3750 on that system for the purpose of displaying offered rates for DM deposits) is quoted as the offered rate at 11.00 a.m. (London time) on the second Banking Day prior to the relevant Interest Period for such Interest Period.

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To the extent that no interest rate is displayed on the relevant "Telerate Screen" page at the relevant time on any day for the determination of the interest rate, the rate determined by the Paying Agent shall be the arithmetic mean (rounded to the fourth decimal place) quoted to the Paying Agent by the Reference Banks as the DM interest rate per annum at which the Reference Banks offer to prime banks in the London Interbank Market on the relevant date at 11.00 a.m. London time for deposits for the relevant period and in an amount comparable to the relevant advance.

If any Reference Bank does not notify such a rate to the Paying Agent for any relevant period, the LIBOR-Rate and/or the Reference Rate as applicable shall be determined on the basis of the rates notified by

the other Reference Banks.

6.1.2 The margin applicable to Facility A prior to 31 December 2001 shall be one percent (1.00%) per annum. After 31 December 2001, the margin shall be calculated by reference to:

- (a) the rating of the public long-term senior unsecured debt securities of AMD Inc. by Moody's Investor Services, Inc. (or any successor or other undertaking which has assumed the relevant functions of Moody's Investor Service, Inc. which is a rating agency of international repute) in effect at the relevant time; and
- (b) the ratio (expressed as a percentage of utilization) of outstanding advances under Facility A to DM 1,500,000,000,-,

in each case, corresponding to the interest rate set out in the right hand column of the following table:

<TABLE>  
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Rating	Utilization percentage	Margin
less than "investment grade (Baa3)" or no rating	<C> 70% or more	<C> 1.00% per annum;
less than "investment grade (Baa3)" or no rating	at least 50% but less than 70%	0.90% per annum;
less than "investment grade (Baa3)" or no rating	less than 50%	0.75% per annum;
"investment grade (Baa3)" or better	70% or more	0.75% per annum;
"investment grade (Baa3)" or better	at least 50% but less than 70%	0.70% per annum; and
"investment grade (Baa3)" or better	less than 50%	0.55% per annum.

</TABLE>

Adjustments to the margin in respect of each advance shall be made at the beginning of the next Interest Period and/or at the next interest payment date as set out in ss. 6.6, as the case may be.

AMD Saxonia shall ensure that the Interest Periods elected by it always correspond with the repayment schedule in ss. 7.2 of this Agreement. To the extent that any advance must be prepaid prior to the Interest Period agreed therefor in order to comply with such repayment schedule, the provisions of ss. 7.5 shall apply accordingly.

6.2 In respect of a variable interest rate, the Interest Periods shall be 1, 3, 6 or 12 months (to the extent available). The Interest Periods in respect of fixed interest rates shall be of a duration of integral multiples of one year or of such duration as AMD Saxonia and the Agent may agree in order to match the dates on which repayment instalments are made in accordance with ss. 7.2 but shall not in any event exceed five nor be less than two years.

Upon the Agent's request, AMD Saxonia will consolidate individual outstanding advances so that not more than ten separate advances are outstanding at any one time.

6.3 AMD Saxonia will notify the Agent, with a copy to the Paying Agent, in an irrevocable Drawdown Notice and/or an interest rate notice to be received at the latest by the fifth Banking Day prior to an Interest Period of the relevant interest rate (variable or fixed rate), the amount for which the specified interest rate shall apply and the duration of the relevant Interest Period. If the Agent has not received in the time specified therefor an interest rate notice in the form set out in Schedule 4 for the next Interest Period, the relevant advance shall be for an Interest Period of the same duration as the previous Interest Period and bear interest on the same interest rate basis applicable to such Period.

6.4 The first Interest Period for each advance will commence on the date of

drawing. Each succeeding Interest Period will commence on the expiration of the immediately preceding Interest Period. If the last day of an Interest Period does not fall on a Banking Day, the Interest Period shall be deemed to end on the next following Banking Day or if the Interest Period relates to an advance bearing interest at a variable rate and the next following Banking Day would otherwise fall in the next calendar month, such Interest Period shall be deemed to end on the immediately preceding Banking Day. If an Interest Period for any advance would otherwise extend beyond a due date for payment pursuant to ss. 7.2 of this Agreement, the relevant Interest Period shall be deemed to end on the relevant due date.

6.5 Interest in respect of the variable interest rate shall be calculated on the basis of the actual number of days elapsed and a 360 day year. Interest in respect of the fixed interest rate shall be calculated on the basis of a 30 day month and a 360 day year.

6.6 Interest shall be paid on the last day of an interest period. In the case of an Interest Period for a variable rate advance of more than 3 months interest shall be due and payable at the end of every 3 months. In the case of a fixed rate advance, interest shall be

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paid on the last day of each calendar quarter or, if such day is not a Banking Day, on the next succeeding Banking Day.

6.7 AMD Saxonia shall be in default (Verzug), without any requirement for notice, if it has failed to make payments which are due hereunder on the relevant due date or if it does not make such payments in full. AMD Saxonia shall pay default interest on the outstanding amount of the overdue payment at the rate equal to 4 percentage points per annum above the applicable discount rate of the German Bundesbank, or the equivalent rate following introduction of the single currency under European Monetary Union, from the due date until receipt by the Paying Agent of the outstanding amounts. Should there be no such rate following introduction of the single currency, the Banks shall determine the applicable rate in accordance with ss. 315 BGB. If AMD Saxonia is in default of payment of interest, AMD Saxonia shall pay to the Banks liquidated damages. The amount of such liquidated damages shall correspond to a rate of interest of 4 percentage points above the applicable discount rate of the German Bundesbank (or the equivalent rate following introduction of the single currency under European Monetary Union) from the due date until receipt by the Paying Agent of the overdue interest amounts. Should there be no such rate following introduction of the single currency, the Banks shall determine the applicable rate in accordance with ss. 315 BGB.

6.8 AMD Saxonia agrees to pay to the Paying Agent for the account of each Bank as from the date of execution of this Agreement until the end of the availability period pursuant to ss. 4.2 a commitment fee at the rate of 0,2% per annum on such Bank's commitment of the unused portion of the Facilities calculated on the basis of the actual days elapsed and on the basis of a 360 day year. The commitment fee shall be calculated on a quarterly basis and shall be payable at the end of each calendar quarter for that quarter.

6.9 All payments to be made by AMD Saxonia to the Banks pursuant to the terms of this Loan Agreement shall at all times be made to the Paying Agent's account no. \*\*\* with Dresdner Bank in Frankfurt or such other account as may be specified by the Paying Agent on the relevant due date. The Security Agent is hereby also authorised to debit the relevant amounts due from AMD Saxonia's account no. \*\*\* with the Security Agent in Dresden on or after the due date and to pay the same to the Agent for distribution to the individual Banks. Payments made otherwise than in accordance with this provision shall not constitute good discharge in favour of AMD Saxonia.

6.10 AMD Saxonia shall not be entitled to assert any rights of set off or retention against the claims of the Banks for payment hereunder.

ss. 7  
Term and Repayment

7.1 The Facilities shall be for a term expiring on 31 December 2005.

7.2 The Facilities shall be amortized, commencing on 30 June 2001,

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\*\*\* Confidential information omitted and filed separately with the Securities and Exchange Commission.

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in semi-annual repayments in the percentages set out below on the last Banking Day of the relevant six month period:

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Instalments	Percentage of the aggregate principal amount of the Facilities outstanding at the end of the availability period pursuant to ss. 4.2
first and second instalment	6.50% each
third and fourth instalment	13.50% each
fifth and sixth instalment	14.25% each
seventh and eighth instalment	10.50% each
ninth and tenth instalment	5.25% each

</TABLE>

Each scheduled repayment of the Facilities shall be made, together with all interest accrued at the due date for repayment and with all other amounts due under this Agreement at such date.

- 7.3 AMD Saxonia is entitled to prepay the outstanding amount of the Facilities, in whole or in part, but not in an amount of less than DM 10,000,000 or, if higher, an integral multiple of DM 5,000,000 or the total amount outstanding provided that it shall have notified the Paying Agent (with a copy to the Agent) at least five Banking Days in advance by notice in writing, substantially in the form of Schedule 5. Each repayment shall include accrued interest up to the date of repayment.
- 7.4 At the latest on 15 August 2002, AMD Saxonia shall make a prepayment of the outstanding Facilities in an amount equal to the excess (if any) of:
- 7.4.1 all drawdowns under the Facilities made after Completion,  
over
- 7.4.2 Capital Expenditure incurred between 1 January 2001 and 1 July 2002, as set out in the Statement as to the Use and Sources of Funds submitted pursuant to ss. 16.2.6 (ii) for such period, signed by the Auditor.
- 7.5 Prepayments shall be applied to payments pursuant to ss. 7.2 in inverse order of maturity. In the event that the Banks incur a loss arising from a repayment (save for a repayment at the end of an Interest Period) by virtue of the fact that the reinvestment of any advances repaid by AMD Saxonia is only possible at interest rates lower than those agreed with AMD Saxonia, AMD Saxonia shall indemnify the Banks in respect of reinvestment losses so incurred as a result of prepayment. In such circumstances, the Banks shall be entitled to make a claim for the reinvestment loss which is equal to the difference between the rate of interest which would have been payable by AMD Saxonia for the relevant remaining term of the Interest Period on the basis of the applicable rates and the rate available to the Banks for such period as the reinvestment rate. For this purpose, the reinvestment rate for the remaining term and/or the remaining term of the Interest Period

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is capital market rate corresponding to the offered rate for German Pfandbriefe/Kommunalobligationen (Inhaberschuldverschreibungen) of an equivalent maturity in the interbank market, determined in accordance with ss. 6.1. The difference in interest rates shall be discounted to net present value at a discount rate equivalent to the reinvestment rate. The Banks shall be entitled to make a claim for any loss incurred by them which is higher. AMD Saxonia shall have the right to prove that damages have not been incurred or not in the amount claimed. All notices in relation to a prepayment shall be irrevocable.

ss. 8

#### Security

- 8.1 The Facilities are secured by the 65/35 Guaranty in the form known to the Banks and AMD Saxonia, as set out in Schedule 24 including in particular deeds of guaranty in the form set out in the specimen annexed thereto. A copy of the Guaranty Decision is also set out in Schedule 24 and the

terms of such Decision constitute a material term of this Agreement. All terms and conditions of the Guaranty Decision to be incorporated herein are hereby agreed by the parties notwithstanding that the same are not expressly set out in this Agreement; this shall apply in particular to the obligation to agree to amendments to this Agreement only with the consent of the Guarantors. AMD Saxonia undertakes to observe and comply with all relevant conditions of the Guaranty Decision directly applicable to it and to do all things to enable AMD Inc. to observe and comply with all obligations incumbent on it in connection with the Guaranty Decision. The Guarantors are entitled to appoint authorized representatives for the purpose of administering the 65/35 Guaranty. In addition, AMD Saxonia shall grant, or procure that there is granted, in favor of the Banks and the Security Agent the following security as security for all claims of the Banks as well as any potential claims of the Guarantors arising under or in connection with this Agreement:

- 8.1.1 a joint and several guaranty by the Sponsors in an amount of up to the greater of (i) thirty five percent (35%) of all amounts outstanding under this Agreement, and (ii) DM 217,500,000, in each case plus interest thereon and costs and expenses, but subject to a maximum amount of DM 600,000,000, as set out in the Sponsors' Guaranty in the form of Schedule 32, as amended;
- 8.1.2 a subordination agreement between AMD Saxonia, the Sponsors, the Agent and the Security Agent, in the form set out in Schedule 30;
- 8.1.3 a guaranty by AMD Inc. of obligations of AMD Holding under certain Operative Documents, in the form set out in Schedule 27;
- 8.1.4 a pledge of all shares in AMD Holding held by AMD Inc. in the form set as out in Schedule 41;
- 8.1.5 a subordination agreement between AMD Holding, AMD Inc., the Agent and the Security Agent, in the form set out in Schedule 42.

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- 8.1.6 a first priority land charge over real property registered in the Land Registry of the Dresden County Court, Dresden von Wilschdorf parcels numbers Folio 851 parcels nos. 150/2, 121/2, 122, 123, 124, 125/2, 126, 127, 128/2, 129/3, 130, 131, 132, 133/1, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 143a, 144, 145, 146, 147, 148, 149, 151/2, 152, 153, 154/2, 155, 156, 157, 158, 159, 160/1, 160/2, 161, 162, 694/1 of AMD Saxonia in respect of an amount of DM 1,650,000,000 together with interest in an amount of 15% per annum together with a lump sum payment in an amount of 5% of the total charge amount as an immediately enforceable charge without prior charges in Section III of the Register in favor of the Security Agent together with a personal acknowledgement of enforceability by AMD Saxonia to be granted in the form set out in Schedule 43;
- 8.1.7 a security assignment of the current assets of AMD Saxonia (raw materials, supplemental and operational materials, finished and unfinished products as well as trading products), in the form set out in Schedule 44;
- 8.1.8 a security assignment of fixed assets of AMD Saxonia, in the form set out in Schedule 45;
- 8.1.9 a security assignment of insurance claims of AMD Saxonia, in the form set out in Schedule 46;
- 8.1.10 a global assignment of all receivables of AMD Saxonia not otherwise assigned from the supply of equipment and other services and from other claims against debtors other than the Sponsors, in the form set out in Schedule 47;
- 8.1.11 a pledge of all amounts standing to the credit of AMD Saxonia in the Project Accounts in the form set out in Schedule 48;
- 8.1.12 an assignment of AMD Saxonia's rights under the Design/Build Agreement in the form set out in Schedule 39, the Equipment Supply Contracts, the Service Contracts and other contracts not governed by the laws of the United States of America or any state thereof together with an offer to transfer such contracts as required by Schedule 49 and with Consents and Agreements in the form of Annex 3 to Schedule 49 as therein required. AMD Saxonia is hereby authorized by the Security Agent to enforce on its behalf rights in its name under the agreements referred to above as against the relevant obligor for as long as no circumstances exist which entitle the Banks to terminate this Agreement; AMD Saxonia hereby accepts such authorization;
- 8.1.13 an assignment of claims and contractual rights of AMD Saxonia under the AMD Saxonia Wafer Purchase Agreement, the Equipment Supply Contracts, the

Service Contracts and rights under other contracts governed by the laws of the United States of America or any state thereof, in the form set out in Schedule 50;

8.1.14 a pledge of all shares in AMD Saxonia held by AMD Holding, in the form set out in Schedule 51;

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8.1.15 a security assignment of current assets of AMD Holding (raw materials, supplemental and operational materials, finished and unfinished products as well as trading products), in the form set out in Schedule 52;

8.1.16 a global assignment of all receivables of AMD Holding not otherwise assigned from the supply of equipment and other services and of other claims against all debtors, with the exception of AMD Inc., in the form set out in Schedule 53;

8.1.17 a pledge of all amounts standing to the credit of AMD Holding in bank accounts, in the form set out in Schedule 54;

8.1.18 an assignment of AMD Holding's rights under contracts not governed by laws of the United States of America or any state thereof and an offer to transfer such contracts, pursuant to the form set out in Schedule 55 together with Consents and Agreements in the form set out in Annex 3 to Schedule 55 as therein required; AMD Holding will be authorized by the Security Agent to enforce on its behalf rights in its name under the agreements referred to above as against the relevant obligor for so long as no circumstances exist which entitle the Banks to terminate this Agreement;

8.1.19 an assignment of claims and contractual rights of AMD Holding under the AMD Holding Wafer Purchase Agreement and other contracts governed by the laws of the United States of America or any state thereof, in the form set out in Schedule 56;

8.1.20 the AMD Inc. Pledge Agreement over Membership Interests in AMD Saxony LLC dated 3 June 2002 between AMD Inc. and the Security Agent;

8.1.21 the AMD Saxony LLC Security Agreement dated 3 June 2002 between AMD Saxony LLC and the Security Agent;

8.1.22 the AMD Saxony LLC KG Partnership Interest Pledge Agreement in AMD Saxonia dated 3 June 2002 between AMD Saxony LLC and the Security Agent;

8.1.23 the AMD Holding Share Pledge Agreement over GmbH shares in AMD Admin dated 3 June 2002 between AMD Holding and the Security Agent;

8.1.24 the AMD Admin Global Assignment Agreement dated 3 June 2002 between AMD Admin and the Security Agent;

8.1.25 the AMD Admin Pledge of Bank Accounts dated 3 June 2002 between AMD Admin and the Security Agent;

8.1.26 the AMD Admin KG Partnership Interest Pledge Agreement in AMD Saxonia dated 3 June 2002 between AMD Admin and the Security Agent;

8.1.27 the AMD Holding KG Partnership Interest Pledge Agreement in AMD Saxonia dated 3 June 2002 between AMD Holding and the Security Agent; and

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8.1.28 the Clarification and Security Agreement dated 3 June 2002 between the AMD Companies, the Security Agent and the Agent.

8.2 AMD Saxonia undertakes that, in the event of any material deterioration of the security as a whole, in particular as a result of reduction in value and/or loss, it will on the request of the Agent grant additional security or repay the Facilities accordingly. AMD Saxonia undertakes to charge real property which is not presently charged or which is acquired in the future if the same is or intended to be used for operational purposes.

8.3 If AMD Saxonia is of the opinion that the realizable value of the security as a whole (with the exception of the 65/35 Guaranty) exceeds at any time by a material amount the total outstanding claims of the Banks under this Agreement, otherwise than temporarily, AMD Saxonia may by notice to the Security Agent, including supporting material, require the release of security. The Security Agent will pass a copy of such notice to the Guarantors for their comment.

Following receipt of the Guarantors' comments, the Security Agent and the Banks will release security to the extent a material

over-collateralization has been adequately demonstrated.

The Security Agent shall be obliged to agree to a release if and to the extent that the realizable value as determined in accordance with the individual Security Documents of all Security provided by AMD Saxonia exceeds 120% of the secured claims of the Banks other than temporarily. The choice of the securities released shall be at the discretion of the Security Agent and of the Banks, as the case may be.

- 8.4 In the event that the Banks are entitled to terminate the Facilities pursuant to ss. 21 of this Agreement, AMD Saxonia hereby authorizes the Agent, on behalf of the Banks, to satisfy on its behalf all obligations of, and to discharge all claims against it (including those arising under extended retention of title clauses), at the expense of AMD Saxonia. AMD Saxonia waives its rights pursuant to ss. 267 II BGB and undertakes to reimburse the Agent promptly after request by the Agent all reasonable costs and expenses which the Agent may have incurred in connection with the exercise of its rights to satisfy obligations and discharge claims as aforesaid.

ss. 9  
Illegality

If it becomes illegal or unlawful pursuant to domestic or foreign legislation or it becomes contrary to any requirement of any domestic or foreign authority or public body for any Bank to comply with its outstanding obligations - in whole or in part - under this Agreement such Bank may immediately after it has become aware thereof inform AMD Saxonia through the Agent. After receipt of such notification, the Facilities made available by the relevant Bank affected by the illegality or unlawfulness shall be cancelled without notice or on such reasonable notice as may be determined by the relevant Bank and specified in the notification referred to, as the case may be. In such case, AMD Saxonia shall repay to the Paying Agent for distribution to the relevant Bank all outstanding amounts under the affected Facilities at the date such notice

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becomes effective, together with accrued interest and all other amounts due at the date of such notice.

ss. 10  
Market Disruption; Alternative Method of Calculation

- 10.1 The Paying Agent shall immediately notify AMD Saxonia and the Banks if any of the following events occur in relation to any interest period:
- (i) the Paying Agent, after consultation with the Reference Banks, determines that due to circumstances affecting the London interbank market, the LIBOR rate or the reference rate cannot be adequately and reasonably determined; or
  - (ii) in the case of a LIBOR rate, no interest rate for the relevant interest period appears on the Telerate Monitor and less than two (2) Reference Banks provide the Paying Agent with a LIBOR rate or in the case of the reference rate, less than two Reference Banks provide the Paying Agent with a reference rate; or
  - (iii) a majority of Banks, as determined pursuant to ss. 22.5, inform the Paying Agent (with a copy to the Agent) that in respect of the relevant interest period no DM funds in the required amount are available in the London interbank market or that the average of the LIBOR-rates appearing on the Telerate Monitor do not adequately reflect the cost to such Banks of making or maintaining their respective participations in the relevant advance for such interest period.

Following receipt of such notification no further advances may be made until an alternative method of calculation pursuant to ss. 10.2 is agreed upon or such notice is revoked by further notification from the Paying Agent to AMD Saxonia and the Banks.

- 10.2 As soon as notification pursuant to ss. 10.1 has been made, AMD Saxonia and the Paying Agent, in coordination with the Banks, will negotiate in good faith for a maximum period of thirty days with a view to setting an alternative method of refinancing the affected advances as well as the applicable interest rate, the interest period and the payment dates. To the extent that instead of a LIBOR rate, a reference rate can be determined or instead of a reference rate, a LIBOR rate can be determined, AMD Saxonia shall be entitled to require that the rate which is available shall apply to the relevant advance. If agreement as to the alternative interest rate is reached between the Banks and AMD, the alternative calculation method agreed shall apply for all relevant advances. If no agreement in respect of an alternative method of calculation is achieved within thirty days and agreed upon in writing or

if AMD Saxonia does not require an alternative available Reference Rate or LIBOR-Rate, the following shall apply:

- (i) to the extent that the Facilities have not been drawn, no drawing will be permitted. AMD Saxonia shall then be obliged to pay immediately all amounts due to the Paying Agent for distribution to the Banks pursuant to the terms of this Agreement;

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- (ii) to the extent that the Facilities have already been drawn, AMD Saxonia and the Agent (in consultation with the Paying Agent) may determine a repayment date for the entire outstanding amount of the Facilities affected of not less than thirty days. Repayment shall be effected on such day together with interest in an amount equivalent to the costs of the Banks of making or maintaining their respective participations in the relevant advance for such interest period together with the margin to the Paying Agent for distribution to the Banks. In the event that such costs of the Banks cannot be determined, the applicable rate shall be determined in accordance with ss. 315 BGB.

ss. 11  
Increased Costs

11.1 If a Bank or its Lending Office determines that the introduction of or a change of any law applicable to it or change in interpretation of any such law or the application or compliance with any regulation of any public body results or will result:

- (i) in the affected Bank being obliged to pay any tax or other payment relating to any advance made by it or to any payment to be made by AMD Saxonia to it, or
- (ii) the affected Bank being subject to any other measure which leads to an increase in the costs of that Bank in funding advances or that the amount or the effective return in relation to any payment which the affected Bank receives pursuant to this Agreement is reduced, or
- (iii) the affected Bank being subject to additional costs which arise from its commitment under the Facility,

such Bank shall be entitled to inform AMD Saxonia through the Agent. AMD Saxonia shall then be obliged on request and irrespective of whether advances made are repaid to the affected Bank to pay such amount to the Paying Agent for the account of the affected Bank as is demonstrated to be necessary to compensate the affected Bank for the relevant increase in costs or reduction of payment. The foregoing shall apply only to the extent that the affected Bank has informed AMD Saxonia, via the Agent, of the relevant circumstance in respect of paragraphs (i) to (iii).

11.2 An increase in costs or reduction of payment referred to in ss. 11.1 does not include:

- (i) any tax on overall net income of any Bank or a branch thereof;
- (ii) any tax required to be deducted or withheld from any amount payable by AMD Saxonia which AMD Saxonia has paid in accordance with ss. 13;
- (iii) any amount relating to any reserve amount, special deposits, equity, cost ratio, liquidity or capital adequacy requirement or any other form of banking or monetary control resulting from any law or regulation in effect at the date of this Agreement.

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11.3 For as long as the circumstances referred to in 11.1 above continue, AMD Saxonia shall be entitled by written notice to the Paying Agent, with a copy to the Agent, to repay all outstanding advances made by the affected Bank on thirty days notice expiring at the end of an interest period and to cancel the Facilities only as they relate to the affected Bank.

ss. 12  
Indemnity

12.1 Without prejudice in particular to the provisions of ss. 6.7, ss. 7.5, ss. 10 and ss. 11, AMD Saxonia shall be obliged to hold harmless from and to indemnify each Bank and the Paying Agent on demand in respect of all losses, obligations, damage, costs and expenses (including loss of profit) under or arising out of this Agreement which are suffered by a Bank or the Paying Agent as result of:

- (i) the occurrence of circumstances which entitle the Banks to terminate this Agreement or breach by AMD Saxonia of its obligations under this Agreement;
  - (ii) the failure to draw down funds under the Facilities following a Drawdown Notice;
  - (iii) any amounts prepaid otherwise than in accordance with the terms of this Agreement (in particular also pursuant to ss. 10 and ss. 11).
- 12.2 The obligation to hold harmless and indemnify includes also all costs and expenses which a Bank incurs as result of the redeployment of funds which are obtained for the purposes of refinancing its commitment under the Facilities as well as all interest, fees and costs which arise as a result of the funding of the amounts not drawn.
- 12.3 The Paying Agent will maintain books of account in accordance with customary banking practice which will at all relevant times record the amounts owed by AMD Saxonia pursuant to this Agreement. In the event of disputes or other questions in connection with this Agreement, the contents of the Paying Agent's books of account as they relate to the obligations of AMD Saxonia pursuant to this Agreement and the amount thereof shall be conclusive, save in the case of manifest error. AMD Saxonia's ability to prove any error in the contents of such books of account shall remain unaffected.

ss. 13  
No Deductions or Withholdings

- 13.1 All sums payable by AMD Saxonia under this Agreement shall be paid in full without set off or withholding in respect of tax or other deductions. The right to set off or the enforcement of any rights of retention or other claims is hereby excluded. To the extent that AMD Saxonia or a third party is obliged by law to make deductions or withholdings or to retain money for tax or other reasons, AMD Saxonia shall be obliged to make a payment of the difference together with the relevant amount in such additional amount as will ensure that the relevant Bank or the Paying Agent (as applicable) receives the full amount which would otherwise have been received by it if the relevant deduction or withholding had not been made. AMD Saxonia shall be obliged to furnish the Paying Agent, with a copy to the Agent, immediately with copies of all the relevant documents
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- confirming that the amount deducted or withheld has been paid to the relevant tax or other authority in the full amount.
- 13.2 If AMD Saxonia becomes aware that deductions or withholdings within the meaning of 13.1 are required, AMD Saxonia shall notify the Paying Agent, with a copy to the Agent, immediately giving details and information relating to the relevant regulations.
- 13.3 If any Bank receives the benefit of a tax credit or a relief or remission of tax resulting from the receipt of any additional amount under ss. 13.1 such Bank shall promptly reimburse to AMD Saxonia such part of that benefit as will leave such Bank after such payment in no more and no less favourable a position than would have applied if no such benefit or relief had been received. The relevant Bank shall be obliged to take all reasonable steps to claim such credit, relief or remission from or against its tax liabilities even if this results in an obligation to make a reimbursement to AMD Saxonia. The Banks shall not, however, be obliged to permit AMD Saxonia to inspect its books in connection with the obligation referred to above nor to take any particular steps in relation to their tax affairs.
- 13.4 No additional amount will be payable to a Bank under ss. 13.1 to the extent that such additional amount becomes payable as a result only of a change in the Lending Office of the relevant Bank, unless (i) such change is requested by AMD Saxonia, or (ii) under the relevant laws, regulations, treaties or rules in effect at the time of the change in Lending Office, such additional amount would not have been payable.
- 13.5 If AMD Saxonia is obliged to pay an additional amount under ss. 13.1, AMD Saxonia may prepay in whole (but not in part) (without prejudice to ss. 12.1) the amount made available to it under this Agreement by the affected Bank, on AMD Saxonia giving not less than five Banking Days' prior written notice to the Paying Agent (with a copy to the Agent) and the affected Bank, provided that such notice is given within thirty (30) days of AMD Saxonia becoming aware that it would be obliged to pay such amount; prepayments under this ss. 13.5 shall not be permitted after the expiry of such period. The liability of such Bank to make any further advances available to AMD Saxonia shall be cancelled on the giving of

such notice.

ss. 14  
Continuity Clause

European Economic and Monetary Union anticipates the introduction of a single currency and the substitution of the national currencies of Member States participating in such Monetary Union. On the date on which the Deutsche Mark is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member States participating in such Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with such Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify, or renegotiate this Agreement or any of

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its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Agreement shall continue in full force and effect in accordance with its terms; in particular, interest rates which have been set for an interest period shall remain unchanged for such interest period, subject to any mandatory provisions.

ss. 15  
Representations and Warranties

- 15.1 AMD Saxonia represents and warrants to the Banks as follows:
- 15.1.1 AMD Saxonia is a duly organised and existing Limited Partnership; each of AMD Holding and AMD Admin is a duly organised and existing limited liability company (Gesellschaft mit beschränkter Haftung) under the laws of the Federal Republic of Germany. AMD Saxony LLC is a duly organised and existing limited liability company under the laws of the State of Delaware, United States of America;
- 15.1.2 each AMD Company has taken all necessary steps and obtained all necessary consents to enter into legally binding obligations pursuant to the Operative Documents and the Security Documents and to exercise its respective rights thereunder;
- 15.1.3 the certified Commercial Registry extracts furnished to the Agent and the notarially certified articles of association of AMD Saxonia, AMD Admin and AMD Holding, and a copy of the Certificate of Formation of AMD Saxony LLC, certified by the Secretary of State of the State of Delaware, the Conversion Documents and the other documents to be furnished pursuant to ss. 16.5 reflect in all respects the actual position existing on the date furnished to the Agent;
- 15.1.4 the execution of the Operative Documents by each of the AMD Companies and the compliance by each of them of their obligations thereunder and the exercise by each of them of their rights thereunder:
- (i) do not violate any provision of applicable law, any judgment or any requirements or any approvals of any authority or the like or contractual obligations applicable to them or any other obligations;
  - (ii) will not result in the termination or acceleration of any of their other respective obligations;
  - (iii) will not result in an obligation of any of them to create or grant any security in favor of any third party, save as contemplated in the Security Documents or in this Agreement.
- 15.1.5 All Operative Documents entered into by the AMD Companies constitute the legally valid and binding obligations of AMD Saxonia, AMD Holding, AMD Saxony LLC, AMD Admin, and/or AMD Inc., respectively, enforceable in accordance with their terms, subject, however, to the Opinion Reservations. For this purpose, "Opinion Reservations" means limitations on the enforceability of legal documents which are subject to German law or the law of the United States of America or one of its states to the extent that in

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respect of these circumstances qualifications are expressly made in the legal opinions which were furnished to the Agent pursuant to ss. 5.1.11 and which were approved by the Agent or in the legal opinions delivered

to and accepted by the Agent under and pursuant to one of the Amendment Agreements to the Loan Agreement dated 6 February, 1998, 29 June, 1999, 20 February, 2001 and 3 June 2002. The granting of the security pursuant to ss. 8.1.1 to ss. 8.1.28 (inclusive) will be effective to grant to the Security Agent and / or the Banks a first priority security interest in each case, subject to retentions of title permitted in accordance with this Agreement. At the date of entering into this Agreement, AMD Saxonia does not own any real property, save for the real property referred to in ss. 8.1.6;

- 15.1.6 The audited consolidated financial statements of AMD Holding and the audited financial statements of AMD Saxonia each as at 31 December 1996 which have been furnished to the Agent, together with the relevant cash flow statements as at such date were, and the financial statements to be delivered pursuant to ss. 16.2.1 will be, prepared in accordance with generally accepted accounting principles consistently applied; in accordance with these principles they fairly represent, and, in the case of the financial statements to be delivered pursuant to ss. 16.2.1, will fairly represent, the consolidated financial position of AMD Holding and AMD Saxonia respectively without qualification and make provision for all material indebtedness and other liabilities, actual or contingent, of AMD Holding and AMD Saxonia save to the extent set out in Schedule 15. Since their respective dates of organisation, there has been no material adverse change in the business or financial position of AMD Saxonia, AMD Admin, (prior to a Substitution) AMD Saxony LLC and AMD Holding;
- 15.1.7 The audited financial statements of AMD Saxonia to be delivered in accordance with ss. 5.1.8 (iii) and ss. 16.2.2 were prepared in accordance with generally accepted accounting principles consistently applied. They are in accordance with those principles, true and accurate in all material respects and fairly represent the financial position of AMD Saxonia without qualification; in particular, provision has been made for all material indebtedness and all other liabilities, actual or contingent. Since the date of the latest audited accounts there has been no material adverse change in the business or financial position of AMD Saxonia;
- 15.1.8 There are no actions, suits, proceedings, claims or disputes or administrative proceedings pending or threatened against AMD Saxonia, AMD Saxony LLC (prior to a Substitution), AMD Admin or AMD Holding or the assets or other sources of income of AMD Saxonia, AMD Saxony LLC (prior to a Substitution), AMD Admin or AMD Holding which if an unfavourable outcome was reasonably probable, could reasonably be expected to have a material adverse effect on the financial position of AMD Saxonia, AMD Saxony LLC (prior to a Substitution), AMD Admin or AMD Holding;
- 15.1.9 To the best of its knowledge and belief, no Event of Default in relation to any of the Operative Documents exists on the Conversion Effective Date;
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- 15.1.10 None of AMD Holding, AMD Saxony LLC (prior to a Substitution), AMD Admin or AMD Saxonia is insolvent or incapable of paying its debts as they fall due; none is in liquidation and no steps have been commenced for the dissolution of any of them;
- 15.1.11 100% of the capital partnership interests (Kapitalanteile) in AMD Saxonia are held by AMD Admin (as to Euro 250), AMD Holding (as to at least 99.99% (rounded to two decimal points) and AMD Saxony LLC (prior to a Substitution) (as to Euro 250 prior to its re-transfer of a fractional interest pursuant to the Conversion Documents, and as to 0% following such re-transfer), each of which holds no investment in any other person (except that AMD Admin is a wholly-owned subsidiary of AMD Holding). AMD Holding and AMD Saxony LLC are, in turn, wholly-owned subsidiaries of AMD Inc.;
- 15.1.12 The ordinary share capital of AMD Holding has been paid up in full and that of AMD Saxonia (prior to the Conversion Effective Date) has been paid up in accordance with the provisions of the Sponsors' Support Agreement; there have been no repayments of capital. AMD Saxonia has no equity participations in other companies;
- 15.1.13 AMD Holding, AMD Saxony LLC, AMD Admin or AMD Saxonia are "Unrestricted Subsidiaries" and not "Restricted Subsidiaries" within the meaning of the Loan and Security Agreement of July 13, 1999, as amended, between, inter alia, AMD Inc. and the Bank of America National Trust and Savings Association, as agent;
- 15.1.14 The assets and rights of AMD Saxonia, AMD Saxony LLC, AMD Admin and AMD Holding are not subject to encumbrances nor has any security been granted in favor of third parties in respect thereof save in respect

of customary retention of title in favor of suppliers agreed in the ordinary course of business. No agreements with respect to extended or prolonged retention of title nor current account or group retention of title agreements have been concluded with material suppliers;

- 15.1.15 The operation and assets of AMD Holding, AMD Saxony LLC, AMD Admin and AMD Saxonia are fully insured against all risks customarily insured against by similar businesses and on similar terms. All insurances have been entered into with first class reputable insurance companies which are not affiliates of AMD Inc. The insurances in force from time to time in accordance with the progress of the Project will at a minimum satisfy the requirements set out in ss. 17.8 and Schedule 22;
- 15.1.16 AMD Saxonia, AMD Saxony LLC, AMD Admin and AMD Holding have submitted all necessary tax filings within a reasonable time of the relevant due date and in any event before penalties attach thereto. None of AMD Saxonia, AMD Saxony LLC, AMD Admin or AMD Holding is in default in relation to the payment of any tax claims or any other public law claims, other than those referred to in ss. 15.1.17, which are due except for these which are being contested in good faith by appropriate proceedings and for which proper provision has been made in accordance with German generally accepted accounting principles or US GAAP (as applicable). There is no proposed tax assessment against AMD Saxonia, AMD Saxony LLC, AMD Admin or AMD Holding which would, if made, have a material adverse effect on the financial position of AMD Holding, AMD Saxony LLC, AMD Admin or AMD Saxonia, respectively;
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- 15.1.17 All governmental or public law approvals, consents and measures (including those from the European Union) necessary for the proper implementation of the Project and the compliance by AMD Saxonia, AMD Saxony LLC, AMD Admin and AMD Holding of their obligations pursuant to the Operative Documents including in particular all such approvals, consents and measures necessary to ensure the legally binding nature of all governmental subsidies and grants in connection with the Project have been obtained, save for those set out in Part B to Schedule 20 and there are no grounds to believe that they could be revoked or cancelled or made subject to material restrictions;
- 15.1.18 All governmental or public law approvals, consents and measures set out in Part A of Schedule 20 have been obtained or taken and there is no reason to believe that (i) the same would be revoked, cancelled, limited or made subject to conditions of a material adverse nature nor that (ii) the governmental approvals consents and measures set out in Part B of Schedule 20 will not ultimately be available on a timely basis;
- 15.1.19 The business of each of AMD Saxonia, AMD Saxony LLC, AMD Admin and AMD Holding is not subject to any unusual limitations of a material nature which might affect compliance by them of their obligations pursuant to the Operative Documents;
- 15.1.20 Neither AMD Saxonia nor AMD Holding has engaged in any business or operation or incurred liabilities save in connection with their incorporation, the Project and the Operative Documents. Neither AMD Saxony LLC nor AMD Admin has engaged in any business or operation or incurred any liabilities save in connection with their incorporation, the Conversion Documents and the Operative Documents to which they are a party;
- 15.1.21 The factual information furnished by AMD Saxonia, AMD Saxony LLC, AMD Admin or AMD Holding to the Agent or to the Banks in connection with any of the Operative Documents or the subject matter thereof (including the Information Memorandum dated September 1996) is true and accurate in all material respects and have not become misleading as a result of the omission of any material fact. All assumptions, estimates and projections contained therein have been made with due care and attention; and
- 15.1.22 AMD Saxonia has not entered into any Material Equipment Supply Contracts or Material Service Contracts other than those notified to the Agent in writing, together with copies of the relevant contract or orders.
- 15.2 The above representations and warranties (with the exception of the representation in ss. 15.1.4) shall be deemed repeated in full on the date of each Drawdown Notice, on the completion of each Project Phase pursuant to the Project Schedule, the Conversion Effective Date, and each submission of AMD Saxonia's annual financial statements by reference to the facts and circumstances then existing.

ss. 16  
Reporting and Information Requirements

- 16.1 AMD Saxonia will as soon as possible and in any event within five Banking Days after becoming aware thereof inform the Agent of the occurrence of an Event of Default within the meaning of ss. 21 or any other Event of Default which in the reasonable opinion of an experienced third party would affect the legal or risk position of the Banks under this Agreement in a manner which is more than immaterial by notice in writing setting out the relevant circumstances and describing the measures within its powers which AMD Saxonia proposes to take in relation thereto.
- 16.2 AMD Saxonia undertakes to keep the Agent regularly informed of its financial affairs during the term of the Facilities. In particular, it is agreed as follows:
- 16.2.1 AMD Saxonia will as soon as possible and in any event within sixty (60) days of the end of each quarter of each financial year or, in the case of the last quarter of a financial year, within ninety (90) days of such quarter, furnish the Agent with (i) quarterly financial statements (balance sheet and profit and loss statement as well as a cash flow statement) for the relevant quarter and the period of the four preceding financial quarters including a comparative statement for the four financial quarters preceding such period together with (ii) a certificate of compliance in respect of the financial covenants as set out in Schedule 18, in each case in a form reasonably satisfactory to the Agent. The quarterly financial statements to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles applicable in Germany as consistently applied.
- 16.2.2 AMD Saxonia will as soon as possible and at the latest within ninety (90) days after the end of each financial year furnish to the Agent audited financial statements prepared by the Auditor confirming that the financial statements are unqualified and including notes to the statements and a management report, together with an audited cash flow statement including comparative figures for the preceding financial year and an updated Management Plan. At the same time, AMD Saxonia will furnish the Agent with confirmation of the Auditor that the quarterly financial statements furnished at the end of a financial quarter correspond with the audited annual financial statements and AMD Saxonia's books of account (including a reconciliation statement) and whether the financial covenants set out in Schedule 17 have been properly calculated and have been complied with in the relevant financial year, together with a confirmation in accordance with ss. 15.2.
- 16.2.3 AMD Saxonia will furnish to the Agent, simultaneously with the annual financial statements and other documents pursuant to ss. 16.2.1 and ss. 16.2.2 written confirmation that as at the end of the relevant balance sheet date no Event of Default within the meaning of ss. 21.2 has occurred or, alternatively, which events have lead to such an Event of Default during the relevant balance sheet period. If such Event of Default has occurred, written notice thereof in accordance with ss. 16.1 shall be given to the Agent, together with written confirmation that, except as stated therein, to AMD Saxonia's knowledge no other Events of Default have occurred.
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- 16.2.4 AMD Saxonia will furnish to the Agent immediately after receipt all reports and similar documents prepared by the auditors or other independent firms of accountants and which relate to audits undertaken as of the end of a financial year or any interim audits.
- 16.2.5 [left intentionally blank]
- 16.2.6 AMD Saxonia will furnish to the Agent the following:
- (i) within thirty (30) days after the end of each calendar quarter a status report in the form set out in Schedule 8, as amended;
  - (ii) within sixty (60) days of the end of each quarter of each financial year, or in the case of the last quarter of a financial year within ninety (90) day of such quarter and within ninety (90) days after the end of each Project Phase a Statement as to the Use and Source of Funds and compliance with the reimbursement obligations of the AMD Saxonia Wafer Purchase Agreement in accordance with Schedule 16, as amended, signed by the Auditor; and
  - (iii) at the latest by 28 February 2002, a status report as of 31 December 2001 relating to the Project prepared by the Technical

- 16.3 AMD Saxonia will inform the Agent promptly in writing in the event that production in the Fabrication Facility or research activity in the Design Center is not undertaken at any time after first commercial shipment of Products (as defined in the AMD Saxonia Wafer Purchase Agreement) for a period of more than five (5) successive days or if legal administrative or arbitration proceedings are instituted or threatened against AMD Saxonia, AMD Saxony LLC, AMD Admin or AMD Holding which may have a material adverse affect on the assets or ability of AMD Saxonia, AMD Saxony LLC, AMD Admin or AMD Holding to comply with their respective obligations under the Operative Documents.
- 16.4 AMD Saxonia will inform and keep the Agent informed in a reasonable manner of all circumstances relating to the operations of AMD Saxonia, AMD Saxony LLC, and AMD Admin and their respective other activities as well as its economic situation to the extent required by the Agent or any Bank or to the extent the same may have a material adverse effect on the financial position of AMD Saxonia, AMD Saxony LLC or AMD Admin or the viability of the Project. This obligation also applies to circumstances affecting any affiliate of AMD Saxonia and which may materially adversely affect the operations or other activities or economic position of AMD Saxonia, AMD Saxony LLC or AMD Admin or the assets which are the subject matter of the Security Documents.
- 16.5 On any change to the Commercial or Land Registry extracts or the Conversion Documents furnished to the Agent, AMD Saxonia will promptly inform the Agent of the relevant event by providing copies of the documents to be filed with the Commercial or Land Registry or Secretary of State of the State of Delaware and, following filing, AMD Saxonia will provide the Agent with certified copies of the new extracts.

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ss. 17  
Covenants

- 17.1 [left intentionally blank]
- 17.2 AMD Saxonia will comply in all material respects with all relevant laws and other regulations and administrative directives applicable to it and will on a timely basis comply with all reasonable requirements of the fiscal authorities.
- 17.3 AMD Saxonia will at all times promptly enforce to the full extent reasonable all its rights under the Operative Documents and at the Agent's request will take all reasonable steps to so do. AMD Saxonia hereby irrevocably appoints the Agent to take all measures and to enter into all undertakings which the Agent regards as necessary following the occurrence of an event which entitles the Banks to terminate this Agreement.
- 17.4 AMD Saxonia undertakes to complete the Project in accordance with:
- (i) the timetable contained in the Project Schedule (save that the completion date of any Project Phase (other than last) may be deferred for up to six (6) months in aggregate for all such deferrals) provided that Completion shall be no later than 31 December 2000; and
  - (ii) the Plans and Specifications.
- 17.5 AMD Saxonia will on a timely basis and to the full extent comply with its obligations pursuant to the Operative Documents and particular, take all steps to enable AMD Inc. and/or AMD Holding and/or AMD Saxony LLC and/or AMD Admin to comply with its respective obligations under the Sponsors' Support Agreement, in particular in connection with the increase of AMD Saxonia's capital (Haftsummen and Pflichteinlagen) as well as the contribution of other capital by the Sponsors. If AMD Saxonia intends not to comply with its obligations pursuant to the Operative Documents it will immediately inform the Agent thereof in writing.
- 17.6 AMD Saxonia will permit the Agent, the Banks' Auditor and the Technical Advisor as well as all other advisors of the Agent who are bound by a professional duty of confidence at all reasonable times to inspect its properties and to examine the financial and other records of AMD Saxonia and to discuss the affairs of AMD Saxonia, AMD Saxony LLC, AMD Admin and AMD Holding to the extent relevant to this Agreement and the risk position of the Banks hereunder with the management and competent employees. AMD Saxonia will provide unrestricted access to its relevant records and those of AMD Holding, AMD Saxony LLC and AMD Admin and make available a reasonable number of copies thereof at reasonable request.

All such inspections and examinations shall be performed in such manner as not to unreasonably disrupt AMD Saxonia's normal business operations and its manufacture of the products described in the preamble to this Agreement.

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- 17.7 AMD Saxonia will at all times maintain proper books of account and prepare its records in accordance with general accepted book keeping and accounting principles in Germany as consistently applied. The balance sheet assumptions will be applied consistently by reference to generally accepted valuation principles.
- 17.8 AMD Saxonia will at all times maintain insurance which in type (all buildings, machines, other equipment, stock, business interruption, third party liability and the like), scope and amount is at least equal to the insurance cover of a comparable business and which, in addition, satisfies the requirements of the Operative Documents. In particular, AMD Saxonia undertakes to maintain the insurances referred to in Schedule 22 in the scope and on the terms and conditions therein referred to, save that AMD Saxonia shall be under no obligation to maintain insurance with respect to the risk of earthquake and floods, provided that it shall have first furnished to the Agent confirmation with respect thereto in writing from a third party (acceptable to the Agent) in form and substance satisfactory to the Banks and the Guarantors. The persons referred to in Schedule 22 shall be named in all contracts of insurance as an additional insured and the Security Agent as "loss payee" in accordance with Schedule 22. At the end of each financial year, AMD Saxonia will furnish to the Agent a complete list of the above insurances for the next succeeding financial year giving the details referred to in Schedule 22 together with confirmation from its insurance brokers and the Insurance Advisor that AMD's insurance cover complies with the said requirements.
- 17.9 AMD Saxonia will construct the Plant and the Design Center in such a way as will ensure that the Plans and Specifications are complied with.
- 17.10 AMD Saxonia will at all times ensure that it has obtained and/or taken and will maintain and/or take on a timely basis all necessary governmental approvals, permits and measures required for performance by it of its obligations under the Operative Documents to which it is party.
- 17.11 AMD Saxonia will make payment of all fees and other amounts due in connection with the 65/35 Guaranty promptly. The Guarantors through their authorized representatives, C&L Deutsche Revision AG, Dusseldorf, are entitled to payment of one-off and regular fees together with commitment fees and processing fees in connection with the 65/35 Guaranty in accordance with the following provisions (as a genuine contract for the direct benefit of third parties):
- (i) AMD Saxonia shall after acceptance, and for the duration, of the 65/35 Guaranty pay the following guaranty fees:

on the issue of the guaranty commitment, 0.25% of the maximum guaranty amount in relation to the guaranteed indebtedness, whereby the calculation of the fee will be determined in accordance with the drawdowns (in accordance with Section 5 of the Guaranty Decision) so that the fee due on the issue of the documents relating the Guaranty Decision are calculated only by reference to the first drawdown and the first fees due in respect of the following drawdowns are due when

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such drawdowns are included in the terms of the Guaranty and/or in the case of special guaranty issues on the issue of the Guaranty.

following the issue of the guaranty, on 1 April and 1 October of each year in respect of each half year commencing on such dates, 0.25% of the Guaranty amount outstanding at such times (the maximum amount referred to in the Guaranty in respect of the guaranteed indebtedness less payments of principal).

- (ii) AMD Saxonia undertakes to pay the following amounts to the Guarantors, in the event that the Guarantors shall so request:

on any extension of the guaranty commitment, a commitment fee up to an amount of 0.25% of the extended

guaranty commitment,

in the event of material amendments to a guaranty which has been approved but not yet issued, a processing fee in an amount of up to DM 25,000;

- (iii) the processing fee for material amendments to an approved but unissued guaranty is payable to C&L Deutsche Revision AG, Dusseldorf to its Account No. 31 308 12, Westdeutsche Landesbank Girozentrale, Dusseldorf. Other current fees together with the commitment fee are payable to C&L Treuarbeit Deutsche Revision AG, Dusseldorf to their trust account "Bundesminister der Finanzen" Account No. 30 151 12 at Westdeutsche Landesbank Girozentrale, Dusseldorf quoting the reference number of the guaranty.

17.12 AMD Saxonia undertakes to comply with and to fulfill all covenants and other ancillary requirements applicable to it in connection with the grant of the subsidies. This obligation applies in particular to covenants and ancillary requirements which are dealt with in the SAB/Dresdner Subsidy Agreement and the AMD/Dresdner Subsidy Agreement together with the schedules to these documents. AMD Saxonia also undertakes to ensure that AMD Companies undertake all steps applicable to them under the covenants and other ancillary requirements in connection with the subsidies. AMD Saxonia undertakes furthermore to ensure that all obligations undertaken by it in connection with the granting of other state aid (in particular investment allowances) are fulfilled.

17.13 AMD Saxonia undertakes to enter into the Equipment Supply Contracts and Service Supply Contracts in accordance with the timetable set out in the Project Schedule and to ensure that equipment or goods delivered pursuant thereto are subject to retention of title only to the extent customary and in the ordinary course of business. AMD Saxonia will use its best endeavors to ensure that retention of title arrangements are not entered into with material suppliers and in any event that no current account, group or extended or prolonged retention of title agreements are entered into. The Equipment Supply Contracts entered into by AMD Saxonia shall not in the aggregate require the making of

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advance payments by AMD Saxonia in excess of an aggregate amount of DM 20,000,000.

17.14 AMD Saxonia undertakes to hedge at least 50% of all variable interest rate advances with interest rate caps with the Agent or other Banks and to inform the Paying Agent thereof. Any advances for which AMD Saxonia has elected a fixed interest rate pursuant to ss. 6.3 shall be deemed hedged for the purposes of this ss. 17.14. All rights arising out of contracts entered into by AMD Saxonia to hedge interest rate shall be assigned to the Security Agent in accordance with the Global Assignment in the form set out in Schedule 47; to the extent an assignment is not possible, the Banks shall be granted other appropriate security rights.

17.15 AMD Saxonia undertakes that, until satisfaction in full of all claims of the Banks under this Agreement, it will not, without the consent of the Agent and, in the case of (ii), (v), (ix) and (x) without the consent of the Guarantors:

- (i) grant in favor of third parties any security as security for its own obligations or those of a third party save as contemplated or permitted by the Operative Documents and save for customary retention of title rights in favor of suppliers permitted pursuant to ss. 17.13. AMD Saxonia's right to further encumber real property already subject to land charges in favor of the Banks shall remain unaffected (ss. 1136 BGB);
- (ii) incur indebtedness for borrowed money or incur liabilities save for such liabilities contemplated in the Operative Documents and liabilities in the ordinary course of business;
- (iii) save in respect of the lease agreement in respect of premises at Washingtonstrasse 16 A/B, 01139 Dresden, dated 7/13.08.1996 entered into with Siemens Technopark GmbH Dresden & Co. Grundstücksverwaltung OHG or any extension thereof, incur any other obligations as lessee, save to the extent that such obligations arise under agreements entered into in the ordinary course of business in connection with the operation of the Fabrication Facility and of the Design Center and do not exceed in aggregate more than DM 50,000,000;
- (iv) establish any subsidiaries or acquire interests in any other undertakings or enter into any merger agreements;
- (v) dispose of any assets or rights and/or remove such assets from the

location of the Fabrication Facility and the Design Center save to the extent (a) contemplated by and permitted in the Operative Documents (b) the disposal is of assets replaced by assets of at least equal or greater cost in the ordinary course of business which are acquired within six months of the sale of the original assets (or such longer period as is reasonably necessary in the light of the market availability of the relevant asset and provided that AMD Saxonia has entered into contractually binding agreements for the replacement of the original assets within three months of the sale of such assets), or (c) the aggregate book value of which does not exceed

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DM 25,000,000 in any calendar year or (d) the disposal is of assets with an individual acquisition cost of less than DM 50,000 or of stores supplies in the ordinary course of business;

- (vi) make any loans to or deposit funds with any third party, purchase or acquire securities or other financial instruments, save to the extent the same:
    - (a) are assets held in the bank accounts charged pursuant to ss. 8 or such other accounts opened with the consent of the Agent, which are charged to the Banks,
    - (b) constitute trade credit,
    - (c) constitute the payment of amounts due under the AMD Saxonia Wafer Purchase Agreement in respect of deliveries thereunder, or
    - (d) are bona fide employee loans which are in aggregate not in excess of DM 5,000,000,
    - (e) relate to the payment of amounts in respect of AMD Saxonia's stated capital which shall be transferred promptly to a Project Account pursuant to ss. 19, or
    - (f) are (for the avoidance of doubt) employee salary funds withheld by AMD Saxonia for employees to acquire stock of AMD Inc. in connection with an employee stock purchase plan;
  - (vii) make any payments (i) in connection with profits (Gewinnanspruch), including but not limited to, any and all rights and claims arising in connection with the capital accounts (Kapitalkonten), loan accounts (Darlehenskonten), and the private accounts (Privatkonten) of any partner (Gesellschafter), (ii) in connection with claims for distribution-quota (Auseinandersetzungsansprüche), including but not limited to, any compensation in case of termination (Auflösung), in particular claims for liquidation proceeds (Liquidationserlös) and the withdrawal (Ausscheiden) of a partner; (iii) in connection with a repayment of capital in the case of a capital reduction (Herabsetzung der Einlage oder der Pflichteinlage), repayment of capital (Rückzahlung von Einlagen) or (iv) in connection with any other pecuniary claims (geldwerte Forderungen) to AMD Holding, AMD Saxony LLC or AMD Admin or (v) to make any other payment to AMD Inc. or to any affiliate of AMD Inc., save to the extent such payments are permitted pursuant to Section 3 of the Sponsors' Subordination Agreement, in the form set out in Schedule 30 or Section 6.3 of the Sponsors' Support Agreement;
  - (viii) make payments pursuant to the Operative Documents (and, in particular, not to make any repayment of interest or principal on the Sponsors' Loans and the Revolving Loans) save in accordance with the terms of such Operative Documents;
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- (ix) undertake only business compatible with the purpose set out in the first paragraph of the preamble to this Agreement;
  - (x) incur any expenditure (including Capital Expenditure) which is not of the type contemplated in the Operative Documents and which is not incurred in the ordinary course of business;
  - (xi) terminate or amend any of the Operative Documents, save for
    - (a) Equipment Supply Contracts which are not Material Equipment Supply Contracts;
    - (b) Service Contracts which are not Material Service Contracts;

- (c) amendments to the agreement set out in Schedule 39 (Design/Build Agreement), the Material Equipment Supply Contracts, the Material Service Contracts and the Plans and Specifications which adversely affect the value of the Project, the Fabrication Plant and the Design Center or their purpose, or the production capacity or other characteristics required or agreed in the AMD Saxonia Wafer Purchase Agreement in a manner which is immaterial only and which are in accordance with the Project Budget and the Project Schedule are however permitted without the consent of the Banks;
  - (d) the Project Budget and the Project Schedule which may be amended in accordance with the provisions of ss. 18.
  - (xii) agree to any changes to the AMD Saxonia Partnership Agreement, in particular changes of its fiscal year, or grant any general powers of attorney with respect to the business of AMD Saxonia, except as otherwise permitted in the Operative Documents;
  - (xiii) enter into any agreement compliance with which would be contrary to any of the obligations of AMD Saxonia pursuant to the Operative Documents;
  - (xiv) [left intentionally blank]
  - (xv) at any time during the currency of this Agreement manufacture in any quarter microchip silicon wafers containing microprocessors other than general purpose microprocessors and related products in such number as would, prior to Completion, be in excess of 25% or after Completion, be in excess of 35% of all wafers produced by AMD Saxonia during the relevant quarter.
- 17.16 AMD Saxonia undertakes until the satisfaction in full of all claims of the Banks under this Agreement to ensure that the financial covenants set out in Schedule 17 are complied with at all times and/or to the extent AMD Saxonia has no direct influence on compliance with such financial covenants, to use its best endeavors to ensure that they are so complied with.
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- 17.17 AMD Saxonia undertakes to keep and maintain its fixed and current assets exclusively within the area of the Plant and Design Center shown in Schedules 44 and 45.
- 17.18 [left intentionally blank]
- 17.19 AMD Saxonia undertakes, as a genuine contract for the direct benefit of third parties, to permit an examination at any time by the Guarantor or an authorized representative of the Guarantor as to whether there is any possibility of a claim being made pursuant to the 65/35 Guaranty or as to whether circumstances exist or have existed which would make such a claim possible. AMD Saxonia furthermore undertakes (as a genuine contract for the direct benefit of third parties) to provide to the Guarantors all information requested by them in connection with the 65/35 Guaranty. AMD Saxonia is aware that the examination and information rights referred to above exist also in favor of the Banks, however, only to the extent such documentation relates to the guaranteed Facilities. AMD Saxonia hereby relieves and discharges the Banks from their duty of confidentiality as against the Guarantors and their authorized representatives, to the extent that the aforesaid rights in favor of the Banks are exercised. AMD Saxonia undertakes, as a genuine contract for the direct benefit of third parties, to bear the costs of all examinations by the Guarantors referred to above.
- 17.20 [left intentionally blank]
- 17.21 AMD Saxonia undertakes not to enter into any confidentiality and non-competition undertakings with its employees, officers or contracting parties other than in the form agreed with the Agent prior to entering into this Agreement or save as may be otherwise agreed with the Agent.
- 17.22 AMD Saxonia will at the request of the Agent use its best endeavors to obtain from any contracting parties a Consent and Agreement, to the extent that such Consent and Agreement is not required to have been already obtained, for contracts required to be assigned to the Banks in accordance with this Agreement or the Security Documents, in the form set out in Part II of Schedule 40 or such other form as shall have been consented to by the Agent, if the Agent deems the same to be necessary to ensure the unrestricted continuation of the Project in the event of enforcement of its security and AMD Saxonia does not demonstrate the

contrary and will make an offer to the Agent enabling it to assume the contract in accordance with the provisions of ss. 3 of the Security Document referred to in Schedule 49.

17.23 AMD Saxonia will make borrowings under the Revolving Loan Facility Agreement (in accordance with the terms thereof):

- (i) as and to the extent necessary to comply at all times after 1 July 2001 with the Minimum Liquidity Covenant (taking into account cash then on deposit in the Project Accounts and Cash Equivalent Investments (under and as defined in Schedule 23) then held); and
- (ii) as and to the extent and at the times necessary such that AMD Saxonia shall have sufficient funds to finance its general corporate funding requirements, taking into

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account amounts then available for drawing under Facility A hereunder and other amounts then available to it, including without limitation amounts theretofore paid to AMD Saxonia under the AMD Saxonia Wafer Purchase Agreement.

AMD Saxonia undertakes not to reduce or agree to reduce the Total Revolving Loan Commitment Amount to less than US\$750,000,000 (seven hundred and fifty million US Dollars) without the consent of the Agent.

ss. 18  
Project Budget; Project Schedule

18.1 Prior to Completion, the Project will be implemented pursuant to the Project Budget and the Project Schedule.

18.2 Within fourteen (14) days after the end of each Project Phase described in the Project Schedule, AMD Saxonia will furnish to the Agent the Scheduled Project Phase Technical Completion Certificates signed by the AMD Companies and the Technical Advisor in accordance with Schedules 9 and 10 together with a confirmation pursuant to ss. 15.2. At the same time, AMD Saxonia will furnish an updated Management Plan approved by the Sponsors setting out all projected future Capital Expenditure in connection with the Project. Prior to Completion, AMD Saxonia will consult and agree with the Agent on a timely basis any amendments or variations to the Project Budget or the Project Schedule which it regards as necessary. Project Budgets and Project Schedules amended with the consent of the Agent, who may consult with the Technical Advisor, the Auditor and the Banks' Auditors with regard thereto, shall be regarded as Project Budgets and Project Schedules within the meaning of this Agreement.

ss. 19  
Project Accounts

19.1 AMD Saxonia undertakes to ensure that - without prejudice to ss. 17.15 (vi) (e) - all payments under the Operative Documents or otherwise in connection with the Project which are made to it or to be paid by it are effected only through one or more of the accounts maintained with the Security Agent (such accounts herein referred to as "Project Accounts").

19.2 Amounts standing to the credit of the Project Accounts may be used only in the ordinary course of business of AMD Saxonia (including for the purpose of financing Capital Expenditure), for the settlement of financing costs and for the repayment of the Facilities, the payment of interest and the repayment of principal under the Revolving Loan Facility Agreement (to the extent permitted under the Sponsors' Subordination Agreement set out in Schedule 30, as amended).

19.3 Cash standing to the credit of the Project Accounts may be invested in the securities and assets set out in Schedule 23 which shall be maintained in a custody account maintained solely with the Security Agent forming part of a Project Account or in other custody accounts opened with the consent of the Agent and charged to the Banks.

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19.4 [left intentionally blank].

19.5 The Banks shall be entitled to set off any claims due against AMD Saxonia against the amount standing to the credit of any of the Project Accounts; it shall be sufficient for this purpose for the Agent to issue a declaration of set off.

19.6 All credits securities and assets standing to the credit of the Project Accounts shall be charged in favor of the Banks as security for their claims under this Agreement pursuant to ss. 8.

ss. 20  
Consent of the Banks

20.1 In all cases in which AMD Saxonia requires the consent of the Agent, the Security Agent or the Banks pursuant to the provisions of this Agreement, the Agent, the Security Agent and/or the Banks shall be entitled to withhold their consent only if the legal or risk exposure of the Banks would otherwise be affected in a manner which is material. In this regard circumstances shall be regarded as material which relate, in particular, to:

- (i) the interests of the Banks in receiving payments under this Agreement and the other Operative Documents in a timely and complete manner or which would affect their ability to realize sufficient proceeds from the realization of security;
- (ii) the shareholding or capital structure of AMD Inc., AMD Holding, AMD Admin, AMD Saxony LLC and AMD Saxonia, except in connection with the Substitution (if any);
- (iii) the obligations of the Sponsors, AMD Saxony LLC and AMD Admin pursuant to the Sponsors' Support Agreement;
- (iv) the viability of the Project by reference, in particular, to the obligations of AMD Inc. under the AMD Holding Wafer Purchase Agreement and the AMD Holding Research, Design and Development Agreement in the form set out in Schedule 34 or AMD Holding under the AMD Saxonia Wafer Purchase Agreement and the AMD Saxonia Research, Design and Development Agreement in the form set out in Schedule 36; or
- (v) the compliance in full or the ability to comply with the conditions of the Guaranty Decision, the 65/35 Guaranty and the AMD/Dresdner Subsidy Agreement.

20.2 Each consent of the Banks shall be in writing. The parties agree that the consent of the Banks shall not be deemed to have been given unless expressly given in writing and that consents should be given on a timely basis taking into account the interests of AMD Saxonia and the other Banks. The Agent shall be authorized to give such consent unless such consent relates to the duties of the Paying Agent. In such case, the Paying Agent may give such consent.

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ss. 21  
Termination of the Facilities by the Banks

21.1 The Banks shall be entitled to terminate the Facilities for good cause, in whole or in part, and without notice or subject to such notice as they may determine and,

- (i) to refuse to make available to AMD Saxonia advances under the Facilities and/or
- (ii) to require the immediate repayment of all outstanding advances together with accrued interest and other fees and amounts payable by AMD Saxonia pursuant to this Agreement and/or
- (iii) to require the payment of damages including any loss of profit pursuant to ss. 12 which the Banks may suffer following termination between the time of termination and the expiry of the relevant Interest Period and/or
- (iv) to realize the security provided by or on behalf of AMD Saxonia,

21.2 There shall be good cause for termination within the meaning of the aforesaid ss. 21.1 and of ss. 19 of the General Terms and Conditions of the Agent, in particular, if any of the following events has occurred and is continuing and if in the opinion of the Banks, exercising the standard of care customary in commercial relations, the legal or risk position of the Banks is materially adversely affected thereby:

- (i) AMD Saxonia shall be in default in any payment of interest or principal under this Agreement for more than three months;
- (ii) the information provided by AMD Saxonia in respect of its financial position is incorrect or incomplete in any material respect;

- (iii) AMD Saxonia, AMD Admin or AMD Holding ceases payment of its creditors or composition, insolvency or similar proceedings are applied for in respect of all of the assets of AMD Saxonia, AMD Admin or AMD Holding or a material part of the assets of AMD Saxonia, AMD Admin or AMD Holding are subject to mandatory attachment or AMD Saxonia, AMD Admin or AMD Holding enters into negotiations with respect to any extra-judicial composition proceedings;
- (iv) AMD Saxonia, AMD Holding or AMD Inc. are in default of any payment due to the Banks pursuant to the Sponsors' Support Agreement or any other Operative Document for more than five (5) Banking Days following receipt of written notice of default;
- (v) the Facilities are not used for the purposes set out in ss. 3;
- (vi) any representation and warranty pursuant to ss. 15 including any deemed repetition thereof, was incorrect in any material respect at the time it was given;

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- (vii) any condition precedent for utilization of the Facilities pursuant to ss. 5 subsequently ceases to be complied with without the previous consent of the Banks;
- (viii) any of the obligations or covenants pursuant to ss. 17 or 18 are breached, whether or not as a result of action by AMD Saxonia, and cannot be complied with or remedied or, to the extent the breach is capable of remedy, the breach is not remedied within seven (7) Banking Days after the Agent has given AMD Saxonia written notice thereof;
- (ix) AMD Holding, AMD Saxony LLC, AMD Admin or AMD Inc. does not comply with any material provision of the Sponsors' Support Agreement, the Sponsors' Loan Agreement in the form set out in Schedule 29, as amended, the Revolving Loan Facility Agreement or of any other Operative Documents to which it is a party and, to the extent, the breach is capable of remedy, and, is not remedied within seven (7) Banking Days after the Agent has given written notice thereof; Articles I and III and Sections 4.1, 4.3, 6.2, 13.1 (i) (a) to (d) and (f), 13.1 (iii) and (iv), 13.2, 13.3, 13.4 (i) to (viii) and (x), 13.5, 13.6 and 13.7 of the Sponsors' Support Agreement shall without prejudice to the generality of the foregoing be regarded as material;
- (x) if AMD Inc. undertakes a "Stock Offering" within the meaning of the Sponsors' Support Agreement in the Fiscal Year 1998 and, if permitted under the Indenture referred to in ss. 21.2 (xvi) of this Agreement (without utilizing any of the provisions contained in the first proviso to Section 4.07 (iv) thereof), AMD Inc. fails to contribute the full amount of the "Class C Sponsors Loans" within the meaning of the Sponsors' Support Agreement forthwith following receipt of proceeds from the "Stock Offering" referred to above; the events referred to in (ix) above shall remain unaffected;
- (xi) AMD Saxonia is in breach of any material provision of this Agreement, the Security Documents, the AMD Saxonia Research, Design and Development Agreement in the form set out in Schedule 36 or the AMD Saxonia Wafer Purchase Agreement;
- (xii) any of the Operative Documents is or becomes invalid or unenforceable or its validity or enforceability is challenged by AMD Saxonia, any of the Sponsors, AMD Saxony LLC or AMD Admin, or the Power of Attorney is revoked by AMD Saxony LLC, AMD Admin or AMD Holding.
- (xiii) receivership, composition or insolvency proceedings against the assets of the contractor for the Fabrication Facility and the Design Center or against a supplier are commenced or there is a material adverse change in the financial position of such general contractor or such supplier and any such event could reasonably be expected to have a material adverse effect on the Project, unless AMD Saxonia has cured the relevant event by entering into adequate substitute arrangements satisfactory to the Agent within 45 days;
- (xiv) a material adverse change in the financial condition of AMD Saxonia, AMD Holding, AMD Saxony LLC, AMD Admin or AMD Inc., or

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AMD Inc. on a consolidated basis, and as result there is likely to be a material adverse effect on the Project;

- (xv) AMD Saxonia, AMD Holding, or AMD Inc. are in default with any payment obligation in favor of a third party in an aggregate amount of more than DM 15,000,000, or AMD Saxony LLC (except with regard to any payment obligation of AMD Saxonia which is a liability of AMD Saxony LLC by virtue of its general partnership interest) or AMD Admin are in default with any payment obligation in favor of a third party in an aggregate amount of more than Euro 100,000;
- (xvi) The occurrence of an "Event of Default" within the meaning of the Loan and Security Agreement of 13 July 1999, as amended, between, inter alia, AMD Inc. and Bank of America National Trust & Savings Association as "Administrative Agent".
- (xvii) any action under this Agreement requiring consent is undertaken without the necessary consent unless the refusal to grant consent is unlawful or in contravention of the terms of this Agreement;
- (xviii) the insurances to be maintained pursuant to ss. 17.8 are not maintained in full force and effect;
- (xix) any material governmental approvals, consents or permits are not granted, are revoked or are made subject to conditions or if any governmental regulations or decrees are passed relating to the Project which will prejudice the viability of the Project and which are not either set aside by adequate action of AMD Saxonia to discharge the effects of such regulations or decrees or if AMD Saxonia has not suggested a course of action reasonably satisfactory to the Agent within 30 days thereof;
- (xx) any statement made to the Banks by AMD Saxonia, AMD Holding, AMD Saxony LLC, AMD Admin or AMD Inc. in connection with the Project is inaccurate or incomplete in any material respect to the extent that such statement is of material significance for the viability of the Project or for the compliance by AMD Saxonia, AMD Holding, AMD Saxony LLC, AMD Admin or AMD Inc. with its obligations under the Operative Documents;
- (xxi) AMD Saxony LLC, AMD Admin and AMD Holding cease to be the sole partners of AMD Saxonia (except in connection with the Substitution (if any)), AMD Holding ceases to have a capital partnership interest (Kapitalanteil) of at least 99.99% (rounded to two decimal points) in AMD Saxonia, (except in connection with the Assignment and Trust Agreement), there is any change in the Euro 250 partnership interest of AMD Admin, (save in connection with the Substitution (if any)), AMD Holding or AMD Saxony LLC ceases to be a wholly-owned

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subsidiary of AMD Inc. or AMD Admin ceases to be a wholly-owned subsidiary of AMD Holding.

- (xxii) AMD Saxonia's ordinary share capital is not fully paid in by 31 December 1997 in an amount of at least DM 217,500,000 or subordinated shareholder loans or Revolving Loans or equity are or is, as the case may be, not made available in accordance with the Sponsors' Support Agreement and/or the Revolving Loan Facility Agreement;
- (xxiii) projections in the current Management Plan (delivered pursuant to ss. 16.2.2) show that AMD Saxonia will be unable, at any time during the period from the date of such Management Plan to 31 December, 2005, to comply with the Minimum Liquidity Covenant, after taking into account:
  - (a) the Available Revolving Loan Facility Amount; and
  - (b) other cash resources available to AMD Saxonia,
    - unless within 10 Banking Days after receipt of written notice from the Agent, AMD Inc. provides the Agent with such evidence as shall be reasonably satisfactory to the Banks in the exercise of their due discretion with respect to the ability of AMD Inc. and AMD Saxonia to fund the amount necessary to ensure compliance with the Minimum Liquidity Covenant as aforesaid.
- (xxiv) the terms or conditions of the 65/35 Guaranty or of the Guaranty Decision or the Subsidy Agreement are not complied

with or breached or the 65/35 Guaranty is no longer available in full, or investment or interest grants or investments subsidies or other material state assistance is not available in the amount promised and AMD Inc. does not make available compensation pursuant to the Operative Documents, or AMD Saxonia, AMD Holding or AMD Inc. breaches the terms and conditions of other state assistance material to the Project and as a result thereof it is likely that the same will not be available in their full amount or are revoked or cancelled;

- (xxv) [left intentionally blank]
- (xxvi) any of financial covenants set out in Schedule 17 are not complied with;
- (xxvii) the Agent becomes aware that AMD Saxonia has breached any other material contractual obligations;
- (xxviii) other circumstances occur or become known which may prejudice the ability of AMD Saxonia to repay the Facility;
- (xxix) the Agent has not received by 31 March 2000 written confirmation from the Technical Advisor to the effect that the conditions required for Completion in the

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Technical Completion Certificate (Technical Advisor) as set out in Schedule 10 can be satisfied prior to 31 December 2000;

- (xxx) Proceedings shall have been applied for or commenced in respect of AMD Inc. or AMD Saxony LLC:
  - (a) seeking (i) to have an order for relief entered, or (ii) seeking a declaration that AMD Inc. or AMD Saxony LLC is insolvent or (iii) a declaration or finding, or seeking dissolution, winding-up, charter revocation or forfeiture, liquidation, reorganisation, arrangement, adjustment, composition or other similar relief with respect to AMD Inc. or AMD Saxony LLC, its assets or its debts under any law relating to bankruptcy, insolvency, relief of debtors or protection of creditors, termination of legal entities or any other similar law now or hereafter in effect; or
  - (b) seeking appointment of a receiver, trustee, liquidator, assignee, sequestrator or other custodian for all or any substantial part of its property in a non-bankruptcy proceeding and such proceeding shall result in the entry, making or grant of any such order for appointment; and
  - (c) which in either of (a) or (b) above are not dismissed within 60 days of the commencement of such proceedings or such appointment.
- (xxxi) AMD Inc. or AMD Saxony LLC shall: voluntarily suspend transaction of its business, cease payment of its creditors, make a general assignment for the benefit of its creditors; apply for or institute any of the proceedings described in ss. 21.2 (xxx) hereof, or (whether or not any such proceeding have been applied for or commenced) shall consent to or acquiesce in any such order for relief, declaration, finding or relief described in ss. 21.2 (xxx), or to the taking of possession by any such custodian described in ss. 21.2 (xxx) of all or any substantial part of its property, dissolve, wind-up, revoke or forfeit its charter (or other constituent documents) or liquidate itself or any substantial part of its property, or shall take any corporate or similar action in furtherance of any of the foregoing.

The Banks shall not be entitled to rely upon any of the aforesaid events if the circumstances giving rise thereto have been remedied within ten (10) Banking Days following receipt of written notice from the Agent. This shall not apply to the events referred to in (i), (ii), (iii), (viii) (ix), (x), (xiii), (xiv), (xvii), (xviii), (xx), (xxi), (xxii), (xxvi), (xxx) and (xxxi) above. The Agent will consult with the Guarantors before terminating on the grounds of the Events of Default referred to in (viii) and (xv) and (xxiii). Termination on the grounds of the Event of Default referred to in (xxvi) is permitted only in agreement with the Guarantors.

ss. 22  
Agency Provisions

22.1 The Banks have agreed to participate in the profits and risks of the Facilities in the form of a disclosed consortium. Any joint and several

liability, the Banks is excluded; each Bank is liable only for the relevant commitment undertaken by it pursuant to ss. 2 and

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Schedule 1. Each Bank shall immediately inform the Agent in respect of any breach of the Operative Documents of which it becomes aware. A corresponding obligation shall apply to the Agent in the performance of its duties pursuant to ss. 22.3.

- 22.2 The Agent is acting on behalf of the Banks under this Agreement. The Banks hereby appoint the Agent to act on their behalf as Agent in relation to the rights and obligations of the Banks under this Agreement, with exception of rights and obligations pursuant to ss. 24, and the other Operative Documents pursuant to the terms thereof under the following terms and conditions. Each of the Banks hereby irrevocably authorizes the Agent to give on their behalf all contractually binding declarations in connection with the implementation in this Agreement and the other Operative Documents and to pursue their rights and obligations in accordance therewith. The Agent shall be exempted from the restrictions of ss. 181 BGB. The Agent shall be authorized to delegate authority to entities within its group or to persons subject to a professional duty of confidence and revoke the same free from any restrictions pursuant to ss. 181 BGB. Dresdner Bank AG shall in its capacity as house bank pursuant to the Subsidy Agreements, exercise its rights thereunder exclusively in accordance with the terms of such agreements.
- 22.3 In addition, the Agent shall have the following duties:
- 22.3.1 verification of satisfaction of the conditions precedent pursuant to ss. 5.
- 22.3.2 negotiations with AMD Saxonia, the Sponsors, AMD Saxony LLC and AMD Admin as well as changes and additions to this Agreement and the other Operative Documents including any changes to the method of payment;
- 22.3.3 prompt circulation to the Banks of Drawdown Notices submitted by AMD Saxonia to the Agent (together with confirmation from the Agent that it has received the documents to be furnished pursuant to ss. 4.1.1 (i) - (iii) and ss. 4.1.2 (i) - (iii), as the case may be), as well as circulation to each of the Banks of the documents to be furnished by AMD Saxonia or in individual cases, required by the Banks or any of them pursuant to ss. 16 and other information which is required to be circulated to all the Banks in accordance with the terms of this Agreement or the Operative Documents;
- 22.3.4 prompt notification of the Banks of all material circumstances coming to the attention of the Agent in connection with the implementation of this Agreement which affect the enforcement of the rights of all or any of the Banks such as in particular the occurrence of an event pursuant to ss. 21;
- 22.3.5 distribution of all requisite information in connection with the 65/35 Guaranty to the Guarantors and consultation with them;
- 22.3.6 the convening and conduct of meetings of the Banks;
- 22.3.7 implementation of resolutions of the Banks;
- 22.3.8 monitoring of compliance with the provisions of this Agreement and the other Operative Documents without prejudice to the obligations of the Banks pursuant to ss. 22.1, sentence 3;
- 22.3.9 instruction of, and consultation with, the Technical Advisor, the Insurance Advisor, the Banks' Auditor and other advisors, for example lawyers.
- 22.4 If the Agent issues a material instruction within the meaning of ss. 22.3.4 each Bank, including the Agent, shall be entitled to require the convening of a meeting of the consortium. In addition, a meeting of the consortium can be required at any time by 25% of the votes of the Banks. Convening of the meeting shall be made in writing, by telex or by fax, setting out the agenda and subject to five (5) Banking Days notice or in urgent cases with such notice as is appropriate to the urgency of the matter. Meetings shall take place in Frankfurt am Main or such other location as is mutually agreed. Resolutions may be passed by way of written resolution if in the Agent's opinion, given the nature of the matter to be determined, a written resolution is appropriate and the Banks do not decline a written resolution procedure pursuant to the majority of Banks (in accordance with ss. 22.6).

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22.5 Each Bank shall have voting rights corresponding to the amounts drawn under the commitments made available by it, or if the Facilities have not been drawn, corresponding to its respective commitment pursuant to ss. 2.1 and Schedule 1. Only those Banks represented in meetings - including Banks authorized by written proxy on behalf of other Banks - shall be entitled to vote. In respect of written resolutions, account shall be taken only of those votes of the Banks whose written response to the matter to be voted on has been received before the expiry five (5) Banking Days after dispatch of the resolutions by the Agent and whether received as an original or by telex or telefax. Abstentions will not be counted. Resolutions shall be binding on the Agent as between the members of the consortium inter se.

22.6 Resolutions of the Banks relating to amendments to the provisions of this ss. 22, changes of the amounts due to the Banks pursuant to the provisions of this Agreement or any other Operative Agreement, or any amendment to the due date relating to payment obligations of AMD Saxonia, the release of the land charge referred to in ss. 8.1.6 or the waiver - in whole or in part - of rights under the 65/35 Guaranty require the consent of all the Banks. Resolutions relating to the termination, in whole or in part of this Agreement or the commencement of legal proceedings or administration, composition or insolvency proceedings against AMD Saxonia, AMD Holding, AMD Admin, AMD Saxony LLC or AMD Inc. or to changes to the Security Documents or the payment obligations of the Sponsors pursuant to the terms of the Sponsors' Support Agreement or the release and realization of securities (other than referred to in the first sentence of this clause) require a majority of 75% of the votes of the Banks. In addition a majority of 75% of votes of the Banks is required for resolutions which concern:

(i) a decision of the Banks pursuant to ss. 21;

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(ii) the consent of the Banks to any change of the AMD Saxonia Wafer Purchase Agreement, the AMD Holding Wafer Purchase Agreement, the AMD Saxonia Research, Design and Development Agreement (Schedule 36), the AMD Holding Research, Design and Development Agreement (Schedule 34), the Management Service Agreement (Schedule 37) and the License Agreement (Schedule 38);

(iii) the consent of the Banks to any change of the Project Budget or the Project Schedule or the Drawdown Schedule;

(iv) a change in the Technical Advisor, the Insurance Advisor, the Auditor, the Banks' Auditor or any other advisor of the Banks, and

(v) a waiver of any of the conditions to drawing.

Otherwise, resolutions shall be passed with a majority of the votes of the Banks; this applies in particular to resolutions which concern the consent of the Banks pursuant to ss. 20 or the approval of the Plans and Specifications or any changes thereto.

22.7 The Agent undertakes to consult with the other Banks prior to taking any material decisions or steps pursuant to the terms of this Agreement. At the request of the Banks, the Agent undertakes to furnish further information in respect of particular issues and to obtain such information from the AMD Companies pursuant to ss. 16.4 of this Agreement or the provisions of the Operative Documents. In urgent cases, the Agent may make determinations within the proper exercise of its discretion without obtaining a resolution of the Banks. In such case, the Agent will immediately inform the other Banks of the measures taken by it. To the extent that the relevant measures can be revoked and the Banks pass a resolution for such revocation, the Agent shall undertake all steps to revoke the measures taken by it.

22.8 Each of the Banks (including the Agent) shall comply with its obligations under this Agreement and under the other Operative Documents with the customary care and attention pursuant to ss. 347 HGB. The Agent shall not assume any additional liability in particular with reference to the legality, enforceability or value of the claims of the Banks and all the security. Without prejudice to its other obligations pursuant to this Agreement, the Agent is not obliged on its own volition to undertake inquiries or investigations with respect to breaches of this Agreement or as to the existence of any grounds for termination.

22.9 Each of the other Banks agrees to hold harmless and indemnify the Agent in respect of all claims or obligations which arise or are asserted

against the Agent in the implementation of this Agreement save to the extent the same arise from the Agent's gross negligence or wilful default and to compensate it for expenses incurred and not otherwise reimbursed. The amount of the indemnity and/or the obligation to compensate costs shall correspond to the commitments of each of the Banks in respect of the Facilities. Costs will be paid to the Agent on first demand in proportion of the commitments of the other Banks.

- 22.10 Each Bank confirms that it has independently verified the creditworthiness of AMD Saxonia and the Sponsors and all Operative Documents and all other documents relating

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thereto in all respects and independently. If any Bank is of the opinion that the documents made available to it in connection with the Operative Documents do not comply with the contractual requirements such Bank shall be obliged to inform the Agent immediately thereof.

- 22.11 The Agent is entitled, on giving 60 days' notice, to transfer its rights and obligations as Agent to the Paying Agent. Resignation by the Agent from its role as Agent is possible only subject to 60 days' notice. If the Banks have not passed a resolution with the required majority (according to ss. 22.6) by the seventh Banking Day before the end of this period, the Agent shall appoint as its successor a Bank resident in Germany. The Agent may be dismissed with a majority of at least 75% of the votes of all the Banks. It shall be a condition of the Agent's dismissal that the function of the house bank within the meaning of the Subsidy Agreement and the function of the Paying Agent is assumed by another bank or financial institution. The Banks will consult with AMD Saxonia in advance in respect of any change in the Agent.

ss. 23

Administration of Security

- 23.1 The Banks hereby irrevocably authorize the Security Agent, free from the restrictions pursuant to ss. 181 BGB, to enter into all agreements necessary for the granting of the accessory security. Without prejudice to the restrictions governing the relationship of the members of the Bank consortium inter se the Security Agent is further authorized to enter into all necessary agreements for the granting of security pursuant to ss. 8 in their name, to amend and to supplement the same and to exercise all rights of control, administration and disposition arising under the Security Documents also in relation to the accessory security in its own name and free from the restrictions set out in ss. 181 BGB. As between the Banks (internally), a resolution passed with a majority of 75% of the votes of the Banks shall be required in respect of the release of any security, whether in whole or in part save to the extent unanimity is required pursuant to ss. 22.6. The Security Agent shall be released from all restrictions pursuant to ss. 181 BGB in connection with all action taken in respect of the security.
- 23.2 The Security Agent shall be authorized to delegate administration of the security to another financial institution and to undertake all steps in relation thereto in the name of the other Banks. The provisions of this ss. 23 shall apply in their entirety to any successor of the Security Agent. The Security Agent shall be liable to the other Banks only for the exercise of due care and attention in the selection of a successor. The Security Agent will inform AMD Saxonia and the Banks in writing prior to any transfer of its administrative duties and consult with AMD Saxonia and the Banks concerning the transfer of such duties. The Security Agent can be dismissed by way of resolution passed with a majority of 75% of the votes of the Banks provided that steps are taken to ensure that the administration of the security is assumed by another bank or financial institution.
- 23.3 Each Bank shall be entitled at any time to require information from the Security Agent relating to the administration of the security. Without prejudice thereto, the Security Agent shall in any event keep the other Banks informed thereof in accordance with the

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proper exercise of its discretion. In addition, the provisions of the German Civil Code relating to the relationship of agents (ss. 662 et seq. BGB) shall apply to the relationship between the Security Agent and the other Banks.

- 23.4 The Security Agent shall not be liable or responsible for the validity and enforceability of the Security Documents nor shall the Security Agent assume any liability as to whether the relevant status of the security is sufficient to secure the claims of the Banks under this

Agreement. In this context, each Bank shall be responsible for examining the documentation delivered to it and shall inform the Security Agent of any concerns it may have so that any such concerns may be taken account of by a mutually acceptable arrangement.

- 23.5 The Security Agent will perform its obligations in relation to the administration of the security with the customary standard of care in accordance with ss. 347 HGB. The Security Agent shall not bear any liability in respect of possible shortfalls which may arise as a result of a breach of their obligations by any of the obligors under the Security Documents. Each Bank hereby agrees to indemnify and keep harmless the Security Agent with respect to all claims which may arise or be made against the Security Agent arising from the proper acceptance and administration of the security, save to the extent the same arise from the Security Agent's gross negligence or wilful default and to indemnify the Security Agent in respect of any costs incurred by it and not otherwise reimbursed, in each case in proportion in which the individual commitments of the relevant Banks bear to the Facilities. The Security Agent shall be reimbursed for all costs on first demand in accordance with the commitments of the Banks.
- 23.6 Realization of the security granted pursuant to the Operative Documents shall be effected to the extent such security is non-accessory security by the Security Agent in its own name but for the account of the Banks. The Security Agent is hereby authorized to realize the accessory security in its own name and in the name and on behalf of the other Banks.
- 23.7 The Banks shall agree by way of resolution passed with a majority of 75% of their votes on measures to implement any realization of the security. However, in urgent cases the Security Agent may make such decisions unilaterally in accordance with the proper exercise of its discretion; in such event, the Security Agent will immediately inform the other Banks of the steps taken. In the event that unanimity is not be achieved, the Banks will determine the relevant steps to be taken for realization by way of majority decision (in accordance with ss. 22.6). In all other respects, the conditions for or procedure of realization of security shall be as set out in the individual Security Documents.
- 23.8 Proceeds from the realization of security shall be distributed in the following order of priority:
- (i) in satisfaction of the costs and other expenses of the Agent, including any taxes incurred by the Agent in the administration and realization of the security pursuant to its obligations hereunder;

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- (ii) in payment of accrued interest; and
- (iii) in payment of the claims of the Banks under the Facilities in accordance with this Agreement, and in satisfaction of any other claims of the Banks under or in connection with the Operative Documents pro rata in accordance with the outstanding advances of the Banks.

The Guarantors shall, without prejudice to the first right of satisfaction in favor of the Banks as security for their shortfall risk, be subrogated by operation of law to the relevant portion of the guaranteed claims which is secured pro rata by the security granted in respect thereof. To the extent the security does not pass to the Guarantors by operation of law, the same shall be transferred pro rata to the Guarantors following payment by them.

Any remaining amount not otherwise required out of the proceeds of realization of the security shall be paid to AMD Saxonia.

Subject to the consent of the Guarantors, the Banks shall be entitled to amend the above order of distribution at any time.

- 23.9 AMD Saxonia has agreed to pay to the Security Agent a fee in respect of the administration of the security by it in an amount and on terms as to payment set out in a letter of even date between AMD Saxonia and the Security Agent.

ss. 24  
Paying Agent

- 24.1 The Paying Agent is hereby appointed with the duties of the Paying Agent in respect of all rights and obligations of the Banks under this

Agreement and the other Operative Documents subject to the following terms and conditions. The Banks hereby irrevocably appoint the Paying Agent to do all acts and things in connection with the making of payments under this Agreement and the other Operative Documents and to give all necessary statements and declarations in their name and to enforce and undertake all things on their behalf to the extent the same have not been delegated to the Agent. The Paying Agent is exempted from the restrictions of ss. 181 BGB. The Paying Agent is authorized to delegate authority and to revoke the same free from the restrictions of ss. 181 BGB.

24.2 The Paying Agent will exercise the standard of care customary in commercial relations in accordance with ss. 347 HGB in the performance of its obligations under this Agreement and the other Operative Documents.

24.3 The Banks hereby undertake to make available the relevant amounts of advances to be made available by them as requested by the Paying Agent in accordance with ss. 4 by 11.00 a.m. (London time) at the latest on the drawdown date and make the same available to the account notified to them by the Paying Agent. The Paying Agent will make available to AMD Saxonia the amounts so provided with value for the same day.

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24.4 The Paying Agent will pay to the Banks all interest, payments of principal and other payments due to the Banks pursuant to this Agreement on the relevant due date and to the accounts notified to the Paying Agent by individual Banks. To the extent that amounts are paid to the Banks without the Paying Agent having received a corresponding payment in full from AMD Saxonia on the same day, the Paying Agent may debit the relevant Bank accordingly.

24.5 AMD Saxonia shall pay to the Paying Agent in respect of the performance of its duties under this Agreement a fee, the amount and the terms as to payment of which are set out in a letter of even date from the Paying Agent to AMD Saxonia.

24.6 The Banks hereby undertake to hold harmless and to indemnify the Paying Agent against all claims which may arise or be made against the Paying Agent in connection with the performance of its duties under this Agreement, save to the extent the same arise from the Paying Agent's gross negligence or wilful default and to reimburse all expenses borne by the Paying Agent and not otherwise reimbursed. Each Bank shall indemnify the Paying Agent and reimburse costs in an amount equal to the commitment of the relevant Bank under the Facilities. All costs shall be payable to the Paying Agent on first demand and in accordance with the commitments of the Banks.

24.7 The Paying Agent may resign on 60 days' notice. If no resolution of the Banks has been passed by the seventh Banking Day before the expiry of such notice period in respect of a successor to the Paying Agent with the required majority (in accordance with ss. 22.6) the Paying Agent shall be entitled to appoint as its successor a credit institute domiciled in Germany or Luxembourg. The Paying Agent can be dismissed by way of resolution passed with a majority of 75% of the votes of the Banks provided that steps are taken to ensure that the administration of the security is assumed by another bank or financial institution.

24.8 The department of the Paying Agent shall, with regard to the assumption of the paying agent's duties for the Banks, be regarded as a entity separate from the Paying Agent's other departments.

ss. 25  
Costs

25.1 AMD Saxonia shall bear all expenses, fees and other external costs incurred by the Agent, the Paying Agent and the Security Agent in connection with the preparation, amendment and implementation of the Operative Documents and the granting of the security and/or perfection including in particular the reasonable costs of the Technical Advisor, the Insurance Advisor and the Banks' Auditor and the reasonable fees, costs and expenses of auditors and lawyers instructed by the Agent in connection with the verification, valuation, administration and realization of the security or otherwise in connection with the Operative Documents. AMD Saxonia's obligations to reimburse costs shall also remain unaffected in those cases in which the Banks have paid the costs of the parties referred to above pursuant to such Banks' obligations to indemnify or otherwise reimburse such costs.

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25.2 In the event of any payment received by a Bank either as a result of

set off by such Bank or by AMD Saxonia or as a result of any other performance by AMD Saxonia as a result of which such Bank's claims are paid in excess of the proportion due to it in respect of its commitments in ss. 2 and Schedule 1, such Bank shall be obliged to make a payment to the Paying Agent for the account of the other Banks such as to place such other Banks in the position they would have been in had they received payment in proportion to their Commitments pursuant to ss. 2 and Schedule 1. To the extent any Bank pays such excess amount to the other Banks, such Bank shall have a claim against AMD Saxonia in an amount equal to the excess. This provision shall apply to any payment received from or on account of AMD Saxonia. This provision does not, however, apply in favor of a Bank which declined to participate in proceedings initiated by the other Banks which have led to successful claims being made under the Operative Documents. If any Bank is obliged to repay to AMD Saxonia any amount received from any of the other Banks, the other Banks shall be obliged to repay the amounts received by them to the Bank obliged to repay.

ss. 26

Assignment; Sub-participations

26.1 The Banks are not entitled prior to 1 July 2001 to assign, whether in whole or in part, their rights under this Agreement. Assignments and sub-participations to affiliated companies within the meaning of ss. 15 of the Stock Corporation Act are permitted at any time - to the extent not made by a Bank in Germany to an enterprise outside Germany - as well as assignments to third parties following termination of this Agreement. After 1 July 2001, the Banks are entitled to assign their rights and claims under this Agreement with the consent of AMD Saxonia and the Agent, which consent may be withheld only for good cause. Each Bank is entitled moreover at any time to grant sub-participations to other banks or credit institutions in an amount up to 50% of its respective commitment on and subject to the following terms and conditions:

- (i) sub-participations require the consent of AMD Saxonia and the Agent. Consent may be withheld only for good cause;
- (ii) the sub-participant shall not be granted rights as against AMD Saxonia or as against the other Banks and no contractual relationship between the sub-participant, AMD Saxonia or the other Banks shall be permitted to exist;
- (iii) implementation of this Agreement shall be effected exclusively as between AMD Saxonia, the Agent and the Paying Agent and/or the relevant Bank.

ss. 27

Miscellaneous

27.1 The failure by any of the Banks to exercise any of their rights hereunder, (whether in whole or in part), in particular any failure to exercise their right to terminate this Agreement, shall not constitute a waiver by the Banks of such right nor shall they be estopped from doing so. All rights pursuant to this Agreement shall have effect

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individually and without prejudice to any other rights at law or under contract in favor the Banks.

27.2 All amendments and supplements to this Agreement and the other Operative Documents must be in writing unless they are required by law to be notarially certified. This requirement shall apply also to any amendments, release or waiver of the requirement for such written form as well as all consents of the Banks contemplated under this Agreement.

27.3 The provisions of ss. 22 to 24 and all rights and duties relating thereto may be amended without the consent of AMD Saxonia this shall not apply to the provisions set out in the last sentence of each of ss. 22.11 and ss. 23.2.

27.4 The invalidity or unenforceability of one or more provisions of this Agreement shall not affect the remaining provisions of this Agreement. The invalid or unenforceable provision shall be substituted by a provision which approximates most closely to the economic purpose of the void or unenforceable provision.

27.5 AMD Saxonia shall not be entitled to assign its rights under this Agreement to any third party or to dispose of such rights in any other way without the prior written consent of the Banks.

27.6 Each of the Banks shall inform the Agent with a copy to the Paying Agent at least five (5) Banking Days prior to any change in its Lending Office.

27.7 All correspondence or notifications under in connection with this Agreement shall be served personally at the following addresses (or such other address notified in writing by the recipient to the other party) or by registered letter, courier or fax:

to the Agent and Paying Agent:

Dresdner Bank Luxembourg S.A.  
26, rue due Marche-aux-Herbes  
L-2097 Luxembourg  
Attention: Agencies  
Facsimile No.: (352) 4760 43222

to the Banks:

Dresdner Bank AG  
Ostra Allee 9  
01067 Dresden  
Attention: Herrn Hans-Jurgen Hansen/Frau Heike Wetzel  
Facsimile No.: (49) 351 489 1300

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Kreditanstalt fur Wiederaufbau  
Palmengartenstrasse 5 - 9  
60325 Frankfurt am Main  
Attention: Herrn Ulrich Goretzki/Herrn Michael Andres  
Facsimile No.: (49) 69 74 31 2016

DZ BANK AG Deutsche Zentral-Genossenschaftsbank  
Am Platz der Republik  
60265 Frankfurt am Main  
Attention: Herrn Lothar Ferber-Hammeke/Frau Ute Suffrian  
Facsimile No.: (49) 69 7447 6098

Landesbank Baden-Wurttemberg  
Friedrichstr. 24  
70144 Stuttgart  
Attention: Herrn Steffen Franz  
Facsimile No.: (49) 711 122 4814

Landesbank Sachsen  
Girozentrale  
Humboldtstr. 25  
04105 Leipzig  
Attention: Herrn Tino Petzold/Herrn Matthias Muller  
Facsimile No.: (49) 341 97 93 139

Bayerische Landesbank  
Girozentrale  
Briennerstrasse 20  
80333 Munchen  
Attention: Frau Birgit Stuper  
Facsimile No.: (49) 89 2171 23334

HVB Banque Luxembourg Societe Anonyme  
4, rue Alphonse Weicker  
L-2099 Luxembourg  
Attention: Frau Birgit Heincke/Frau Tessie Schuller  
Facsimile No.: (352) 4272 4510

BHF-BANK Aktiengesellschaft  
Filiale Leipzig  
Kathe-Kollwitz-Str. 52  
04109 Leipzig  
Attention: Herrn Berthold Ambrosch/Frau Peggy Kuhnast  
Facsimile No.: (49) 341 4654 150

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Commerzbank Aktiengesellschaft  
Filiale Dresden  
Devrient Strasse 3  
01067 Dresden  
Attention: Herrn Christoph Hense/Herrn Frank Schulz  
Facsimile No.: (49) 351 484 9111

Deutsche Postbank AG Bonn  
Friedrich-Ebert-Allee 114-126  
53113 Bonn  
Attention: Herrn Wolfgang Muller/Herrn Torsten Werner  
Facsimile No.: (49) 228 920 23308

Hamburgische Landesbank  
- Girozentrale -  
Gerhard-Hauptmann-Platz 50  
20095 Hamburg  
Attention: Herrn Hermann Nordmann  
Facsimile No.: (49) 40 3333 3037

IKB Deutsche Industriebank AG  
Wilhelm-Botzkes-Strasse 1  
40474 Dusseldorf  
Attention: Herrn Jorg Hillmann, Telefax: 0211-8221-2256  
Frau Katharina van der Sant, Telefax:  
0211-8221-2020

Landesbank Rheinland-Pfalz  
- Girozentrale -  
Grosse Bleiche 54 - 56  
55098 Mainz  
Attention: Herrn Lothar Ayasse/Herrn Daniel Juncker  
Facsimile No.: (49) 6131 13 3511/-2599

ABN AMRO Bank (Deutschland) AG  
Mainzer Landstr. 65  
60329 Frankfurt/Main  
Attention: Frau Hiltraud Dillmann  
Facsimile No.: (49) 69 2690 2109

Creditanstalt AG  
Schottengasse 6  
A-1090 Wien  
Attention: Herrn Dr. Martin Frank/Frau Andrea Schein  
Facsimile No.: (43) 1 53131 44209/71191 50730

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The Sumitomo Mitsui Banking Corporation, Dusseldorf Branch  
Prinzenallee 7  
40549 Dusseldorf  
Attention: Herrn Thomas Senk  
Facsimile No.: (49) 211 3619 277

Bayerische Hypo- und Vereinsbank AG, Munchen  
Sederanger 4  
80538 Munchen  
Attention: Frau Renate Bergler/Frau Sabine Vollmering  
Facsimile No.: (49) 89 378 21801

to AMD Saxonia:

AMD Saxony Manufacturing GmbH  
Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Dr. Tillmann Blaschke  
Facsimile No: (49) 351 277 91 300

to the Security Agent:

DRESDNER BANK AG  
Ostra Allee 9  
01067 Dresden  
z. Hd.: Herrn Hans-Jurgen Hansen/Frau Heike Wetzell  
Facsimile No.: (49) 351 489 1300

- 27.8 The German language counterpart of this Agreement is binding.
- 27.9 To the extent this Agreement does not provide to the contrary this Agreement shall be governed by the General Terms and Conditions of the Agent set out in Schedule 62, save that all references to a "Bank" shall be deemed to be references to the "Banks" within the meaning of this Agreement and all references to a "customer" shall be deemed to be references to AMD Saxonia.
- 27.10 All press statements or other announcements relating to this Agreement shall require the prior written consent of the Agent which consent shall not be unreasonably withheld. The withholding of consent by the Agent shall be deemed to be unreasonable to the extent that the disclosure of information relating to this Agreement is required by any law, regulation or official requirement or as required by any recognized securities supervisory authority or securities exchange.

This Agreement shall be governed by the law of the Federal Republic of Germany.

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ss. 29

Jurisdiction

The courts of Frankfurt am Main shall have exclusive jurisdiction in respect of the resolution of all disputes under or in connection with this Agreement.

Frankfurt am Main 11 March 1997

AMD SAXONY MANUFACTURING GMBH  
(proposed to be renamed "AMD Saxony LLC & Co KG")

\_\_\_\_\_

DRESDNER BANK AG  
(as Security Agent and Bank)

\_\_\_\_\_

Other Banks:

KREDITANSTALT FUR WIEDERAUFBAU

\_\_\_\_\_

\_\_\_\_\_

DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK

\_\_\_\_\_

\_\_\_\_\_

LANDESBANK BADEN-WURTEMBERG

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LANDESBANK SACHSEN GIROZENTRALE

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\_\_\_\_\_

BAYERISCHE LANDESBANK GIROZENTRALE

\_\_\_\_\_

\_\_\_\_\_

HVB BANQUE LUXEMBOURG SOCIETE ANONYME

\_\_\_\_\_

\_\_\_\_\_

BHF-BANK AKTIENGESELLSCHAFT

\_\_\_\_\_

\_\_\_\_\_

COMMERZBANK AKTIENGESELLSCHAFT, Dresden Branch

\_\_\_\_\_

\_\_\_\_\_

DEUTSCHE POSTBANK AG BONN

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HAMBURGISCHE LANDESBANK - GIROZENTRALE -

IKB DEUTSCHE INDUSTRIEBANK AG

LANDESBANK RHEINLAND-PFALZ - GIROZENTRALE -

ABN AMRO BANK (DEUTSCHLAND) AG, Frankfurt

CREDITANSTALT AG, Wien

THE SUMITOMO MITSUI BANKING CORPORATION, Dusseldorf Branch

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BAYERISCHE HYPO- UND VEREINSBANK AG, Munchen

DRESDNER BANK LUXEMBOURG S.A.  
(as Agent and Paying Agent)

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Schedule 1

Banks' Commitments

The Banks and their Lending Offices

Commitments

DM

DRESDNER BANK AG,  
Dresden ..... 190,909,090.91

KREDITANSTALT FUR WIEDERAUFBAU,  
Frankfurt am Main ..... 186,363,636.36

LANDESBANK BADEN-WURTEMBERG, Stuttgart .....	181,818,181.82
LANDESBANK SACHSEN - GIROZENTRALE -, Leipzig .....	100,000,000.00
BAYERISCHE LANDESBANK - GIROZENTRALE -, Munchen .....	90,909,090.91
HVB BANQUE LUXEMBOURG SOCIETE ANONYME, Luxembourg .....	90,909,090.91
DZ BANK AG DEUTSCHE ZENTRAL- GENOSSENSCHAFTSBANK, Frankfurt am Main .....	86,363,636.36
THE SUMITOMO BANK MITSUI BANKING CORPORATION, Niederlassung Dusseldorf, Dusseldorf .....	72,727,272.73
BHF-BANK AKTIENGESELLSCHAFT, Leipzig .....	68,181,818.18
COMMERZBANK AKTIENGESELLSCHAFT Filiale Dresden, Dresden .....	68,181,818.18
DEUTSCHE POSTBANK AG Bonn Bonn .....	68,181,818.18
HAMBURGISCHE LANDESBANK - GIROZENTRALE -, Hamburg .....	68,181,818.18
IKB DEUTSCHE INDUSTRIEBANK AG, Dusseldorf .....	68,181,818.18
LANDESBANK RHEINLAND-PFALZ - GIROZENTRALE -, Mainz .....	68,181,818.18
ABN AMRO BANK (DEUTSCHLAND) AG, Berlin .....	45,454,545.46
CREDITANSTALT AG, Wien .....	31,818,181.82

SCHEDULE 63-1

The Banks and their Lending Offices	Commitments
BAYERISCHE HYPO- UND VEREINSBANK AG, Munchen .....	13,636,363.64
	-----
	1,500,000,000.00
	=====

ACCESSION AGREEMENT AND FOURTH AMENDMENT  
TO SPONSORS' SUPPORT AGREEMENT

\*\*\* Confidential treatment has been requested as to certain portions of this agreement. Such omitted confidential information has been designated by an asterisk and has been filed separately with the Securities and Exchange Act of 1934, as amended, and the Commission's rules and regulations promulgated under the Freedom of Information Act, pursuant to a request for confidential treatment. \*\*\*

THIS ACCESSION AGREEMENT AND FOURTH AMENDMENT (this "Amendment"), dated 3 June 2002, is made among ADVANCED MICRO DEVICES, INC., a corporation organized and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."); AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding," and, together with AMD Inc., the "Sponsors"); AMD SAXONY LLC, a limited liability company organized and existing under the laws of the State of Delaware, United States of America ("AMD Saxony LLC"); AMD SAXONY ADMIN GmbH, with its seat in Dresden ("AMD Admin," and together with AMD SAXONY LLC, the "Additional Partner Companies"); DRESDNER BANK LUXEMBOURG S.A., as Agent (and successor to Dresdner Bank AG ("Dresdner") in such capacity) under the Loan Agreement dated 11 March 1997, as amended (as so amended, the "Loan Agreement") (in such capacity, the "Agent") for the Banks from time to time party thereto; and DRESDNER, as Security Agent under such Loan Agreement (in such capacity, the "Security Agent"); for the Secured Parties referred to therein.

W I T N E S S E T H:

WHEREAS, AMD Saxony Manufacturing GmbH, Dresden (proposed to be known as "AMD Saxony LLC & Co. KG" following the Conversion Effective Date), registered in the Commercial Register of the Dresden County Court ("AMD Saxonia"), has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, pursuant to the Conversion Documents, AMD Saxonia proposes to change its legal form to a Kommanditgesellschaft (a limited partnership organized under the laws of the Federal Republic of Germany), with AMD Holding and AMD Admin as its sole limited partners (Kommanditisten) and AMD Saxony LLC as its sole general partner (Komplementar) (the "Conversion");

WHEREAS, upon the Conversion Effective Date, AMD Saxonia wishes, with the consent of the Sponsors and the Additional Partner Companies to, among other things, modify the interest rate on Sponsors' Loans and Revolving Loans and to increase the amount of the Revolving Loan Facility; and

WHEREAS, with effect from the Conversion Effective Date, the Additional Partner Companies desire to accede to, and the Sponsors, the Additional Partner Companies, the Agent and the Security Agent desire to amend and supplement, the Sponsors' Support Agreement dated 11 March 1997 by and among AMD Inc., AMD Saxony Holding GmbH, Dresdner Bank AG, as Security Agent, and Dresdner Bank Luxembourg S.A., as Agent, as amended by the First Amendment to Sponsors' Support Agreement dated 6 February 1998, the Second Amendment to Sponsors' Support Agreement dated 29 June 1999, and the Third Amendment to Sponsors' Support Agreement dated 20 February 2001 (as amended, the "Sponsors' Support Agreement"), on the terms and subject to the conditions of this Amendment;

NOW, THEREFORE, the Sponsors, the Additional Partner Companies, the Agent (for itself and on behalf of the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

ARTICLE I  
Accession

Section 1.1 With effect from the Conversion Effective Date, the Additional Partner Companies hereby accede to the Sponsors' Support Agreement and AMD Inc., AMD Holding, the Agent and the Security Agent hereby consent to such accession.

ARTICLE II  
Definitions

Section 2.1 Definitions. Capitalized terms not otherwise defined in this Amendment are used with the definitions assigned to them in the Sponsors' Support Agreement.

In addition, the following term when used in this Amendment

shall have the following meaning:

"Agreed Terms" means, in respect of any document, that document substantially in the form thereof which has been initialled (for the purposes of identification) by or on behalf of AMD Saxonia and the Agent.

"Conversion Documents": means the following agreements and documents, each in the Agreed Terms: (i) the Certificate of Formation of AMD Saxony LLC; (ii) the AMD Admin Articles of Association; (iii) the Formation Protocol for AMD Admin; (iv) the Application to the Commercial Register for Formation of AMD Admin; (v) the Resolution of AMD Holding as Shareholder of AMD Admin for Section 181 German Civil Code Release; (vi) the List of Shareholders for AMD Admin; (vii) the AMD Saxony LLC Agreement; (viii) the Partnership Agreement of AMD Saxony LLC & Co. KG; (ix) the Assignment and Trust Agreement between AMD Holding and AMD Saxony LLC; (x) the Purchase and Assignment Agreement between AMD Holding and AMD Admin; (xi) the Resolution of AMD Holding as Shareholder of AMD Saxonia for Transfer of Fractional Share to AMD Saxony LLC; (xii) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Admin; (xiii) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Admin); (xiv) the Resolution of AMD Holding and AMD Saxony LLC as Shareholders of AMD Saxonia for Transfer

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of Fractional Share to AMD Admin; (xv) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Saxony LLC; (xvi) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Saxony LLC); (xvii) the Resolution of AMD Holding, AMD Admin and AMD Saxony LLC as Shareholders of AMD Saxonia Approving Conversion to a Limited Partnership; (xviii) the Resolution of AMD Inc. as Shareholder of AMD Holding Approving Conversion of AMD Saxonia; (xix) Application to the Commercial Register for Conversion of AMD Saxonia to a Limited Partnership; (xx) Application to the Real Estate Register for Change in AMD Saxonia's Name; (xxi) the Transfer Agreement for Transfer Back Of Fractional Share between AMD Holding and AMD Saxony LLC; (xxii) Application to the Commercial Register for Transfer Back of Fractional Share by AMD Saxony LLC to AMD Holding; (xxiii) Power of Attorney regarding Removal of AMD Saxony LLC as General Partner of AMD Saxonia; and (xxiv) any other agreement or document designated by the AMD Companies (with the consent of the Agent) in addition to or in substitution for any of the above-named documents or agreements as a "Conversion Document."

"Conversion Effective Date" means the date on which the Registration takes effect.

"Limited Partnership" means a limited partnership (Kommanditgesellschaft) under the laws of the Federal Republic of Germany.

"Registration" means the registration of the Conversion with the Commercial Register in Dresden.

Section 2.2 Construction. In this Amendment, unless the context requires otherwise, references to Sections and Schedules are to Sections and Schedules of the Sponsors' Support Agreement. Section headings are inserted for reference only and shall be ignored in construing this Amendment.

#### ARTICLE III Amendments

Section 3.1 With effect from the Conversion Effective Date, the Sponsors' Support Agreement will be amended and restated in its entirety in the form attached as Appendix A.

Section 3.2 With effect from the Conversion Effective Date, the current version of the Disclosure Schedules shall be deleted and replaced with the new Disclosure Schedules attached as Appendix B hereto.

#### ARTICLE IV Miscellaneous

Section 4.1 Representations and Warranties. Each of the Sponsors, AMD Saxony LLC and AMD Admin hereby represents and warrants, as of the date hereof and as of the Conversion Effective Date, that:

(i) Organisation; Corporate Power. It is duly organised and validly existing under the laws of the jurisdiction of its organisation, and has all necessary power and authority to execute

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and deliver this Amendment and, following the Conversion Effective Date, to consummate the transactions contemplated by the Sponsors' Support Agreement, as amended hereby;

(ii) Corporate Authority; No Conflict. The execution and delivery by it of this Amendment, and the performance by it, following the Conversion Effective Date, of its obligations under the Sponsors' Support Agreement, as amended by this Amendment, have been duly authorised by all necessary corporate action (including any necessary shareholder action) on its part, and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect having applicability to it, or of its charter or by-laws; or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced by or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument to which it is a party or by which it or its properties may be bound, or require the creation or imposition of any encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by it; and

(iii) Valid and Binding Obligations. Following the Conversion Effective Date, the Sponsors' Support Agreement, as amended by this Amendment, shall constitute its legal, valid, and binding obligation, enforceable against it in accordance with its terms; subject, however, to applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and, as to enforceability, by general equitable principles.

Section 4.2 Miscellaneous.

(i) This Amendment is limited as specified and, except as expressly herein provided, shall not constitute a modification, amendment or waiver of any other provision of the Sponsors' Support Agreement or any provision of any other Operative Document. Except as specifically amended by this Amendment, the Sponsors' Support Agreement shall remain in full force and effect and is hereby ratified and confirmed.

(ii) This Amendment shall be an Operative Document under and for purposes of the Sponsors' Support Agreement.

(iii) This Amendment has been executed in the English language.

(iv) This Amendment may be executed in any number of counterparts and by different parties on separate counterparts which when taken together shall constitute one agreement.

(v) Sections 16.1, 16.2, and 16.3 of the Sponsors' Support Agreement shall apply, mutatis mutandis, to this Amendment, as if set out herein in full.

IN WITNESS WHEREOF, each of the parties set out below has caused this Amendment to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

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ADVANCED MICRO DEVICES, INC.

By: /s/ Robert J. Rivet  
-----  
Its

AMD SAXONY HOLDING GMBH

By: /s/ Dr. Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

AMD SAXONY ADMIN GMBH

By: /s/ Dr. Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

AMD SAXONY LLC

By: /s/ Dr. Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Manager

DRESDNER BANK LUXEMBOURG S.A.,  
as Agent

By: \_\_\_\_\_ /s/ Prellwitz  
-----  
Its Signatory under power of attorney  
  
DRESDNER BANK AG  
as Security Agent

By: \_\_\_\_\_ /s/ Prellwitz  
-----  
Its Signatory under power of attorney

APPENDIX A  
AMENDED AND RESTATED SPONSORS' SUPPORT AGREEMENT

Amended and Restated

SPONSORS' SUPPORT AGREEMENT

Dated 11 March 1997

AS AMENDED ON 6 FEBRUARY 1998, 29 JUNE 1999, 20 FEBRUARY 2001

AND

3 JUNE 2002

between

ADVANCED MICRO DEVICES, INC.,

AMD SAXONY HOLDING GMBH,

AMD SAXONY LLC,

AMD SAXONY ADMIN GMBH

and

DRESDNER BANK AG,  
as Security Agent,

and

DRESDNER BANK LUXEMBOURG S.A.,  
as Agent

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SCHEDULE I	- [left intentionally blank]
SCHEDULE II	- Sponsors' Disclosure Schedule

SPONSORS' SUPPORT AGREEMENT

THIS SPONSORS' SUPPORT AGREEMENT, dated 11 March 1997, as amended, is made among ADVANCED MICRO DEVICES, INC., a corporation organized and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."), AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding," and, together with AMD Inc., collectively, the "Sponsors"), AMD Saxony LLC, a limited liability company organized and existing under the laws of the State of Delaware, United States of America ("AMD Saxony LLC"), AMD SAXONY ADMIN GMBH, with its seat in Dresden ("AMD Admin," and together with AMD SAXONY LLC, the "Additional Partner Companies"), DRESDNER BANK LUXEMBOURG S.A. ("Dresdner"), as Agent under the Loan Agreement referred to below for the Banks referred to below (in such capacity, the "Agent"), and DRESDNER BANK AG, as Security Agent under such Loan Agreement (in such capacity, the "Security Agent") for the Secured Parties referred to below.

W I T N E S S E T H :  
- - - - -

WHEREAS, AMD Saxony Manufacturing GmbH, Dresden (proposed to be known as "AMD Saxony LLC & Co KG" following the Conversion Effective Date), registered in the Commercial Register of the Dresden County Court ("AMD Saxonia"), has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, (i) the Sponsors have made, and expect to make substantial subordinated loans to, and AMD Holding has made, and from time to time may make, substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997, as amended (as so amended, the "Loan Agreement"), with the banks from time to time party thereto (hereinafter collectively called the "Banks" and individually called a "Bank"), the Agent, Dresdner, as Paying Agent (in such capacity, the "Paying Agent"), and Dresdner Bank AG, as Security Agent, providing, inter alia, for a senior secured term facility aggregating up to DM 1,500,000,000 (one billion five hundred million Deutsche Marks);

WHEREAS, the Sponsors desire that the Project be constructed and completed and are entering into this Agreement with the Agent (for the benefit of itself and the Banks) and the Security Agent (for the benefit of the Secured Parties), for the purpose, among other things, of providing (i) certain assurances with respect to the completion of the Project, and (ii) certain undertakings to and for the benefit of the Secured Parties;

WHEREAS, a condition precedent to the initial Advance is, inter alia, the execution by the Sponsors of this Agreement and, in extending credit to AMD Saxonia under the Loan Agreement, the Banks are relying on the undertakings of the Sponsors contained herein;

WHEREAS, pursuant to the Conversion, AMD Saxonia has changed its legal form to a Kommanditgesellschaft (a limited partnership organized under the laws of the Federal Republic of Germany), with AMD Holding and AMD Admin as its sole limited partners (Kommanditisten) and AMD Saxony LLC as its sole general partner (Komplementar); and

WHEREAS, the Additional Partner Companies have acceded to this Agreement pursuant to the Accession Agreement and Fourth Amendment to Sponsors' Support Agreement dated 3 June 2002;

NOW, THEREFORE, the Sponsors, the Additional Partner Companies, the Agent (for itself and on behalf of the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

ARTICLE I  
Definitions and Accounting Terms

SECTION 1.1 Definitions. Unless otherwise defined herein, the following terms (whether or not underlined) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Advances" means all advances that the Banks make to AMD Saxonia pursuant to the Loan Agreement.

"Affiliate" means, with respect to any Person, a Person which, directly or indirectly, controls, is controlled by, or is under common control with, such other Person; and, for purposes of this definition, the concept of "control", with respect to any Person, signifies the possession of the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, the possession of voting rights, by contract, or otherwise; provided, that none of the Agent, the Security Agent, the Paying Agent, any of the Banks, nor any of their respective Affiliates, shall be deemed to be Affiliates of (x) any AMD Company or (y) any other Subsidiary of AMD Inc.

"Agent" has the meaning assigned to that term in the introduction to this Agreement.

"Agreed Terms" means in respect of any document, the document substantially in the form thereof which has been initialled (for the purposes of identification) by or on behalf of AMD Saxonia and the Agent.

"Agreement" means this Sponsors' Support Agreement, as the same may be amended or modified in accordance with the terms hereof and in effect.

"AMD Admin" has the meaning assigned to that term in the introduction to this Agreement.

"AMD Admin Global Assignment Agreement" means the AMD Admin Global Assignment Agreement between AMD Admin and the Security Agent dated 3 June 2002.

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"AMD Admin Partnership Interest Pledge Agreement (AMD Saxonia)" means the AMD Admin Partnership Interest Pledge Agreement (AMD Saxonia) between AMD Admin and the Security Agent dated 3 June 2002.

"AMD Admin Pledge of Bank Accounts" means the AMD Admin Pledge of Bank Accounts between AMD Admin and the Security Agent dated 3 June 2002.

"AMD Admin Security" means all collateral security furnished pursuant to the AMD Admin Security Documents.

"AMD Admin Security Documents" means, collectively, the AMD Admin Global Assignment Agreement, the AMD Admin Partnership Interest Pledge Agreement (AMD Saxonia), the AMD Admin Pledge of Bank Accounts, and each other instrument or document designated by the Agent (with the consent of each AMD Company) as an AMD Admin Security Document under and for purposes of this Agreement.

"AMD Companies" means AMD Saxonia, AMD Admin, AMD Holding, AMD Saxony LLC and AMD Inc., collectively.

"AMD Holding" has the meaning assigned to that term in the introduction to this Agreement.

"AMD Holding Assignment of Contractual Rights" means the AMD Holding Assignment of Contractual Rights, in the form set out in Schedule 55 to the Loan Agreement, between AMD Holding and the Security Agent.

"AMD Holding Assignment (U.S.A.)" means the AMD Holding Assignment of, inter alia, rights under the Wafer Purchase Agreements, the Sponsors' Loan Agreement, and the Revolving Loan Facility Agreement, in the form set out in Schedule 56 to the Loan Agreement, between AMD Holding and the Security Agent.

"AMD Holding Assignment of Current Assets" means the AMD Holding Security Assignment of Current Assets, in the form set out in Schedule 52 to the Loan Agreement, between AMD Holding and the Security Agent.

"AMD Holding Charge of Bank Accounts" means the AMD Holding Charge of Bank Accounts, in the form set out in Schedule 54 to the Loan Agreement, between AMD Holding and the Security Agent.

"AMD Holding Global Assignment" means the AMD Holding Global Assignment, in the form set out in Schedule 53 to the Loan Agreement, between AMD Holding and the Security Agent.

"AMD Holding KG Partnership Interest Pledge Agreement (AMD Saxonia)" means the AMD Holding KG Partnership Interest Pledge Agreement (AMD Saxonia) between AMD Holding and the Security Agent dated 3 June 2002.

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"AMD Holding Research Agreement" means the AMD Holding Research, Design and Development Agreement, in the form set out in Schedule 34 to the Loan Agreement, between AMD Inc. and AMD Holding.

"AMD Holding Security" means all collateral security created pursuant to the AMD Holding Security Documents.

"AMD Holding Security Documents" means, collectively, the AMD Holding Assignment (U.S.A), the AMD Holding Assignment of Contractual Rights, the AMD Holding Assignment of Current Assets, the AMD Holding Charge of Bank Accounts, the AMD Holding Global Assignment, the AMD Holding Share Pledge Agreement, the AMD Holding KG Partnership Interest Pledge Agreement (AMD Saxonia), the AMD Holding Share Pledge Agreement (AMD Admin), and each other instrument or document designated by the Agent (with the consent of each AMD Company) as an AMD Holding Security Document under and for purposes of this Agreement.

"AMD Holding Share Pledge Agreement" means the AMD Holding Share Pledge Agreement, in the form set out in Schedule 51 to the Loan Agreement, between AMD Holding and the Security Agent.

"AMD Holding Share Pledge Agreement (AMD Admin)" means the AMD Holding Share Pledge Agreement (AMD Admin) between AMD Holding and the Security Agent dated 3 June 2002.

"AMD Holding Wafer Purchase Agreement" means the AMD Holding Wafer Purchase Agreement, in the form of Schedule 33 to the Loan Agreement, between AMD Inc. and AMD Holding.

"AMD Inc." has the meaning assigned to that term in the introduction to this Agreement.

"AMD Inc. Guaranty" means the AMD Inc. Guaranty in the form set out in Schedule 27 to the Loan Agreement, executed by AMD Inc. in favour of AMD Saxonia, the Agent, and the Security Agent for the benefit of the Secured Parties.

"AMD Inc. 1999 Loan and Security Agreement" means the Loan and Security Agreement, dated as of July 13, 1999, between, inter alia, AMD Inc., the lenders party thereto, and Bank of America National Trust and Savings Association, as administrative agent, as amended by the First Amendment to Loan and Security Agreement, dated as of July 30, 1999 and by the Second Amendment to Loan and Security Agreement, dated as of February 12, 2001.

"AMD Inc. Pledge Agreement Over Membership Interests in AMD Saxony LLC" means the AMD Inc. Pledge Agreement Over Membership Interests in AMD Saxony LLC between AMD Inc. and the Security Agent dated 3 June 2002.

"AMD Inc. Primary Bank Credit Agreement" means, from time to time:

(i) the AMD Inc. 1999 Loan and Security Agreement; or

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(ii) if the agreement referred to in paragraph (i) above is terminated or cancelled, then any secured or unsecured revolving credit or term loan agreement between or among AMD Inc., as borrower, and any bank or banks, as lender(s), for borrowed monies to be used for general corporate purposes of AMD Inc., with an original term of not less than 4 years and an original aggregate loan commitment of at least \$100,000,000 (one hundred million Dollars) or the equivalent thereof in any other currency, and, if there is more than one such revolving credit or term loan agreement, then such agreement which involves the greatest original aggregate loan commitment(s) and, as between agreements having the same aggregate original loan commitment(s), then the one which has the most recent date; or

(iii) if the agreement referred to in paragraph (i) above and all of the agreements, if any, which could apply under paragraph (ii) above have been terminated or cancelled, then so long as paragraph (ii) does not apply as the result of one or more new agreements

being entered into, the agreement which is the last such agreement under paragraph (i) or (ii) to be so terminated or cancelled as in effect immediately prior to such termination or cancellation.

"AMD Inc. Security" means all collateral security furnished pursuant to the AMD Inc. Share Pledge Agreement and the AMD Inc. Pledge Agreement Over Membership Interests in AMD Saxony LLC.

"AMD Inc. Senior Secured Note Indenture" means that certain Indenture, dated as of August 1, 1996, between AMD Inc. and United States Trust Company of New York, as trustee, relating to the issuance by AMD Inc. of \$400,000,000 (four hundred million Dollars) of its 11% Senior Secured Notes due 2003, as amended by the First Supplemental Indenture dated as of January 13, 1999, by the Second Supplemental Indenture dated as of April 8, 1999 and by the Third Supplemental Indenture dated as of July 28, 2000.

"AMD Inc. Share Pledge Agreement" means the AMD Inc. Share Pledge Agreement, in the form set out in Schedule 41 to the Loan Agreement, between AMD Inc. and the Security Agent.

"AMD Inc. Subordination Agreement" means the AMD Inc. Subordination Agreement, in the form set out in Schedule 42 to the Loan Agreement, between AMD Inc., AMD Holding, and the Security Agent.

"AMD Saxonia" has the meaning assigned to that term in the first recital of this Agreement.

"AMD Saxonia Assignment of Contractual Rights" means the AMD Saxonia Assignment of Contractual Rights, in the form set out in Schedule 49 to the Loan Agreement, between AMD Saxonia and the Security Agent.

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"AMD Saxonia Assignment of Current Assets" means the AMD Saxonia Security Assignment of Current Assets, in the form set out in Schedule 44 to the Loan Agreement, between AMD Saxonia and the Security Agent.

"AMD Saxonia Assignment of Fixed Assets" means the AMD Saxonia Security Assignment of Fixed Assets, in the form set out in Schedule 45 to the Loan Agreement, between AMD Saxonia and the Security Agent.

"AMD Saxonia Assignment of Insurances" means the AMD Saxonia Assignment of Insurances, in the form set out in Schedule 46 to the Loan Agreement, between AMD Saxonia and the Security Agent.

"AMD Saxonia Assignment (U.S.A)" means the AMD Saxonia Assignment of, inter alia, rights under the AMD Saxonia Wafer Purchase Agreement, the Sponsors' Loan Agreement, and the Revolving Loan Facility Agreement and insurances, in the form set out in Schedule 50 to the Loan Agreement, between AMD Saxonia and the Security Agent.

"AMD Saxonia Charge of Project Accounts" means the AMD Saxonia Charge of Project Accounts, in the form set out in Schedule 48 to the Loan Agreement, between AMD Saxonia and the Security Agent.

"AMD Saxonia Disclosure Schedule" means the Disclosure Schedule attached to the Loan Agreement as Schedule 15, as it may be amended, supplemented, or otherwise modified from time to time by AMD Saxonia with the written consent of the Agent.

"AMD Saxonia/Dresdner Subsidy Agreement" means the AMD/Dresdner Subsidy Agreement, in the form set out in Schedule 25 to the Loan Agreement, between AMD Saxonia and Dresdner.

"AMD Saxonia Global Assignment" means the AMD Saxonia Global Assignment, in the form set out in Schedule 47 to the Loan Agreement, between AMD Saxonia and the Security Agent.

"AMD Saxonia Hedging Contract" means the Agreement, in the form set out in Schedule 50a to the Loan Agreement, between AMD Saxonia and AMD Inc.

"AMD Saxonia Land Charge" means the Grundschild, in the form set out in Schedule 43 to the Loan Agreement, between AMD Saxonia and the Security Agent.

"AMD Saxonia Partnership Agreement" (AMD Saxonia Gesellschaftsvertrag) means the AMD Saxonia Partnership Agreement between AMD Holding, AMD Admin and AMD Saxony LLC dated 3 June 2002.

"AMD Saxonia Research Agreement" means the AMD Saxonia Research, Design and Development Agreement, in the form set out in Schedule 36 to the Loan Agreement, between AMD Holding and AMD Saxonia.

"AMD Saxonia Security" means all collateral security created pursuant to the AMD Saxonia Security Documents.

"AMD Saxonia Security Documents" means, collectively, the AMD Saxonia Assignment (U.S.A), the AMD Saxonia Assignment of Contractual Rights, the AMD Saxonia Assignment of Current Assets, the AMD Saxonia Assignment of Fixed Assets, the AMD Saxonia Assignment of Insurances, the AMD Saxonia Charge of Project Accounts, the AMD Saxonia Land Charge, the AMD Saxonia Global Assignment, and each other instrument or document designated by the Agent (with the consent of each AMD Company) as an AMD Saxonia Security Document under and for purposes of this Agreement.

"AMD Saxonia Wafer Purchase Agreement" means the AMD Saxonia Wafer Purchase Agreement, in the form set out in Schedule 35 to the Loan Agreement, between AMD Holding and AMD Saxonia.

"AMD Saxony LLC" has the meaning assigned to that term in the introduction to this Agreement.

"AMD Saxony LLC Partnership Interest Pledge Agreement (AMD Saxonia)" means the AMD Saxony LLC Partnership Interest Pledge Agreement (AMD Saxonia) between AMD Saxony LLC and the Security Agent dated 3 June 2002.

"AMD Saxony LLC Security" means all collateral security furnished pursuant to the AMD Saxony LLC Security Documents.

"AMD Saxony LLC Security Agreement" means the AMD Saxony LLC Security Agreement between AMD Saxony LLC and the Security Agent dated 3 June 2002.

"AMD Saxony LLC Security Documents" means, collectively, the AMD Saxony LLC Security Agreement, the AMD Saxony LLC Partnership Interest Pledge Agreement (AMD Saxonia), and each other instrument or document designated by the Agent (with the consent of each AMD Company) as an AMD Saxony LLC Security Document under and for purposes of this Agreement.

"Amendment Agreements" means the following agreements and documents each dated 3 June 2002: (i) Amendment Agreement No. 4 to the Syndicated Loan Agreement among AMD Saxonia, the Security Agent and the Agent; (ii) the Accession Agreement and Fourth Amendment to Sponsors' Support Agreement between the Sponsors, AMD Saxony LLC, AMD Admin, the Agent and the Security Agent; (iii) the Third Amendment to the AMD Saxonia Wafer Purchase Agreement between AMD Holding and AMD Saxonia; (iv) the Consent/Acknowledgement under the AMD Holding Wafer Purchase Agreement executed by AMD Holding, AMD Inc. and the Security Agent; (v) the Accession Agreement and Second Amendment to Sponsors' Subordination Agreement between the Sponsors, AMD Saxony LLC, AMD Admin, AMD Saxonia, the Agent and the Security Agent; (vi) the Accession Agreement and Second Amendment to AMD Inc. Subordination Agreement between the Sponsors, AMD Saxony LLC, AMD Admin, the Agent and the Security Agent; (vii) the First Amendment to Revolving Loan Facility Agreement between the Sponsors and AMD Saxonia; (viii) the Third Amendment to Sponsors' Loan Agreement between the Sponsors and AMD Saxonia; (ix) the

First Amendment to AMD Saxonia Assignment (U.S.A.) between AMD Saxonia and the Security Agent; and (x) the Clarification and Security Agreement between the AMD Companies, the Security Agent and the Agent.

"Approved Project Budget" means:

- (i) that certain Project Budget, in the form set out in Schedule 6 to the Loan Agreement, which has been prepared by AMD Saxonia and approved by each Sponsor; and
- (ii) at any time after such Project Budget has been updated, amended, supplemented, or otherwise modified, and prior to Completion, any such updated, amended, supplemented, or modified Project Budget having been approved by each AMD Company (such approval of each Sponsor not to be unreasonably withheld or delayed) and the Agent (which may, in its sole discretion, consult with the Technical Advisor and the Banks' Auditor) in accordance with ss. 18.2 of the Loan Agreement.
- (iii) The Approved Project Budget referred to in paragraph (i) above and (subject to the requirements of Section 13.1(i) (d) (y) (1)) each subsequent Approved Project

Budget from time to time in effect shall itemise, separately from the other information set forth therein, and on a Project Phase by Project Phase basis, the aggregate Capital Expenditure then required to be made by AMD Saxonia in order to complete each then uncompleted Project Phase of the Project and to achieve Completion. All references herein to the Approved Project Budget shall, at any time, refer to the Approved Project Budget as then in effect.

"Approved Project Schedule" means:

- (i) initially, that certain Project Schedule, in the form set out in Schedule 7 to the Loan Agreement, which has been prepared by AMD Saxonia and approved by each Sponsor with respect to the schedule for completing each Project Phase and for achieving Completion; and
- (ii) at any time after such Project Schedule has been updated, amended, supplemented, or otherwise modified, and prior to Completion, any such updated, amended, supplemented, or modified Project Schedule having been approved by each AMD Company (such approval of each Sponsor not to be unreasonably withheld or delayed) and the Agent (which may, in its sole discretion, consult with the Technical Advisor and the Banks' Auditor) in accordance with ss. 18.2 of the Loan Agreement.

The initial Approved Project Schedule and (subject to the requirements of Section 13.1(i)(d)(y)(2)) each subsequent Approved Project Schedule from time to time in effect shall itemise, separately from the other information set forth therein, and on a Project Phase by Project Phase basis, the then anticipated date for completing each then uncompleted Project Phase and for achieving

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Completion. All references herein to the Approved Project Schedule shall, at any time, refer to the Approved Project Schedule as then in effect.

"Assignment and Trust Agreement" means the agreement referred to in (ix) of the definition of Conversion Documents.

"Auditor" means Ernst & Young Wirtschaftsprüfungsgesellschaft mbH or such other firm of auditors charged with duties relating to the Project as may be appointed by AMD Saxonia with the consent of the Agent, such consent not to be unreasonably delayed or withheld.

"Available Tranche A Amount" means, on any date, the excess, if any, of:

- (i) the Total Tranche A Commitment Amount on such date;
- over
- (ii) the aggregate unpaid principal amount of all Tranche A Advances outstanding on such date.

"Bank" and "Banks" have the respective meanings assigned to those terms in the second recital of this Agreement.

"Banks' Auditor" means BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft or such other firm of auditors charged with duties relating to the Project as may be appointed by the Banks with the consent of AMD Saxonia, such consent not to be unreasonably delayed or withheld.

"Business Day" means any day of the year on which banks are generally open for business in London, Frankfurt am Main, Dresden, Luxembourg and, to the extent the same relates to any obligation to be performed by AMD Inc. or AMD Saxony LLC, San Francisco.

"Capital Expenditure" means all acquisition or manufacturing costs in respect of fixed and movable assets in accordance with ss. 266 2 A II of the Commercial Code and all acquisition costs for intangible assets in accordance with ss. 266 2 A I of the Commercial Code, to the extent the same have a useful operational life of more than one year (not being expenditures chargeable to the profit and loss account).

"Capitalised Lease Liabilities" means, with respect to any Person, all monetary obligations of such Person under any leasing or similar

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

"Cash Equivalent Investment" means any security or other instrument set out in Schedule 23 to the Loan Agreement.

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"Class A Sponsors' Loans" has the meaning assigned to that term in Section 3.1.

"Class C Sponsors' Loans" has the meaning assigned to that term in Section 3.1.

"Completion" means the date on which the initial satisfaction of all conditions set forth in the Technical Completion Certificate (Obligors) and the Technical Completion Certificate (Technical Advisor), set out in Schedules 9 and 10 to the Loan Agreement is confirmed to the Agent by the submission of properly executed originals of such Certificates.

"Completion Certificates" means the Scheduled Project Phase Completion Certificates and the Technical Completion Certificates.

"Consent and Agreement" means:

- (i) in the case of the Sponsors, the Sponsors' Consent and Agreement;
- (ii) in the case of the Contractor, the Contractor's Consent and Agreement;
- (iii) in the case of an Equipment Supplier, each Equipment Supplier's Consent and Agreement; and
- (iv) in the case of a Service Supplier, each Service Supplier's Consent and Agreement.

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

"Contractor" means Meissner & Wurst GmbH & Co., Rossbachstrasse 38, 70499 Stuttgart, registered in the Commercial Register of the Stuttgart County Court HRA 1208.

"Contractor's Consent and Agreement" means the Contractor's Consent and Agreement, in the form set out in Schedule 39 to the Loan Agreement, or in such other form as is consented to by the Security Agent from the Contractor in favour of the Security Agent.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust, or other instrument, document, or agreement to which such Person is a party or by which it or any of its property is bound.

"Contribution Date" means 30 June 1999.

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"Conversion" means the change in the legal form of AMD Saxonia from a Gesellschaft mit beschränkter Haftung (a limited liability company organized under the laws of the Federal Republic of Germany) to a Limited Partnership in accordance with the Conversion Documents and the Registration.

"Conversion Documents": means the following agreements and documents, each in the Agreed Terms: (i) the Certificate of Formation of AMD Saxony LLC; (ii) the AMD Admin Articles of Association; (iii) the Formation Protocol for AMD Admin; (iv) the Application to the Commercial Register for

Formation of AMD Admin; (v) the Resolution of AMD Holding as Shareholder of AMD Admin for Section 181 German Civil Code Release; (vi) the List of Shareholders for AMD Admin; (vii) the AMD Saxony LLC Agreement; (viii) the Partnership Agreement of AMD Saxony LLC & Co., KG; (ix) the Assignment and Trust Agreement between AMD Holding and AMD Saxony LLC; (x) the Purchase and Assignment Agreement between AMD Holding and AMD Admin; (xi) the Resolution of AMD Holding as Shareholder of AMD Saxonia for Transfer of Fractional Share to AMD Saxony LLC; (xii) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Admin; (xiii) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Admin); (xiv) the Resolution of AMD Holding and AMD Saxony LLC as Shareholders of AMD Saxonia for Transfer of Fractional Share to AMD Admin; (xv) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Saxony LLC; (xvi) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Saxony LLC); (xvii) the Resolution of AMD Holding, AMD Admin and AMD Saxony LLC as Shareholders of AMD Saxonia Approving Conversion to a Limited Partnership; (xviii) the Resolution of AMD Inc. as Shareholder of AMD Holding Approving Conversion of AMD Saxonia; (xix) Application to the Commercial Register for Conversion of AMD Saxonia to a Limited Partnership; (xx) Application to the Real Estate Register for Change in AMD Saxonia's Name; (xxi) the Transfer Agreement for Transfer Back Of Fractional Share between AMD Holding and AMD Saxony LLC; (xxii) Application to the Commercial Register for Transfer Back of Fractional Share by AMD Saxony LLC to AMD Holding; (xxiii) Power of Attorney regarding Removal of AMD Saxony LLC as General Partner of AMD Saxonia; and (xxiv) any other agreement or document designated by the AMD Companies (with the consent of the Agent) in addition to or in substitution for any of the above-named documents or agreements as a "Conversion Document."

"Conversion Effective Date" means the date on which the Registration takes effect.

"Design/Build Agreement" means the Design/Build Agreement for the construction of the Plant and the Design Center, in the form set out in Schedule 39 to the Loan Agreement, between the Contractor and AMD Saxonia.

"Design Center" means the research, design, and development facilities constructed or to be constructed by AMD Saxonia and integrated with the Plant for the purpose of designing and developing a broad spectrum of state-of-the-art and other digital components such as micro-processors and circuits for the telecommunications and multi-media sectors, and improvements thereof.

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"Deutsche Mark Equivalent" means, with respect to any Class A Sponsors' Loan, the amount, expressed in Deutsche Marks, which results from the conversion of Dollars to Deutsche Marks at a spot rate of exchange equal to the greater of (i) DM 1.45 for \$1.00 and (ii) the Agent's spot rate of exchange, expressed in Deutsche Marks, for the sale of Dollars for Deutsche Marks prevailing on the date two (2) Business Days prior to the date such Class A Sponsors' Loan is or was due to be made.

"Deutsche Marks" and the sign "DM" mean lawful money of the Federal Republic of Germany from time to time.

"Disclosure Schedules" means the AMD Saxonia Disclosure Schedule and the Sponsors' Disclosure Schedule, collectively.

"Dollars" and the sign "\$" mean the lawful money of the United States of America from time to time.

"Dresdner" has the meaning assigned to that term in the introduction to this Agreement.

"Encumbrance" means, (i) when used with reference to any Person organized and existing under the laws of the Federal Republic of Germany, any security interest in property or in rights to secure payment of a debt or performance of an obligation, including, but not limited to, mortgages (Hypotheken), land charges (Grundschulden), annuity charges (Rentenschulden), contractual and legal pledges (vertragliche und gesetzliche Pfandrechte) including pledges or mortgages in favour of execution creditors (Pfandungspfandrechte und Zwangshypotheken), transfers of title by way of security (Sicherungsabereinigungen), assignments of claims or other property or rights by way of security (Sicherungsabtretungen und sonstige Übertragungen von Sachen oder Rechten zur Sicherung), retention of title arrangements (Eigentumsvorbehalt) including extended retentions of title (erweiterter und verlängerter Eigentumsvorbehalt), and any other priority or preferential arrangement of any kind or nature whatsoever, and (ii) when used with reference to any other Person, any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge (including floating and fixed charges) against or interest in property to secure payment of a debt or performance of an obligation, or other preferential arrangement of any kind or nature whatsoever in respect of any property, but not including the interest of a lessor under a lease which, in accordance with GAAP, would be classified as an operating lease.

"Equipment Suppliers" means, collectively, each Person party to a contract or other agreement with AMD Saxonia in the capacity of a supplier of fixed or tangible current assets for the Project; it being understood and agreed that AMD Inc. or an Affiliate thereof (other than AMD Saxonia) may be an Equipment Supplier.

"Equipment Supplier's Consent and Agreement" means, with respect to an Equipment Supplier, such Equipment Supplier's Consent and Agreement, in the form set out in Schedule 40 to the Loan Agreement or Annex 3 to Schedule 49 or Annex 3 to Schedule 55 of the Loan Agreement, as the case may be, or in such other form as is consented to by the Security

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Agent, which pertains to a Material Equipment Supply Contract or which is otherwise required pursuant to the terms of the Loan Agreement or the Security Documents.

"Equipment Supply Contract" means each agreement (also in the form of an order) between AMD Saxonia and suppliers (including AMD Inc. or one of its Affiliates) relating to the acquisition by, and delivery to, AMD Saxonia of fixed or tangible current assets for the Project but excluding Excepted Software Agreements.

"Equity Capital" means (i) with respect to AMD Saxonia (a) at any time prior to the Conversion Effective Date, registered stated capital (Stammkapital) and (b) at any time on or after the Conversion Effective Date, capital (Haftsummen and Pflichteinlagen) and (ii) with respect to AMD Holding registered stated capital (Stammkapital).

"Euro" means the currency introduced at the start of the third stage of economic and monetary union pursuant to the treaty establishing the European Community, as amended by the treaty on European Union effective January 1, 1999.

"Event of Default" means an event which would entitle the Banks to terminate their commitments and the loan facilities pursuant to ss. 21 of the Loan Agreement.

"Event of Termination" means any event which would entitle a party to an Operative Document to terminate such Operative Document in accordance with the terms thereof; provided, however, that such event could reasonably be expected to have a material adverse consequence to the entirety of the transactions contemplated by the Operative Documents.

"Excepted Software Agreements" means software licences and software service agreements entered into by AMD Saxonia and which are used exclusively:

- (i) for financial planning, business administration systems and similar ancillary administrative functions which are not linked or connected with (a) the production process in the Plant; (b) general bookkeeping and invoicing; and (c) production planning; or
- (ii) in the Design Center.

"Financing Documents" means, collectively, the Loan Agreement, this Agreement, the Amendment Agreements, the Sponsors' Guaranty, the Sponsors' Subordination Agreement, the AMD Inc. Subordination Agreement, the Sponsors' Loan Agreement, the Revolving Loan Facility Agreement, the AMD Saxonia/Dresdner Subsidy Agreement, the SAB/Dresdner Subsidy Agreement, the 65/35 Burgschaft, the AMD Saxonia Hedging Contract, the Security Documents, each Consent and Agreement, and each other instrument or document designated by the Agent (with the consent of each AMD Company) as a Financing Document under and for purposes of this Agreement.

"Fiscal Month" means any fiscal month of a Fiscal Year.

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

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"Fiscal Year" means any period of approximately 12 consecutive calendar months ending on the last Sunday in December; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "1997 Fiscal Year") refer to the Fiscal Year ending on the last Sunday in December occurring during such calendar year.

"GAAP" means, (x) in the case of AMD Saxonia, AMD Holding or AMD Admin, or its respective financial statements, those generally accepted accounting principles in general use by the accounting profession (Grundsätze ordnungsgemässer Buchführung und Bilanzierung) and in effect in Germany on the date on which such financial statements are delivered pursuant to this Agreement

(it being expressly understood and agreed that AMD Saxonia's monthly and quarterly financial statements, as the case may be, shall be prepared on the basis of a Fiscal Month or a Fiscal Quarter (rather than on the basis of a calendar month or a calendar quarter, as the case may be), but shall be reconciled on an annual basis), and (y) in the case of AMD Inc. or AMD Saxony LLC or their respective financial statements, generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

"Governmental Approvals" means each and every authorization, consent, approval, licence, permit, franchise, certificate, exemption or order of or filing or registration with, any Governmental Authority or legal or regulatory body, federal, state, local or foreign except for (i) routine or periodic information reports which, if not filed, would not in any case or in the aggregate, adversely affect the due authorization, execution, delivery, validity, legality, or enforceability of any of the Operative Documents, (ii) filings of certificates or articles of incorporation, registrations or qualifications of a foreign corporation or similar corporate filings, and (iii) returns and filings with respect to taxes.

"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.

"Guarantors" means the Federal Republic of Germany and the Free State of Saxony in their respective capacities as guarantors pursuant to the 65/35 Burgschaft.

"Guaranty Decision" means the decision dated 2 July 1996 set out in Schedule 24 to the Loan Agreement concerning the guaranty application made by AMD Saxonia, including the following documents:

- (i) the specimen credit agreement F 13.09.1990 (1993 Edition) Federal/State or THA
- (ii) the General Terms and Conditions applicable to the assumption of Guaranties by the Federal Republic of Germany and the States of the

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Accession Territory (States) in the edition dated F 04.01.1993 Federal/State, together with

- (iii) Notes relating to applications for guaranties and loans of the Treuhandanstalt Berlin and/or Federal and State guaranties for projects in the Accession Territory in the edition dated 1993 F 12.10.1990,
- (iv) together with the Memorandum of Understanding ("Gemeinsame Feststellungen") dated 19 February 1997, the Amendment Decision of the Guarantors of 12 December 1997 and a letter of confirmation from C&L Deutsche Revision AG dated 5 January 1998;
- (v) the letter from Deutsche Revision AG to Dresdner Kleinwort Benson dated 17 November 2000; and
- (vi) the letter from C&L Deutsche Revision AG to Dresdner Kleinwort Wasserstein and Dresdner Bank AG dated 22 May 2002.

"Indebtedness" of any Person, means, without duplication:

- (i) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, or similar instruments;
- (ii) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, guarantees, and bankers' acceptances issued for the account of such Person, whether or not drawn or paid;
- (iii) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capitalised Lease Liabilities;
- (iv) all net liabilities of such Person under or in connection with any interest rate, currency, commodity, or other hedging

contracts to which such Person is a party;

- (v) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of such Person as of the date at which Indebtedness is to be determined;
- (vi) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, and indebtedness (including pre-paid interest thereon) secured by an Encumbrance on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; and
- (vii) all Contingent Liabilities of such Person in respect of any of the foregoing.

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For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer, respectively.

"Information Memorandum" means the Information Memorandum, dated September 1996, entitled "AMD Saxony Manufacturing GmbH, Dresden: DM 1,650,000,000 Information Memorandum Limited Recourse Financing", prepared and furnished by the AMD Companies to the Agent, for distribution to prospective lenders under the Loan Agreement, as such Information Memorandum may at any time be amended or modified with the consent of each AMD Company and in effect.

"Instructing Group" means in respect of any matter, the Banks whose votes are required to pass a resolution on such matter as determined in accordance with ss. 22.5 and 22.6 of the Loan Agreement.

"License Agreement" means the License Agreement, in the form set out in Schedule 38 to the Loan Agreement, between AMD Inc., AMD Holding, and AMD Saxonia.

"Limited Partnership" means a limited partnership (Kommanditgesellschaft) under the laws of the Federal Republic of Germany.

"Loan Agreement" has the meaning assigned to that term in the second recital of this Agreement.

"Loan Agreement Effective Date" means the date specified by the Agent in a notice given to the parties hereto as being the first date on or as of which (i) the Loan Agreement has been executed and delivered by each of the respective parties thereto, and (ii) the Agent has received each of the documents referred to in ss. 5.1.1 to 5.1.16 of the Loan Agreement, in each case in the form, and with the substance, specified therein.

"Loan Agreement Termination Date" has the meaning assigned to that term in Section 15.7.

"Management Plan" means the project concept attached as Schedule 14 to the Loan Agreement, as the same may from time to time be further amended or modified by AMD Saxonia (with the consent of each Sponsor, whose consent will not be unreasonably delayed or withheld) in accordance with the terms of this Agreement and the Loan Agreement and in effect.

"Management Service Agreement" means the Amended and Restated Management Service Agreement, in the form set out in Schedule 37 to the Loan Agreement, between AMD Inc., AMD Holding, and AMD Saxonia.

"Material Adverse Effect" means

- (i) a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise), or prospects of any AMD Company, or of AMD Inc. and its Subsidiaries, taken as a whole;
- (ii) with respect to the Contractor, a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise), or prospects of the Contractor and its Subsidiaries, taken as a whole;
- (iii) with respect to an Equipment Supplier, a material adverse change in, or a material adverse effect upon, the operations, business,

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properties, condition (financial or otherwise), or prospects of such Equipment Supplier and its Subsidiaries, taken as a whole;

- (iv) with respect to a Service Supplier, a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise), or prospects of such Service Supplier and its Subsidiaries, taken as a whole;
- (v) a material impairment of the ability of any AMD Company, the Contractor, any Equipment Supplier, or any Service Supplier to perform its obligations under any Operative Document to which it is or is to be a party; or
- (vi) a material adverse effect upon (i) the legality, validity, binding effect, or enforceability against any AMD Company, the Contractor, any Equipment Supplier, or any Service Supplier of any Operative Document, or (ii) the perfection or priority of any Security granted under any of the Security Documents;

provided, however, that with respect to an event described in clause (ii), (iii), (iv), or, with respect to the Contractor, an Equipment Supplier, or a Service Supplier, clause (v) or (vi) above, such event could reasonably be expected to have a material adverse consequence to the entirety of the transactions contemplated by the Operative Documents.

"Material AMD Inc. Subsidiary" means, at any time, any Subsidiary of AMD Inc. having at such time (either on an individual basis or on a consolidated basis for such Subsidiary and its Subsidiaries) either:

- (i) total (gross) revenues for the preceding four Fiscal Quarter period in excess of 5% of gross revenues for AMD Inc. and its Subsidiaries on a consolidated basis for such period, or
- (ii) total assets, as of the last day of the preceding Fiscal Quarter, having a net book value in excess of 5% of total assets for AMD Inc. and its Subsidiaries on a consolidated basis as of such date,

in each case, based on the then most recent annual or quarterly financial statements delivered to the Agent hereunder; provided, however, that AMD Saxonia, AMD Saxony LLC, AMD Holding and AMD Admin shall, for purposes of this Agreement, each be deemed to be a Material AMD Inc. Subsidiary.

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"Material Equipment Supply Contract" means each Equipment Supply Contract:

- (i) pursuant to which AMD Saxonia incurs obligations in aggregate in excess of DM 3,750,000, or
- (ii) which has an initial term in excess of 12 months, or which has an indefinite term and, in either case, cannot be terminated by AMD Saxonia on less than 12 months' notice, or
- (iii) which is listed in Part I of Schedule 40 to the Loan Agreement.

"Material Service Contract" means each Service Contract (with the exception of the AMD Saxonia Wafer Purchase Agreement, the Management Service Agreement and employment contracts):

- (i) pursuant to which AMD Saxonia incurs obligations in aggregate in excess of DM 2,500,000 during the term of the contract, or
- (ii) which has an initial term in excess of 12 months, or which has an indefinite term and, in either case, cannot be terminated by AMD Saxonia on less than 12 months' notice, or
- (iii) which is listed in Part I of Schedule 40 to the Loan Agreement.

"Minimum Liquidity Covenant" means the covenant described as (Mindestliquiditätskennzahl) in Schedule 17 to the Loan Agreement, pursuant to which AMD Saxonia has undertaken to ensure at all times from 1 July 2001 until the payment in full of all Secured Obligations, the balance standing to the credit of the Project Accounts shall be \*\*\*

"Minimum Liquidity Covenant Calculation Date" means, with effect

from 1 July 2001:

- (i) the date as of which the Minimum Liquidity Covenant is, or is required to be, calculated in any certificate of compliance furnished by AMD Saxonia pursuant to ss. 16.2.1 of the Loan Agreement;
- (ii) the date so referred to in a confirmation relating to the financial covenants given by the Auditor pursuant to ss. 16.2.2 of the Loan Agreement; and
- (iii) each other date on which the Agent has reasonably requested a calculation of the Minimum Liquidity Covenant to be made.

"Operative Documents" means, collectively, the Project Agreements, the Financing Documents, the AMD Inc. Primary Bank Credit Agreement, the Management Plan, each Project Budget, each Project Schedule, each Approved Project Budget, each Approved Project Schedule, the Information Memorandum, the Completion Certificates, the Conversion

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\*\*\*Confidential information omitted and filed separately with the Securities and Exchange Commission.

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Documents, and each other instrument or document designated by the Agent (with the consent of each AMD Company) as an Operative Document under and for purposes of this Agreement.

"Opinion Reservations" means limitations on the enforceability of legal documents as a matter of German law or the law of the United States of America or one of its states and as incorporated as qualifications to an enforceability opinion in the legal opinions delivered to and accepted by the Agent under and pursuant to ss. 5.1.11 of the Loan Agreement or in the legal opinions delivered to and accepted by the Agent under and pursuant to Amendment No. 1 to the Loan Agreement dated 6 February, 1998, Amendment No. 2 to the Loan Agreement dated 29 June, 1999, Amendment No. 3 to the Loan Agreement dated 20 February, 2001 and Amendment No. 4 to Loan Agreement dated 3 June 2002 .

"Organizational Documents" means, with respect to any AMD Company, its certificate of incorporation, certificate of formation, Memorandum and Articles of Association, charter, by-laws, and (except with respect to AMD Inc.) all shareholder agreements, voting trusts, and similar arrangements applicable to its capital.

"Paying Agent" has the meaning assigned to that term in the second recital of this Agreement.

"Perform in Accordance with the Plans and Specifications" means, for purposes of the Technical Completion tests, and when used for the period from and after Technical Completion, the performance by the Plant, on a substantially continuous basis substantially as intended under normal operating conditions, of the functions for which it was designed in accordance with the Plans and Specifications. In order to certify that the Plant is capable of performing substantially as intended under normal operating conditions, the Technical Advisor will during normal operations of the Plant (and without, to the extent practicable, disrupting production at the Plant), observe the operation of the Plant and its component parts to determine if the Plant and its component parts (except for uninstalled spares):

- (x) are in operation and performing normally; and
- (y) demonstrate as a whole the operation of the principal component parts of the Plant at production rates consistent with the design capacity of the Plant (as observed by the Technical Advisor from the operating log sheets and such other data as may be reasonably available and is demonstrated from AMD Saxonia's operating reports, copies of which will be obtained by the Technical Advisor).

The Technical Advisor will not be required to conduct specific tests on individual pieces of the Plant or its component parts in making this determination. In order to certify that the Plant has met the tests, or has demonstrated performance equivalent to the tests, set forth in the definition "Perform in Accordance with the Plans and Specifications", the Technical Advisor will:

- (i) in the case of demonstrated performance equivalent to the tests of the Plant (or portion thereof), obtain and rely on copies of, review, and analyze, AMD Saxonia's operating data comprising, but not limited to,

daily log sheets, yield test results, and product shipments and, based upon the foregoing, will determine if the Plant (or such portion) has demonstrated its required performance; and

- (ii) in the case of a formal test run, observe the operations during normal business hours to verify the operating rates and time of operation and obtain and rely on copies of and review and analyse AMD Saxonia's operating data (as specified in clause (i) above) to independently determine if the Plant (or portion thereof) has demonstrated its required performance.

"Permitted Encumbrances" means, (i) in the case of AMD Saxonia, AMD Saxony LLC, AMD Admin or AMD Holding, any Encumbrance arising by operation of law in the ordinary course of business, Encumbrances arising in the ordinary course of business as a result of a supplier retaining title to goods supplied pending payment for such goods, and Encumbrances on the Security pursuant to the Security Documents, and (ii) in the case of AMD Inc. or any Subsidiary of AMD Inc. (other than AMD Saxonia, AMD Saxony LLC, AMD Admin or AMD Holding), a "Permitted Lien" under, and as defined in, the AMD Inc. 1999 Loan and Security Agreement (or the equivalent thereof in any other AMD Inc. Primary Bank Credit Agreement).

"Person" means an individual or a corporation, partnership, limited partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, government (or an agency or political subdivision thereof), or other juridical entity of any kind.

"Plans and Specifications" means the plans and specifications to be prepared by AMD Saxonia and approved by each of the Sponsors (which approval shall not be unreasonably delayed or withheld), the Technical Advisor, and the Agent for the fitting out of the Plant and the Design Center, as the same may be amended by AMD Saxonia from time to time with the consent of each Sponsor and the Agent (which consent, in the case of each Sponsor, shall not be unreasonably delayed or withheld); provided, that amendments to the plans and specifications which do not, individually or in the aggregate, reduce or adversely affect the value of the Plant and the Design Center in any material respect or the capacity and purpose of the Plant as set out in the plans and specifications as originally approved by the Technical Advisor and the Agent for purposes of the Operative Documents shall not require the consent of the Agent.

"Plant" means the advanced silicon wafer production facility constructed or to be constructed by AMD Saxonia in or near Dresden, Germany to manufacture integrated circuits in wafer form using high-volume semi-conductor wafer fabrication processes.

"Primary Secured Obligations" means, at the time any determination thereof is to be made, all Secured Obligations then owing and, whether or not then owing, all Secured Obligations in respect of the principal of and interest on the Advances.

"Project" has the meaning assigned to that term in the first recital of this Agreement.

"Project Accounts" means the account or accounts referred to and opened pursuant in ss. 19.1 of the Loan Agreement (including any sub-accounts into which any such account may be divided), as such account may be renewed, redesignated, or renumbered from time to time.

"Project Agreements" means, collectively, the Wafer Purchase Agreements, the Research Agreements, the Management Service Agreement, the License Agreement, the Design/Build Agreement, the Equipment Supply Contracts, the Service Contracts, the AMD Inc. Guaranty, and each other instrument or document designated by the Agent (with the consent of each AMD Company) as a Project Agreement under and for purposes of this Agreement.

"Project Budget" means the budget, in the form set out in Schedule 6 to the Loan Agreement, with such changes (if any) to its form as the Agent may from time to time reasonably require, of projected Capital Expenditure for the implementation of the Project and the Project Phases in the implementation of the Project prior to Completion, including a detailed projected sources and uses of funds statement, broken down for each Project Phase on a Fiscal Quarter by Fiscal Quarter basis, as prepared by AMD Saxonia and approved by each Sponsor in accordance with the Management Plan and the Project Schedule, such approval not to be unreasonably withheld or delayed.

"Project Costs" means all Capital Expenditure and other costs

which are incurred by AMD Saxonia in connection with the Project.

"Project Phase" means each project phase set out in the Approved Project Schedule contemplated for the implementation of the Project.

"Project Schedule" means the schedule, in the form set out in Schedule 7 to the Loan Agreement, with such changes (if any) to its form as the Agent may from time to time reasonably require, of Project Phases to be achieved during the construction of the Project prior to Completion, as prepared by AMD Saxonia and approved by each Sponsor, such approval not to be unreasonably withheld or delayed.

"Registration" means the registration of the Conversion with the Commercial Register in Dresden.

"Relevant AMD Inc. Individual" means any Vice President or more senior officer of AMD Inc., some or all of whose responsibilities include the Project.

"Requirements of Law" means, with respect 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 such Person or any of its property or to which such Person or any of its property is subject.

"Research Agreements" means, collectively, the AMD Saxonia Research Agreement and the AMD Holding Research Agreement.

"Revolving Loan Facility Agreement" means the \$750,000,000 subordinated unsecured Revolving Loan Facility Agreement dated 20 February 2001 among AMD Inc., AMD

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Holding, and AMD Saxonia, as amended by the First Amendment to the Revolving Loan Facility Agreement dated 3 June 2002.

"Revolving Loans" means, the subordinated unsecured revolving loans made by either Sponsor to AMD Saxonia under the terms of the Revolving Loan Facility Agreement.

"SAB" means Sachsische Aufbaubank GmbH, a Gesellschaft mit beschränkter Haftung organised and existing under the laws of Germany and registered in Dresden, Germany, acting on behalf of the Free State of Saxony.

"SAB/Dresdner Subsidy Agreement" means the Agreement, in the form set out in Schedule 26 to the Loan Agreement, between SAB and Dresdner.

"SAB Related Agreements" means the AMD Saxonia/Dresdner Subsidy Agreement and the SAB/Dresdner Subsidy Agreement, collectively.

"Same Day Funds" means, at the time of any determination, funds which are immediately available to AMD Saxonia.

"Scheduled Project Phase Completion Certificates" means the Scheduled Project Phase Technical Completion Certificate (Obligors) and the Scheduled Project Phase Technical Completion Certificate (Technical Advisor).

"Scheduled Project Phase Technical Completion" when used with reference to a Project Phase, shall be deemed to have occurred when:

- (i) all of the conditions set forth in the form of Scheduled Project Phase Technical Completion Certificate (Obligors) attached to the Loan Agreement as Schedule 9 thereto have been satisfied in all material respects, all of the statements appearing in said form of Certificate are true and correct in all material respects, in each case with respect to such Project Phase, and the Agent shall have received a fully executed counterpart of such Certificate; and
- (ii) the Agent shall have received a fully executed counterpart of the Scheduled Project Phase Technical Completion Certificate (Technical Advisor).

"Scheduled Project Phase Technical Completion Certificate (Obligors)" means a Certificate, in the form set out in Schedule 9 to the Loan Agreement (appropriately completed), executed by the AMD Companies, and delivered to the Agent.

"Scheduled Project Phase Technical Completion Certificate (Technical Advisor)" means a Certificate, in the form set out in Schedule 10 to the Loan Agreement (appropriately completed), executed by the Technical Advisor, and delivered to the Agent.

"Secured Obligations" means all actual and contingent obligations of AMD Saxonia to the Secured Parties under or arising out of the Financing Documents and the Security Documents.

"Secured Parties" means the Agent, the Paying Agent, the Security Agent, and the Banks, collectively.

"Security" means, collectively, the AMD Inc. Security, the AMD Holding Security, the AMD Saxony LLC Security, the AMD Admin Security and the AMD Saxonia Security.

"Security Agent" has the meaning assigned to that term in the introduction to this Agreement.

"Security Documents" means, collectively, the AMD Saxonia Security Documents, the AMD Holding Security Documents, the AMD Saxony LLC Security Documents, the AMD Admin Security Documents, the AMD Inc. Pledge Agreement Over Membership Interests in AMD Saxony LLC, the AMD Inc. Share Pledge Agreement, and each other instrument or document designated by the Agent (with the consent of each AMD Company) as a Security Document under and for purposes of this Agreement.

"Service Contract" means each agreement (which may be in the form of an accepted order) between AMD Saxonia and a Service Supplier relating to the acquisition by, and delivery to, AMD Saxonia of services for the Project but excluding Excepted Software Agreements.

"Service Suppliers" means, collectively, each Person party to a contract or other agreement with AMD Saxonia in the capacity of a supplier of services for the Plant or the Design Center.

"Service Supplier's Consent and Agreement" means, with respect to a Service Supplier, such Service Supplier's Consent and Agreement, in the form set out in Schedule 40 to the Loan Agreement or Annex 3 to Schedule 49 of the Loan Agreement, as the case may be, or such other form as is consented to by the Security Agent, which pertains to a Material Service Contract or which is otherwise required pursuant to the terms of the Loan Agreement or the Security Documents.

"65/35 Burgschaft" means the several maximum amount shortfall guaranties issued by each of the Free State of Saxony (26%) and the Federal Republic of Germany (39%) in accordance with the Guaranty Decision up to a maximum aggregate amount of DM 975,000,000 (nine hundred and seventy five million Deutsche Marks), together with 65% of the shortfall of interest and costs, vested with a first right of satisfaction in favour of the Banks over all security granted by each AMD Company as security for the Banks' risk of recovery (but subject to a set-off of 65 % of payments (if any) made under the Sponsors' Guaranty against the Guarantors' obligations under the aforesaid shortfall guaranties).

"Sponsors" has the meaning assigned to that term in the introduction to this Agreement.

"Sponsors' Consent and Agreement" means the Sponsors' Consent and Agreement, in the form set out in Schedule 31 to the Loan Agreement, between the Sponsors, the Agent, and the Security Agent.

"Sponsors' Disclosure Schedule" means the Disclosure Schedule attached as Schedule II, as it may be amended, supplemented, or otherwise modified from time to time by the Sponsors with the written consent of the Agent.

"Sponsors' Guaranty" means the Sponsors' Guaranty, in the form set out in Schedule 32 to the Loan Agreement, executed by the Sponsors in favour of the Agent and the Security Agent for the benefit of the Secured Parties.

"Sponsors' Loan Agreement" means the Sponsors' Loan Agreement, in the form set out in Schedule 29 to the Loan Agreement, between the Sponsors, as lenders, and AMD Saxonia, as borrower.

"Sponsors' Loans" means all loans made or to be made by AMD Inc. or AMD Holding to AMD Saxonia in accordance with the terms of the Sponsors' Loan Agreement, which loans are subordinated in accordance with the Sponsors' Subordination Agreement.

"Sponsors' Subordination Agreement" means the Sponsors' Subordination Agreement, in the form set out in Schedule 30 to the Loan Agreement, executed by the Sponsors, AMD Saxonia, and the Security Agent.

"Sponsors' Warranty Date" means each of the following dates which occurs prior to the exercise of rights by the Security Agent under any of the Security Documents: (i) the Loan Agreement Effective Date, (ii) each date AMD Saxonia delivers a notice of drawing for an Advance under the Loan Agreement, (iii) each date the AMD Companies deliver each Scheduled Project Phase Technical Completion Certificate (Obligors), (iv) the date of Technical Completion, (v) the Conversion Effective Date and (vi) each date the Sponsors deliver the certificate referred to in Section 13.1(i)(c).

"Stock Offering" means a public or private sale or other placement of stock of AMD Inc. in the capital markets (which, for avoidance of doubt, shall not include (i) the issuance by AMD Inc. of stock options (and/or the issuance by AMD Inc. of stock upon the exercise of any existing or future such stock options) to any of its or its affiliates' directors, officers and/or employees or (ii) purchases of AMD Inc. stock by Fujitsu Limited in connection with the Fujitsu AMD Semiconductor Limited joint venture between AMD Inc. and Fujitsu Limited).

"Subsidiary" means with respect to (i) any corporation organised and existing under the laws of the Federal Republic of Germany, a subsidiary within the meaning of the term "abhangiges Unternehmen" in ss. 17 of the German Stock Corporation Act (Aktiengesetz); and (ii) any Person, a corporation, partnership, limited partnership, limited liability company, trust, incorporated or unincorporated association or other entity of which such Person or such Person and/or such Person's other Subsidiaries own, directly or indirectly, more than 50% of the ordinary voting power for the election of directors or others performing similar functions.

"Subsidiaries" has the meaning assigned to that term in Section 6.1.

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"Substitution" means the substitution of AMD Admin as general partner (Komplementar) of AMD Saxonia in place of AMD Saxony LLC in accordance with the AMD Saxonia Partnership Agreement.

"Taxes" has the meaning assigned to that term in Section 14.5(a).

"Technical Advisor" means Fraunhofer Institut fur Siliziumtechnologie, Itzehoe, or such other technical advisor as may be appointed by the Security Agent with the consent of each AMD Company, which consent shall not be unreasonably delayed or withheld.

"Technical Advisor's Report" means that certain report dated October 16, 1996 from the Technical Advisor to the Agent prepared for purposes of this Agreement and the other Operative Documents and the transactions contemplated hereby and thereby.

"Technical Completion" shall be deemed to have occurred when:

- (i) all of the conditions set forth in the form of Technical Completion Certificate (Obligors) attached to the Loan Agreement as Schedule 9 thereto have been satisfied in all material respects, all of the statements appearing in said form of Certificate are true and correct in all material respects, and the Agent shall have received a fully executed counterpart of such Certificate; and
- (ii) the Agent shall have received a fully executed counterpart of the Technical Completion Certificate (Technical Advisor).

"Technical Completion Certificate (Obligors)" means a certificate, in the form set out in Schedule 9 to the Loan Agreement (appropriately completed and with the legal opinion therein referred to attached), executed by the AMD Companies, and delivered to the Agent.

"Technical Completion Certificates" means the Technical Completion Certificate (Obligors) and the Technical Completion Certificate (Technical Advisor).

"Technical Completion Certificate (Technical Advisor)" means a certificate, in the form set out in Schedule 10 to the Loan Agreement (appropriately completed), executed by the Technical Advisor, and delivered to the Agent.

"Total Revolving Loan Commitment Amount" means \$ 750,000,000 (seven hundred and fifty million Dollars) or the "Euro Equivalent" (under, and as defined therein) thereof, or such reduced amount as shall have been agreed upon by each of the Sponsors, AMD Saxonia, the Agent, and the Banks.

"Total Tranche A Commitment Amount" means DM 1,500,000,000 (one billion five hundred million Deutsche Marks), as such amount shall be reduced by any reductions to (but not utilizations of) the commitments of the Banks under "Facility A" under the Loan Agreement.

"Tranche A Advances" means Advances made by the Banks or any Bank pursuant to "Facility A" under the Loan Agreement.

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"Unmatured Event of Default" means an event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied) constitute an Event of Default.

"Wafer" has the meaning assigned to that term in the AMD Saxonia Wafer Purchase Agreement.

"Wafer Purchase Agreements" means, collectively, the AMD Saxonia Wafer Purchase Agreement and the AMD Holding Wafer Purchase Agreement.

SECTION 1.2 Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used herein shall be interpreted, all accounting determinations and computations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with, GAAP. When used herein, the term "financial statements" shall include the notes and schedules thereto, but need not include such notes or schedules when used with reference to such statements of any Person as of any date other than the end of a Fiscal Year of such Person. In the determination of any periods pursuant to any provision hereof, unless otherwise specified, the term "from" means "from (and including)", the term "to" means "to (and excluding)", and the term "until" means "until (and excluding)".

SECTION 1.3 Construction. In this Agreement, unless the context requires otherwise, any reference to:

"assets" includes any asset, property, or right and includes uncalled capital;

"including" or "includes" means including or includes without limitation;

"law" and/or "regulation" includes any constitutional provision, treaty, convention, statute, act, law, decree, ordinance, subsidiary or subordinate legislation, order, rule, or regulation having the force of law, and any rule of civil or common law or equity;

"order" includes any judgment, injunction, decree, determination, or award of any court, arbitration, or administrative tribunal;

"tax" includes any tax, levy, duty, charge, impost, fee, deduction, or withholding of any nature now or hereafter imposed, levied, collected, withheld, or assessed by any taxing or other authority and includes any interest, penalty, or other charge payable or claimed in respect thereof, and "taxation" shall be construed accordingly; and

"winding-up" includes any winding-up, liquidation, dissolution, or comparable process in any jurisdiction.

SECTION 1.4 Miscellaneous. In this Agreement, unless the context requires otherwise, any reference to an Operative Document or a Project Agreement (including, in each case, any reference thereto as being in the form set out in a Schedule to the Loan Agreement) shall be a reference to such Document or Agreement as it shall have been, or from time to time be,

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amended, varied, re-issued, replaced, novated or supplemented, in each case, in accordance with its terms and this Agreement. For the avoidance of doubt, any reference in the Agreement to stated capital (Stammkapital), capital reserves or any other similar term relating to the capital structure of a German limited liability company shall, following the Conversion Effective Date, be deemed to be a reference to the capital (Haftsummen and Pflichteinlagen) or capital reserves of a limited partnership under German law, save to the extent the context requires otherwise.

In this Agreement, unless the context requires otherwise, (i) any statutory provisions shall be construed as references to those provisions as amended, modified, re-enacted, or replaced from time to time; (ii) words importing a gender include every gender; (iii) references to Sections and Schedules are to Sections of and Schedules to this Agreement; and (iv) references to this Agreement include its Schedules. Section headings are inserted for reference only and shall be ignored in construing this Agreement. A time of day, unless otherwise specified, shall be construed as a reference to Frankfurt am Main time.

SECTION 2.1 Undertaking to Contribute. AMD Holding hereby undertakes to contribute to AMD Saxonia, and AMD Inc. hereby undertakes to cause AMD Holding to so contribute to AMD Saxonia (and AMD Inc. shall, to the extent necessary, contribute sufficient funds, or otherwise cause sufficient funds to be made available, to AMD Holding as shall be necessary to enable AMD Holding to so contribute to AMD Saxonia), Equity Capital at the times and in the amounts set forth in Section 2.2. For the avoidance of doubt:

- (i) to the extent, but only to the extent, reflected in AMD Saxonia's financial statements referred to in ss. 15.1.6 of the Loan Agreement (or, if not so reflected, as certified by AMD Inc. to the Agent and the Security Agent as of the Loan Agreement Effective Date), Equity Capital contributed by the Sponsors to AMD Saxonia prior to the Loan Agreement Effective Date shall be taken into account in determining whether the Sponsors shall have complied with their obligations under this Article II;
- (ii) the obligations of the Sponsors contained in this Article II are in addition to, and not in limitation of, their respective obligations contained elsewhere in this Agreement and in the other Operative Documents;
- (iii) the Sponsors shall not be relieved of the foregoing obligations by virtue of:
  - (a) any Sponsors' Loan made by either Sponsor pursuant to this Agreement or the Sponsors' Loan Agreement or any Revolving Loan made by either Sponsor pursuant to this Agreement or the Revolving Loan Facility Agreement before or after the Loan Agreement Effective Date, including without limitation, the additional Sponsors' Loan in an amount of \$34,000,000 made by AMD Inc. to AMD Saxonia on 26 September 1997 and referred to in Section 3.5 below; or
  - (b) any payment made by either Sponsor under the Sponsors' Guaranty; and

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- (iv) the amounts set forth in Section 2.2 below are minimum aggregate amounts of Equity Capital to be received by AMD Saxonia; nothing contained herein shall be deemed to preclude AMD Holding from making additional contributions to AMD Saxonia's stated capital or capital reserves in order to fulfil the obligations of the Sponsors contained in Article IV, V, or VI, or for any other reason.

SECTION 2.2 Time of Contribution. The Equity Capital to be contributed to AMD Saxonia under this Article II is due and payable to AMD Saxonia as follows:

- (i) one or more instalments aggregating DM 108,750,000 (one hundred eight million seven hundred fifty thousand Deutsche Marks) on or before the date of the initial Advance under the Loan Agreement; it being understood and agreed that, to the extent, but only to the extent, reflected in AMD Saxonia's financial statements referred to in ss. 15.1.6 of the Loan Agreement (or, if not so reflected, as certified by AMD Inc. to the Agent and the Security Agent as of the Loan Agreement Effective Date), all contributions to the Equity Capital of AMD Saxonia prior to Loan Agreement Effective Date shall be considered contributions to its Equity Capital for purposes of this Section 2.2(i); and
- (ii) in addition to the Equity Capital contributed or to be contributed pursuant to Section 2.2(i) hereof, one or more additional instalments aggregating DM 108,750,000 (one hundred eight million seven hundred fifty thousand Deutsche Marks) by the earlier to occur of:
  - (a) the acceleration of the Advances under the Loan Agreement following the occurrence of an Event of Default (it being understood and agreed that if, at the time of any such acceleration, the Primary Secured Obligations are less than the amount otherwise required to be contributed to AMD Saxonia under this Section 2.2(ii), such contribution shall be made in an amount which, when added to the aggregate amount of all Sponsors' Loans and/or other contributions to AMD Saxonia's Equity Capital or capital reserves then concurrently made, is equal to the Primary Secured Obligations at such time); and
  - (b) December 31 1997;

provided, however, that such Equity Capital shall be required to be contributed in whole or in part at any time prior to such dates if, but only to the extent that, the ratio of:

(x) the sum of

(1) the then aggregate outstanding principal amount of Sponsors' Loans,

plus

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(2) the then aggregate amount of AMD Saxonia's Equity Capital and capital reserves,

to

(y) the then aggregate outstanding principal amount of the Advances, is less than 25:75.

SECTION 2.3 Form of Contribution. The Equity Capital under this Article II shall be contributed in cash and in Same Day Funds to AMD Saxonia.

### ARTICLE III Sponsors' Loans

SECTION 3.1 Undertaking to Make Class A and Class C Sponsors' Loans. The Sponsors, jointly and severally, hereby undertake that either Sponsor or both of the Sponsors will make Sponsors' Loans to AMD Saxonia:

- (i) in an aggregate principal amount of at least DM 290,000,000 (two hundred ninety million Deutsche Marks) for all such Sponsors' Loans, the exact amount thereof being equal to the Deutsche Mark Equivalent of \$200,000,000 (two hundred million Dollars) for all such Sponsors' Loans, as contemplated by Section 3.2 (the "Class A Sponsors' Loans");
- (ii) [left intentionally blank]
- (iii) in an aggregate principal amount of \$70,000,000 (seventy million Dollars) as contemplated by Section 3.4 (the "Class C Sponsors' Loans").

For the avoidance of doubt:

- (i) the obligations of the Sponsors under the Sponsors' Loan Agreement are intended to reflect, rather than to be in addition to, the obligations of the Sponsors pursuant hereto;
- (ii) with the exception of the additional Sponsors' Loan in an amount of \$34,000,000 made by AMD Inc. to AMD Saxonia on 26 September 1997 and referred to in Section 3.5 below, Sponsors' Loans and/or contributions (to the extent, but only to the extent, not otherwise taken into account in determining whether AMD Holding has complied with its obligations under Article II) by AMD Holding to AMD Saxonia's capital reserves made to AMD Saxonia prior to the Loan Agreement Effective Date shall be taken into account, to the extent, but only to the extent, reflected in AMD Saxonia's financial statements referred to in ss.15.1.6 of the Loan Agreement (or, if not so reflected, as certified by AMD Inc. to the Agent and the Security Agent as of the Loan Agreement Effective Date) as Class A Sponsors' Loans in determining whether the Sponsors shall have complied with their obligations under this Article III;

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- (iii) although the obligations of the Sponsors contained in this Article III are in addition to, and not in limitation of, their respective obligations contained elsewhere in this Agreement and in the other Operative Documents, if the Agent shall have otherwise expressly consented thereto in writing (which consent will not be unreasonably withheld or delayed), the Sponsors shall be deemed to have complied with their obligations to make Class A Sponsors' Loans and/or Class C Sponsors' Loans to the extent, but only to the extent, that AMD Holding shall have made additional contributions to AMD Saxonia's Equity Capital (or other contribution to AMD Saxonia's capital reserves) which contributions are not otherwise

required to be made pursuant hereto or to any other Operative Document;

- (iv) the Sponsors shall not be relieved:
- (a) of the foregoing obligation by virtue of any Equity Capital (or other contribution to AMD Saxonia's capital reserves) contributed or required to be contributed to AMD Saxonia pursuant to Section 2.1 or (except as, and to the extent, provided in clause (iii) above) otherwise;
  - (b) of any obligation to make Class A Sponsors' Loans (or to contribute additional Equity Capital or other contributions to AMD Saxonia's capital reserves in lieu thereof) by virtue of any payment made by either Sponsor under the Sponsors' Guaranty;
  - (c) [left intentionally blank]
  - (d) of any obligation to make Class A Sponsors' Loans or Class C Sponsors' Loans by the additional Sponsors' Loans in an amount of \$34,000,000 made by AMD Inc. to AMD Saxonia on 26 September 1997 and referred to in Section 3.5 below;
- (v) each Class A Sponsors' Loan shall be denominated in Deutsche Marks and the Deutsche Mark Equivalent thereof shall be calculated for the purpose of determining whether the Sponsors have complied with their obligations under Section 3.2; provided, however, that any Class A Sponsors' Loan may, with the consent of the Agent (such consent not to be unreasonably delayed or withheld), be funded in Dollars but for all purposes of this Agreement and the Sponsors' Loan Agreement shall be deemed to have been funded in Deutsche Marks in an amount which is equal to the Deutsche Mark Equivalent thereof;
- (vi) Class C Sponsors' Loans may be made in either Dollars or in Deutsche Marks at AMD Inc.'s option provided that:
- (a) for the purpose of determining whether the Sponsors have complied with their obligations under Section 3.4, any Class C Sponsors' Loans made in Deutsche Marks shall be deemed converted to Dollars at the Agent's spot rate of exchange for the purchase of Dollars with Deutsche Marks
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- prevailing on the date two (2) Business Days prior to the date such Class C Sponsors' Loans were made;
- (b) if AMD Inc. and AMD Saxonia agree, any Class C Sponsors' Loans may be denominated in Deutsche Marks but funded in Dollars and the Deutsche Mark amount of such Class C Sponsors' Loans shall be deemed to be the DM amount which is the equivalent of the Dollar amount so funded determined at the Agent's spot rate of exchange for the purchase of Dollars with Deutsche Marks prevailing on the date two (2) Business Days prior to the date such Class C Sponsors' Loans were made.
- (vii) the Sponsors shall be relieved of their respective obligations to make Class C Sponsors' Loans under Sections 3.1 and 3.4 if, but only if:
- (a) the Sponsors shall have complied with each of their respective obligations under Article II and, insofar as such obligations relate to Class A Sponsors' Loans (or additional contributions to Equity Capital or AMD Saxonia's capital reserves in lieu thereof), this Article III; and
  - (b) following a demand for payment by the Agent under the Sponsors' Guaranty, the Sponsors shall have paid all amounts payable under the Sponsors' Guaranty.
- (viii) the amounts set forth in this Section 3.1 are cumulative minimum aggregate amounts for both Sponsors, collectively; nothing contained herein shall be deemed to preclude the Sponsors (or either of them) from making additional Sponsors' Loans in order to fulfil their respective obligations contained in Article IV, V, or VI, or for any other reason.

SECTION 3.2 Time of Class A Sponsors' Loans. The Class A Sponsors' Loans will be made in cash and in Same Day Funds and will be made as follows:

- (i) at least DM 145,000,000 (one hundred forty five million Deutsche Marks) for all such Class A Sponsors' Loans, the exact amount

thereof being equal to the Deutsche Mark Equivalent of \$100,000,000 (one hundred million Dollars) for all such Class A Sponsors' Loans, by the earlier to occur of:

- (a) the acceleration of the Advances under the Loan Agreement following the occurrence of an Event of Default (it being understood and agreed that if, at the time of any such acceleration, the Primary Secured Obligations are less than the amount otherwise required to be lent to AMD Saxonia under this Section 3.2(i), the amount of such Class A Sponsors' Loans shall be an amount which, when added to the aggregate amount of all Sponsors' Loans and/or other contributions to AMD Saxonia's Equity Capital or capital reserves then concurrently made, is equal to the Primary Secured Obligations at such time); and
- (b) December 31, 1998; and

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- (ii) at least a further DM 145,000,000 (one hundred forty five million Deutsche Marks) for all such Class A Sponsors' Loans, the exact amount thereof being equal to the Deutsche Mark Equivalent of \$100,000,000 (one hundred million Dollars) for all such Class A Sponsors' Loans, by the earlier to occur of:
  - (a) the acceleration of the Advances under the Loan Agreement following the occurrence of an Event of Default (it being understood and agreed that if, at the time of any such acceleration, the Primary Secured Obligations are less than the amount otherwise required to be lent to AMD Saxonia under this Section 3.2(ii), the amount of such Class A Sponsors' Loans shall be an amount which, when added to the aggregate amount of all Sponsors' Loans and/or other contributions to AMD Saxonia's Equity Capital or capital reserves then concurrently made, is equal to the Primary Secured Obligations at such time); and
  - (b) December 31, 1999;

provided, however, that such Class A Sponsors' Loans shall be required to be made in whole or in part at any time prior to the aforesaid dates if, but only to the extent that, the ratio of:

- (x) the sum of
  - (1) the then aggregate outstanding principal amount of Sponsors' Loans,plus
  - (2) the then aggregate amount of AMD Saxonia's Equity Capital and capital reserves,to
  - (y) the then aggregate outstanding principal amount of the Advances under the Loan Agreement, is less than 25:75.

SECTION 3.3 [left intentionally blank]

SECTION 3.4 Time of Class C Sponsors' Loans. The Class C Sponsors' Loans will be made in cash and in Same Day Funds and will be made in full, pursuant to Section 4.07 of the AMD Inc. Senior Secured Note Indenture (prior to giving effect to the Third Supplemental Indenture dated as of July 28, 2000), without utilizing any of the provisions contained in the first proviso to Section 4.07(iv) thereof, by the Contribution Date at the latest.

SECTION 3.5 Additional Sponsors' Loans. In addition to the Class A Sponsors' Loans and the Class C Sponsors' Loans, the Sponsors (or either of them) may, from time to time, at their

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option make additional Sponsors' Loans in order to fulfil their respective obligations contained herein or otherwise to provide additional funds to AMD Saxonia.

For the avoidance of doubt, the additional Sponsors' Loan in an amount of \$34,000,000 made by AMD Inc. to AMD Saxonia on 26 September 1997:

- (i) is hereby expressly agreed by the parties hereto to be an additional Sponsors' Loan pursuant to the terms of this Section 3.5 and subordinated as a Junior Liability (under, and as defined in, the Sponsors' Subordination Agreement); and
- (ii) shall not relieve the Sponsors from any obligation to make Class A Sponsors' Loans or Class C Sponsors' Loans in accordance with Sections 3.2, and 3.4 above respectively.

SECTION 3.6 Terms of Sponsors' Loans. The making of Sponsors' Loans will be made on the terms, and shall be subject to the conditions, contained in the Sponsors' Loan Agreement which, as provided in Section 3.1, is intended to reflect, rather than to be in addition to, the obligations of the Sponsors contained in this Article III.

SECTION 3.7 Undertaking to Make Revolving Loans/Terms of Revolving Loans. The Sponsors hereby jointly and severally undertake that either Sponsor or both Sponsors will make available to AMD Saxonia an unsecured, subordinated revolving loan facility in an aggregate principal amount of \$750,000,000 (seven hundred fifty million Dollars) with a term of no earlier than 31 March, 2007 and bearing interest at a rate per annum of 4%, on and subject to the terms and conditions contained in the Revolving Loan Facility Agreement, which is intended to reflect, rather than to be in addition to, the obligations of the Sponsors contained in this Article III, to the extent applicable to Revolving Loans.

SECTION 3.8 Time of Revolving Loans. Revolving Loans will be made in cash and in Same Day Funds:

- (i) in such amounts as shall be required from time to time to ensure that as from 1 July 2001, the Minimum Liquidity Covenant is complied with at all times and, in any event, upon first written demand by the Security Agent at any time and from time to time immediately following a Minimum Liquidity Covenant Calculation Date in such amounts as may be necessary to remedy any shortfall in the Minimum Liquidity Covenant at any time and from time to time; and
- (ii) in such amounts as shall be required from time to time and, in any event, upon the first written demand of AMD Saxonia at any time and from time to time to finance AMD Saxonia's general corporate funding requirements, including working capital, cash expenses and other capital requirements of AMD Saxonia.

The Sponsors shall be relieved of their respective obligations to make Revolving Loans available to AMD Saxonia if, but only if:

- (x) the Sponsors shall have complied with each of their respective obligations under Article II and, insofar as such obligations relate to Class A Sponsors' Loans (or

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additional contributions to Equity Capital or AMD Saxonia's capital reserves in lieu thereof), this Article III; and

- (y) following a demand for payment by the Agent under the Sponsors' Guaranty, the Sponsors shall have paid all amounts payable under the Sponsors' Guaranty.

In addition to the Revolving Loans contemplated to be made under Section 3.7, the Sponsors (or either of them) may, from time to time, at their option make additional Revolving Loans in order to fulfil their respective obligations contained herein or otherwise to provide additional funds to AMD Saxonia, it being expressly understood and agreed that any such Revolving Loans shall be optional rather than compulsory, and that in no event shall the Sponsors (or either of them) be obligated to advance Revolving Loans such that the total amount of outstanding Revolving Loans would exceed the Total Revolving Loan Commitment Amount.

SECTION 3.9 Subordination of Sponsors' Loans and Revolving Loans. The Sponsors' Loans and the Revolving Loans will be subordinated on the terms and conditions contained in the Sponsors' Subordination Agreement.

#### ARTICLE IV Project Costs

SECTION 4.1 Project Costs. In addition to, and not in limitation of, their other obligations contained in this Agreement and the other Operative Documents, the Sponsors, jointly and severally, hereby undertake to provide AMD Saxonia with Same Day Funds (whether, in the case of AMD Holding, by contribution to AMD

Saxonia's Equity Capital (or other contributions to AMD Saxonia's capital reserves), or, in the case of either Sponsor, through Sponsors' Loans or Revolving Loans) sufficient to cover all Project Costs (after taking into account the Available Tranche A Amount). The Sponsors shall be relieved of any further obligations under this Article IV if, but only if:

- (i) the Sponsors shall have complied with each of their respective obligations under Article II and, insofar as such obligations relate to Class A Sponsors' Loans (or additional contributions to Equity Capital or AMD Saxonia's capital reserves in lieu thereof), Article III; and
- (ii) following a demand by the Agent for payment under the Sponsors' Guaranty, the Sponsors shall have paid all amounts payable under the Sponsors' Guaranty.

SECTION 4.2 [left intentionally blank]

SECTION 4.3 Form of Contribution. The Sponsors may comply with their respective obligations under this Article IV by making:

- (i) in the case of either Sponsor, Revolving Loans pursuant to the terms and conditions of the Revolving Loan Facility Agreement; and/or
- (ii) in the case of AMD Holding, a cash increase in the Equity Capital (or other contributions to AMD Saxonia's capital reserves) of AMD Saxonia; and/or

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- (iii) in the case of either Sponsor, further Sponsors' Loans to AMD Saxonia.

SECTION 4.4 No Double Recovery under Revolving Loan Facility Agreement and Sponsors' Guaranty. If, during the continuance of an Event of Default (unless such Event of Default is subsequently cured or waived with the concurrence of the Agent or the Security Agent, AMD Inc., and AMD Saxonia), and following the exercise of rights by the Agent or the Security Agent under either the AMD Holding Share Pledge Agreement, the AMD Inc. Share Pledge Agreement, the AMD Saxonia Assignment (U.S.A.), the AMD Inc. Pledge Agreement Over Membership Interests in AMD Saxony LLC, the AMD Holding Share Pledge Agreement (AMD Admin), the AMD Saxony LLC Partnership Interest Pledge Agreement (AMD Saxonia), the AMD Holding KG Partnership Interest Pledge Agreement (AMD Saxonia) or the AMD Admin Partnership Interest Pledge Agreement (AMD Saxonia), the Agent seeks to make borrowings under, or to cause such borrowings to be made under, the Revolving Loan Facility Agreement, the Agent's right to make such borrowings or to cause such borrowings to be made, shall be limited mutatis mutandis to the amount set forth in Section 2.1 of the Sponsors' Guaranty and any such borrowings (to the extent paid to AMD Saxonia and not subsequently repaid to AMD Inc. or its successor in interest) shall, pro tanto, reduce the amount available to be recovered from the Sponsors under the Sponsors' Guaranty.

#### ARTICLE V Completion Guaranty

SECTION 5.1 Completion Guaranty. The Sponsors (jointly and severally), hereby agree to cause AMD Saxonia:

- (i) to complete each Project Phase as soon as contemplated by the Approved Project Schedule (it being understood and agreed that the completion date for one or more Project Phases (other than the final Project Phase) may be deferred for up to six (6) months in the aggregate for all such deferrals on a cumulative basis provided that no such deferral may affect the final deadline for Completion);
- (ii) to achieve Completion as soon as contemplated by the Approved Project Schedule and, in any event, on or before 31 December 2000; and
- (iii) to take all such action, including, without limitation, all actions before Governmental Authorities, as shall be necessary or appropriate to enable AMD Saxonia to complete each Project Phase and to achieve Completion as aforesaid.

For the avoidance of doubt, the obligations of the Sponsors contained in this Article V are in addition to, and not in limitation of, their respective obligations contained elsewhere in this Agreement and in the other Operative Documents; provided, however, that the Sponsors shall be relieved of their respective obligations under this Article V if, but only if:

- (i) the Sponsors shall have complied with each of their respective obligations under Article II and, insofar as such obligations

relate to Class A Sponsors' Loans (or additional contributions to Equity Capital or AMD Saxonia's capital reserves in lieu thereof), Article III and

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- (ii) following a demand for payment by the Agent under the Sponsors' Guaranty, the Sponsors shall have paid all amounts payable under the Sponsors' Guaranty.

SECTION 5.2 Notice of Scheduled Project Phase Technical Completion and Completion. Upon the occurrence of each of the following, the Agent shall promptly advise the Sponsors, AMD Saxonia, and the Banks thereof:

- (i) Scheduled Project Phase Technical Completion for each Project Phase, and
- (ii) Completion.

SECTION 5.3 No Double Recovery Under Article V and Sponsors' Guaranty. In the event that the Sponsors default in the payment and performance of their obligations under this Article V and, following any such default, the Agent institutes litigation or other adversary proceedings designed to compel the Sponsors to perform such obligations or to pay damages for such failure, the right of recovery against the Sponsors under this Article V is limited mutatis mutandis to the amount set forth in Section 2.1 of the Sponsors' Guaranty and any recovery by the Agent from the Sponsors hereunder shall, pro tanto, reduce the amount available to be recovered from the Sponsors under the Sponsors' Guaranty.

For the avoidance of doubt, the obligations of the Sponsors under this Section 5.1 constitute a primary guarantee obligation (Garantievertrag) and not a surety guarantee (Burgschaft).

#### ARTICLE VI Subsidies Undertaking

SECTION 6.1 Subsidies. The Project will be supported by the following subsidies and grants from the Free State of Saxony (hereinafter, the "Subsidies"):

- (i) a dedicated purpose investment grant in an aggregate amount of DM 476,687,000 (four hundred seventy six million six hundred eighty seven thousand Deutsche Marks) which, together with the investment subsidies in an aggregate amount of DM 23,813,000 (twenty three million eight hundred thirteen thousand Deutsche Marks), totals an aggregate amount of DM 500,500,000 (five hundred million five hundred thousand Deutsche Marks); and
- (ii) a dedicated purpose interest subsidy in an amount of DM 300,000,000 (three hundred million Deutsche Marks),

which, in each case, will be paid to AMD Saxonia by Dresdner Bank AG in Dresden, in its capacity as house bank.

SECTION 6.2 Payment of Shortfall. The granting of the Subsidies is contingent on the adherence by the Sponsors and AMD Saxonia to particular conditions, requirements, and covenants. If, for any reason whatsoever, any AMD Company or any Affiliate of any AMD Company breaches any such conditions, requirements, or covenants, and, accordingly, causes the Subsidies not to be paid or, as a result of any such breach, the Subsidies are required to be repaid

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(in either such case the amount thereof being hereinafter called a "Shortfall"), then, without delay following its or their receipt of a demand therefor by the Agent, either:

- (i) AMD Holding shall contribute Equity Capital (or other contributions to AMD Saxonia's capital reserves) to AMD Saxonia, and AMD Inc. shall cause AMD Holding to so contribute to AMD Saxonia (and AMD Inc. shall, to the extent necessary, contribute sufficient funds, or otherwise cause sufficient funds to be made available, to AMD Holding as shall be necessary to enable AMD Holding to so contribute to AMD Saxonia); and/or
- (ii) one or both Sponsors shall make Sponsors' Loans to AMD Saxonia,

in either case in an aggregate amount (and, if the Subsidies have not yet been provided, as and when the Subsidies, but for such breach, would have otherwise been provided) equal to the Shortfall.

For the avoidance of doubt:

- (i) the obligations of the Sponsors contained in this Article VI are in addition to, and not in limitation of, their obligations contained elsewhere in this Agreement and in the other Operative Documents, and shall survive Completion; and
- (ii) the Sponsors shall not be relieved of the foregoing obligations by virtue of:
  - (a) any prior Sponsors' Loans made by the Sponsors (or either of them), including without limitation, the additional Sponsors' Loan in an amount of \$34,000,000 made by AMD Inc. to AMD Saxonia on 26 September 1997 and referred to in Section 3.5 above and the Class C Sponsors' Loan in an amount of \$70,000,000 made by AMD Inc. to AMD Saxonia on 30 June 1999 and referred to in Section 3.4 above;
  - (b) any prior contributions of Equity Capital (or other contributions to AMD Saxonia's capital reserves) by AMD Holding;
  - (c) any prior Revolving Loans made by the Sponsors (or either of them); or
  - (d) any payment made by either Sponsor under the Sponsors' Guaranty;

provided, however, that the Sponsors shall have no liability as aforesaid in respect of any Subsidiaries which fail to be provided at any time after the foreclosure by the Security Agent upon any security provided by the Security Documents, unless such failure is attributable to any such breach by AMD Inc. or any of its Affiliates (other than AMD Saxonia or AMD Holding, if then Affiliates of AMD Inc.) occurring after such foreclosure.

SECTION 6.3 Bridging of AMD Saxonia's Receipt of the Subsidiaries.

- (a) It is understood and agreed that the Sponsors (jointly and severally) will, in the case of AMD Holding, contribute Equity Capital (or other

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contributions to AMD Saxonia's capital reserves), or, in the case of either Sponsor, make Sponsors' Loans, to AMD Saxonia, in either case as and to the extent that AMD Saxonia requires such funds prior to and in anticipation of its receipt of the Subsidiaries. If any such contribution or Sponsors' Loan is made for such purpose prior to AMD Saxonia's receipt of the Subsidiaries (or any portion thereof) then, to the extent that AMD Saxonia subsequently receives the proceeds of such Subsidiaries, and provided that no Event of Default, Unmatured Event of Default or Event of Termination shall have occurred and be continuing, AMD Saxonia shall, to the extent permitted by applicable law, repay Sponsors' Loans to the extent of the aggregate amount of the proceeds of the Subsidy so received, but without interest.

- (b) The Sponsors' obligations to make contributions or loans under Section 6.3 (a) shall terminate from the date of any foreclosure over the shares of AMD Holding, the membership interests of AMD Saxony LLC, the shares in AMD Admin or over the partnership interests in AMD Saxonia under the Security Documents.

ARTICLE VII  
Pari Passu Undertaking

SECTION 7.1 [left intentionally blank]

ARTICLE VIII  
Security Documents

SECTION 8.1 AMD Inc. Share Pledge Agreement and AMD Inc. Pledge Agreement Over Membership Interests in AMD Saxony LLC. AMD Inc. has granted a first priority security interest in the AMD Inc. Security pursuant to and on the terms and conditions set forth in the AMD Inc. Share Pledge Agreement and the AMD Inc. Pledge Agreement Over Membership Interests in AMD Saxony LLC.

SECTION 8.2 AMD Holding Security Documents. AMD Holding has granted a first priority security interest in the AMD Holding Security pursuant to and on the terms and conditions set forth in the AMD Holding Security Documents.

SECTION 8.3 AMD Saxony LLC Security Documents. AMD Saxony LLC has granted a first priority security interest in the AMD Saxony LLC Security pursuant to and

on the terms and conditions set forth in the AMD Saxony LLC Security Documents.

SECTION 8.4 AMD Admin Security Documents. AMD Admin has granted a first priority security interest in the AMD Admin Security pursuant to and on the terms and conditions set forth in the AMD Admin Security Documents.

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ARTICLE IX  
Sponsors' Guaranty

SECTION 9.1 Sponsors' Guaranty. Without intending to derogate from the provisions of the Sponsors' Guaranty (and, in the event of any inconsistency with this Section 9.1, the Sponsors' Guaranty shall prevail), the Sponsors (jointly and severally), have agreed to guarantee, on the terms and subject to the conditions of the Sponsors' Guaranty, the full and prompt payment when due, whether by acceleration or otherwise, of all Secured Obligations of AMD Saxonia to the Secured Parties under or in connection with the Financing Documents and the Security Documents; provided, however, that as provided in the Sponsors' Guaranty, the cumulative right of recovery against the Sponsors with respect to the Sponsors' Guaranty is limited to an amount equal to the greater of:

- (x) thirty five percent (35%) of the aggregate amount of all Guaranteed Obligations (as defined in the Sponsors' Guaranty); and
- (y) DM 217,500,000 (two hundred and seventeen million five hundred thousand Deutsche Marks),

plus (as and to the extent provided in the Sponsors' Guaranty) interest on such amount, if not paid when due, and plus costs and expenses of enforcement provided, that the maximum aggregate amount payable by the Sponsors pursuant to the Sponsors' Guaranty shall be DM 600,000,000. In furtherance of the foregoing, the Sponsors have undertaken, pursuant to the terms of the Sponsors' Guaranty, to pay to the Agent, upon first written demand following the occurrence of an Event of Default and acceleration of the Advances an amount equal to the greater of:

- (i) thirty five percent (35%) of the aggregate amount of all Guaranteed Obligations (as defined in the Sponsors' Guaranty); and
- (ii) DM 217,500,000 (two hundred and seventeen million five hundred thousand Deutsche Marks),

plus (as and to the extent provided in the Sponsors' Guaranty) interest on such amount, if not paid when due, and plus costs and expenses of enforcement provided, that the maximum aggregate amount payable by the Sponsors pursuant to the Sponsors' Guaranty shall be DM 600,000,000.

For the avoidance of doubt, the obligations of the Sponsors under the Sponsors' Guaranty:

- (i) constitute a primary guarantee obligation (Garantievertrag) and not a surety guarantee (Burgschaft), and are in addition to, and not in limitation of, the other obligations of the Sponsors hereunder and under the other Operative Documents; and
- (ii) are continuing obligations and shall remain in full force and effect until whichever is the earlier of (1) satisfaction in full of all Secured

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Obligations and (2) payment in full by either Sponsor of all amounts payable under the Sponsors' Guaranty.

ARTICLE X  
Sponsors' Subordination Agreement; AMD Inc. Subordination Agreement

SECTION 10.1 Sponsors' Subordination Agreement. The Sponsors and the Additional Partner Companies hereby agree to subordinate the payment of the Junior Liabilities (under, and as defined in, the Sponsors' Subordination Agreement) to the payment in full of all Senior Liabilities (under, and as defined in, the Sponsors' Subordination Agreement), on the terms and subject to the conditions of the Sponsors' Subordination Agreement.

SECTION 10.2 AMD Inc. Subordination Agreement. AMD Inc. hereby agrees to subordinate the payment of the Junior Liabilities (under, and as defined in, the AMD Inc. Subordination Agreement) to the payment in full of all Senior Liabilities (under, and as defined in, the AMD Inc. Subordination Agreement), on the terms and subject to the conditions of the AMD Inc. Subordination Agreement.

ARTICLE XI  
Obligations Unconditional

SECTION 11.1 Absolute and Unconditional Nature of Obligations. The obligation of the Sponsors and the Additional Partner Companies to perform their respective obligations under this Agreement, and the right of AMD Saxonia or the Agent or the Security Agent, as applicable, to receive the proceeds of each payment to be made to or for the account of AMD Saxonia as provided herein and in each of the other Operative Documents, shall be absolute, irrevocable, and unconditional, it being the intention of the parties hereto that all obligations of the Sponsors and the Additional Partner Companies under or in connection with this Agreement shall be paid and performed in all events in the manner and at the times herein provided, irrespective of and without prejudice to, in particular, any rights or remedies that are available to the other parties hereto and thereto under any agreements or any applicable laws. The Sponsors and the Additional Partner Companies shall be entitled to setoff, and to raise rights of retention, in respect of their respective payment claims hereunder and under the other Operative Documents only to the extent their respective counterclaims are undisputed or have been the subject of a final binding arbitral or court decision.

ARTICLE XII  
Representations and Warranties

SECTION 12.1 Representations and Warranties of AMD Inc. AMD Inc. hereby represents and warrants to the Agent and the Security Agent as follows:

(i) Organization; Corporate Power.

AMD Inc. and each Material AMD Inc. Subsidiary:

- (a) is a corporation, limited partnership or limited liability company, as the case may be, duly organized, validly existing, and (where the concept has

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a technical meaning) in good standing under the laws of the jurisdiction of its incorporation;

- (b) is duly qualified or licensed and (where the concept has a technical meaning) in good standing as a foreign corporation authorized to do business in each other jurisdiction where, because of the nature of its activities or properties in such jurisdiction, such qualification or licensing is required,
- (c) has all requisite corporate power and authority to own, operate, and lease its assets and properties and to carry on the business in which it is engaged and in which it proposes to engage;
- (d) that is an AMD Company, has all requisite corporate power and authority:
- (x) to execute, deliver, and perform its obligations under each of the Operative Documents to which it is a party; and
- (y) to assign, and grant a security interest in, the Security in the manner and for the purpose contemplated by the Security Documents to which it is a party; and
- (e) is in compliance with all Requirements of Law

except, in each case referred to in clause (b), (c), or (e), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(ii) Corporate Authority; No Conflict.

The execution, delivery, and performance by each AMD Company of each Operative Document to which any such AMD Company is a party, and the grant by such AMD Company of a security interest in the Security in the manner and for the purpose contemplated by the Security Documents to which such AMD Company is a party, have been duly authorized by all necessary corporate action (including any necessary shareholder action) on the part of such AMD Company, and do not:

- (a) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect binding on such AMD Company, or of the Organizational Documents of such AMD Company;
- (b) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced or secured by, or

constitute a default under, any indenture or loan or credit agreement, or any other agreement or

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instrument, to which such AMD Company is a party or by which such AMD Company or its properties are bound; or

- (c) result in, or require (in either case except as contemplated by the Operative Documents), the creation or imposition of any Encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by any of the AMD Companies (other than any right of set-off or banker's lien or attachment that the Agent, the Security Agent, or any Bank may have under the Operative Documents or applicable law), and none of the AMD Companies is in default under or in violation of its Organizational Documents, any of the Operative Documents to which it is a party, or any such law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture, agreement, or instrument, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(iii) Valid and Binding Obligations.

Each Operative Document which has been executed and delivered by an AMD Company constitutes the legal, valid, and binding obligation of such AMD Company, enforceable against such AMD Company in accordance with its respective terms, subject, however, to the Opinion Reservations.

(iv) Sponsor Security Documents.

- (a) The provisions of each of the Security Documents which has been executed and delivered by a Sponsor are effective to create in favor of the Security Agent for the benefit of the Secured Parties, a legal, valid, and enforceable first priority Encumbrance on all rights, title, and interest of such Sponsor in the Security described therein, subject only to Permitted Encumbrances; and all necessary filings and recordings have been made in the requisite offices in all of the jurisdictions necessary or appropriate to perfect or continue perfected with such priority such Encumbrance on such Security.
- (b) Each Security Document which has been executed and delivered by a Sponsor is effective to grant to the Security Agent a legal, valid, and enforceable security interest on all rights, title, and interest of the relevant Sponsor in the Security described therein. When each such Security Document is duly recorded or filed in the applicable recording or filing office(s), if any, and the recording or filing fees and taxes, if any, in respect thereof are paid and compliance is otherwise had with the formal requirements of applicable law applicable to the recording and filing of security documentation generally, such Security is subject to a legal, valid, enforceable, and perfected first priority Encumbrance.

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(v) Financial Information; No Material Adverse Change.

- (a) The audited consolidated balance sheet of AMD Inc. and its Subsidiaries dated December 31, 1995, the unaudited consolidated balance sheet of AMD Inc. and its Subsidiaries for the Fiscal Quarter ending on or about December 30, 1996, and in each case the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal period ended on such dates:
  - (x) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year-end audit adjustments, in the case of quarterly financial statements;
  - (y) are complete and accurate in all material respects and fairly present the consolidated financial condition of AMD Inc. and its Subsidiaries as of the dates thereof and results of operations and cash flows for the periods covered thereby; and

- (z) except as specifically disclosed in the Disclosure Schedules, show all material indebtedness and other liabilities, direct or contingent, of AMD Inc. and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments, and Contingent Liabilities.
- (b) Since December 31, 1995, there has been no Material Adverse Effect, except as may be specifically disclosed in the Disclosure Schedules.
- (c) From July 13, 1999 to and including the effective date of the Third Amendment to this, there has been no "Enhanced Covenant Period" (under, and as defined in the AMD Inc. 1999 Loan and Security Agreement) in effect.

(vi) Litigation.

Except as specifically disclosed in the Disclosure Schedules, there are no actions, suits, proceedings, claims, or disputes pending, or to the best knowledge of AMD Inc., threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against any AMD Company or any other Subsidiary of AMD Inc. or any of their respective properties which:

- (a) purport to affect or pertain to this Agreement or any other Operative Document, or the entirety of the transactions contemplated hereby or thereby; or
- (b) if determined adversely to such AMD Company or such other Subsidiary, would reasonably be expected to have a Material Adverse Effect.

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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 Operative Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

(vii) No Default or Termination.

No Event of Default or Unmatured Event of Default, and, to the best of AMD Inc.'s knowledge, no Event of Termination, exists. None of the AMD Companies nor any other Subsidiary of AMD Inc. is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect.

(viii) No Burdensome Restrictions.

None of the AMD Companies nor any other Subsidiary of AMD Inc. is a party to or bound by any Contractual Obligation other than the Operative Documents, or subject to any restriction in any Organizational Document, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

(ix) Title to Properties; Encumbrances.

Each AMD Company and each other Material AMD Inc. Subsidiary has good record and marketable title in fee simple to, or valid leasehold interests in (or the equivalent for the relevant jurisdiction), all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of each AMD Company and each other Material AMD Inc. Subsidiary is subject to no Encumbrances, other than Permitted Encumbrances.

(x) Subsidiaries; Material AMD Inc. Subsidiaries.

- (a) As of the Loan Agreement Effective Date, AMD Inc. has no Subsidiaries other than those specifically disclosed in the Disclosure Schedules and has no equity investments in any other Person other than those specifically disclosed in the Disclosure Schedules;

- (b) As of the Loan Agreement Effective Date, there are no Material AMD Inc. Subsidiaries other than those specifically disclosed in the Disclosure Schedules;
- (c) AMD Inc. is the direct legal and beneficial owner of 100% of the issued and outstanding shares of capital stock of AMD Holding, all of which shares have been validly issued;

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- (d) AMD Inc. is the direct legal and beneficial owner of 100% of the membership interests of AMD Saxony LLC;
- (e) AMD Holding is the direct legal and beneficial owner of 100% of the issued and outstanding shares of capital stock of AMD Admin, all of which shares have been validly issued;
- (f) 100% of the capital partnership interests (Kapitalanteile) in AMD Saxonia are held by AMD Admin (as to Euro 250), AMD Holding (as to at least 99.99% (rounded to two decimal points) and AMD Saxony LLC (prior to a Substitution (if any)) (as to Euro 250 prior to its re-transfer of a fractional interest pursuant to the Conversion Documents, and as to 0% following such re-transfer), each of which holds no investment in any other person (except that AMD Admin is a wholly-owned subsidiary of AMD Holding). AMD Holding and AMD Saxony LLC are, in turn, wholly-owned subsidiaries of AMD Inc.;
- (g) AMD Holding has no Subsidiaries other than AMD Saxonia and AMD Admin, and has no equity investments in any other Person;
- (h) AMD Saxony LLC has no equity investments or interests in any other Person other than its general partnership interest in AMD Saxonia;
- (i) AMD Admin has no Subsidiaries and, other than its Euro 250 partnership interest in AMD Saxonia, has no equity investments in any Person; and
- (j) AMD Saxonia has no Subsidiaries and has no equity investments in any other Person.

(xi) Insurance.

Except as specifically disclosed in the Disclosure Schedules, properties of each Sponsor and each "Restricted Subsidiary" (under, and as defined in, the AMD Inc. 1999 Loan and Security Agreement) are insured with financially sound and reputable insurance companies not Affiliates of AMD Inc., 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 such Sponsor or such "Restricted Subsidiary" (as so defined) operates.

(xii) Copyrights, Patents, Trademarks and Licenses, Etc.

Each AMD Company and each other Material AMD Inc. Subsidiary owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations, and other rights that are reasonably necessary for the operation of its respective businesses, without conflict with the rights of any other Person, except for such conflicts which would not, individually or in the aggregate, reasonably be expected to have

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a Material Adverse Effect. Except as specifically disclosed in the Disclosure Schedules, to the best knowledge of AMD Inc.:

- (a) no slogan or other advertising device, product, process, method, substance, part, or other material now employed, or now contemplated to be employed, by any AMD Company or any other Subsidiary of AMD Inc. infringes upon any rights held by any other Person;
- (b) no claim or litigation regarding any of the foregoing is

pending or, to the best knowledge of AMD Inc.,  
threatened; and

(c) no patent, invention, device, application, principle, or  
any statute, law, rule, regulation, standard, or code is  
pending or, to the best knowledge of AMD Inc., proposed,

which, in any case described in (a), (b), or (c) above, could  
reasonably be expected to have a Material Adverse Effect.

(xiii) Taxes.

Each Sponsor and each "Restricted Subsidiary" (under, and as  
defined in, the AMD Inc. 1999 Loan and Security Agreement)  
have filed all material US Federal, German, and other tax  
returns and reports required to be filed, and have paid all  
material US Federal, German, and other taxes, assessments,  
fees, and other governmental charges levied or imposed upon  
them or their properties, income, or assets otherwise due and  
payable, except those which are being contested in good faith  
by appropriate proceedings and for which adequate reserves  
have been provided in accordance with GAAP. There is no  
proposed tax assessment against either Sponsor or any  
"Restricted Subsidiary" (as so defined) that would, if made,  
have a Material Adverse Effect.

(xiv) Governmental Approvals with Respect to the Operative  
Documents.

As of the date this representation and warranty is made or  
reaffirmed, as the case may be, all Governmental Approvals  
(including, without limitation, from the United States of  
America, the European Union, the Federal Republic of Germany,  
and the Free State of Saxony) necessary for the due  
authorization, execution, delivery, and performance by each of  
the AMD Companies of, the legality or validity of the  
obligations of each of the AMD Companies under, or the  
enforceability against each of the AMD Companies of, each of  
the Operative Documents to which it is a party and the due and  
timely payment by each of the AMD Companies of amounts owing  
under each of the Operative Documents have been listed on  
Schedule 20 to the Loan Agreement and, except as otherwise  
noted therein, all of such Governmental Approvals have been  
duly obtained or effected, and are in full force and effect,  
on the Conversion Effective Date.

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(xv) Governmental Approvals with Respect to the Plant and the  
Design Center.

As at the date this representation and warranty is made or  
reaffirmed, as the case may be, all Governmental Approvals  
necessary for the construction, ownership, use, and operation  
by AMD Saxonia of the Plant and the Design Center or which are  
required in order that the Plant and the Design Center may be  
operated for their intended purposes and Perform in Accordance  
with the Plans and Specifications, have been listed on  
Schedule 20 to the Loan Agreement, and all of such  
Governmental Approvals (except those listed in Part B of  
Schedule 20 to the Loan Agreement) have been duly obtained or  
effected, are sufficient for all purposes thereof, and are in  
full force and effect on such date (and, in the case of  
Government Approvals that have expired, each AMD Company has  
timely applied for renewal thereof and such Governmental  
Approvals have been administratively extended under applicable  
law); and AMD Inc. reasonably believes, after due inquiry,  
that the Governmental Approvals set forth in Schedule 20 to  
the Loan Agreement, together with all Governmental Approvals,  
if any, that may be required in connection with the  
transactions contemplated by the Operative Documents  
subsequent to the date on which this representation and  
warranty is made or reaffirmed, as the case may be, will be  
obtained at such time or times as may be necessary to avoid  
material delay in, or material restrictions on the use or  
operation of, the Plant and the Design Center.

(xvi) Interruption of Business.

Neither the business nor the properties of an AMD Company are  
presently affected by any fire, explosion, accident, strike,  
lockout, or other dispute, drought, storm, hail, earthquake,  
embargo, Act of God, or of the public enemy, or other casualty  
(whether or not covered by insurance) which impairs, or, if

such event or condition were to continue for more than thirty (30) additional days would be likely to impair, such AMD Company's ability to perform its obligations under the Operative Documents.

(xvii) Prior Activities, etc.

Prior to the Loan Agreement Effective Date, neither AMD Holding nor AMD Saxonia has engaged in any business, conducted any operations or activities, nor incurred any obligations or liabilities (contingent or otherwise), other than (a) as described in the Disclosure Schedules, and (b) its obligations, if any, under the Operative Documents, and activities reasonably incidental thereto. Prior to the Conversion Effective Date, neither AMD Saxony LLC nor AMD Admin has engaged in any business, conducted any operations or activities, nor incurred any obligations or liabilities (contingent or otherwise), other than its obligations, if any, under the Operative Documents, and activities reasonably incidental thereto.

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(xviii) Status of AMD Holding, AMD Saxony LLC, AMD Admin, and AMD Saxonia, etc.

- (a) AMD Holding is not a "Restricted Subsidiary" under, and for the purposes of, the AMD Inc. 1999 Loan and Security Agreement;
- (b) AMD Saxony LLC is not a "Restricted Subsidiary" under, and for purposes of, the AMD Inc. 1999 Loan and Security Agreement;
- (c) AMD Admin is not a "Restricted Subsidiary" under, and for purposes of, the AMD Inc. 1999 Loan and Security Agreement; and
- (d) AMD Saxonia is not a "Restricted Subsidiary" under, and for the purposes of, the AMD Inc. 1999 Loan and Security Agreement.

(xix) Accuracy of Information.

As of the date this representation and warranty is made or reaffirmed, as the case may be, all factual information then or theretofore furnished by or on behalf of any AMD Company to the Agent or any Bank or the Technical Advisor for purposes of or in connection with any Operative Document or any transaction contemplated thereby (including the Information Memorandum, true and complete copies of which were furnished to the Agent in connection with the execution and delivery of this Agreement) is true and accurate (taken as a whole) in all material respects on the date as of which such information is dated or certified, and on such date such information (taken as a whole) was not incomplete by omitting to state any material fact necessary to make such information not misleading. Insofar as any such information includes assumptions, estimates, or projections, such assumptions, estimates, or projections have been made in good faith, with due care, and with a diligent application of engineering, construction, and accounting expertise reasonably available within AMD Inc. and its Subsidiaries (it being understood that although any projections and forecasts furnished by an AMD Company represent such AMD Company's best estimates and assumptions as to future performance, which such AMD Company believes to be fair and reasonable as of the time made in the light of current and reasonably foreseeable business conditions, such 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). Without limiting the generality of the foregoing, as of the Loan Agreement Effective Date, no new information has become available which was not provided to the Technical Advisor prior to the Loan Agreement Effective Date and which, had it been so provided, could reasonably be expected to have caused the Technical Advisor to express an unfavourable opinion with respect to the Project in the Technical Advisor's Report.

(xx) Warranties of AMD Saxonia, AMD Saxony LLC, AMD Admin and AMD Holding.

Each of the representations and warranties made by AMD Saxonia, AMD Saxony LLC, AMD Admin, or AMD Holding in any Operative Document to which it is a

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party (other than the representation and warranty of AMD Holding contained in Section 12.2(xi) and the representation and warranty of AMD Saxonia contained in ss. 15.1.10 of the Loan Agreement) is true and accurate in all material respects on each Sponsors' Warranty Date, except to the extent that any such representation or warranty expressly

relates solely to an earlier date, and except, in the case of any representation or warranty made on a Sponsors' Warranty Date described in clause (vi) of the definition thereof, as otherwise provided in the certificate referred to therein.

SECTION 12.2 Representations and Warranties of the Sponsors. The Sponsors, jointly and severally, hereby represent and warrant to the Agent and the Security Agent as follows (save in respect of Section 12.2 (xi) which is warranted only by AMD Holding):

(i) Organisation; Corporate Power.

- (a) Each of AMD Holding and AMD Admin is a Gesellschaft mit beschränkter Haftung duly organised and existing under the laws of the Federal Republic of Germany and registered in Dresden, Germany and AMD Saxonia is a Limited Partnership duly organised and existing under the laws of the Federal Republic of Germany;
- (b) AMD Saxony LLC is a limited liability company duly organized and existing under the laws of the State of Delaware, United States of America;
- (c) 100% of the capital partnership interests (Kapitalanteile) in AMD Saxonia are held by AMD Admin (as to Euro 250), AMD Holding (as to at least 99.99% (rounded to two decimal points) and AMD Saxony LLC (prior to a Substitution (if any)) (as to Euro 250 prior to its re-transfer of a fractional interest pursuant to the Conversion Documents, and as to 0% following such re-transfer), each of which holds no investment in any other person (except that AMD Admin is a wholly-owned subsidiary of AMD Holding). AMD Holding and AMD Saxony LLC are, in turn, wholly-owned subsidiaries of AMD Inc.;
- (d) Each of AMD Holding, AMD Admin, AMD Saxony LLC, and AMD Saxonia:
  - (1) is duly qualified or licensed as a foreign corporation authorised to do business in each other jurisdiction where, because of the nature of its activities or properties in such jurisdiction, such qualification or licensing is required,
  - (2) has all requisite corporate power and authority to own, operate, and lease its assets and properties and to carry on the business in which it is engaged and in which it proposes to engage;
  - (3) has all requisite corporate power and authority

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- (x) to execute, deliver, and perform its obligations under each of the Operative Documents to which it is a party; and
- (y) to assign, and grant a security interest in, the Security in the manner and for the purpose contemplated by the Security Documents to which it is or is to be a party; and
- (4) is in compliance with all Requirements of Law,

except, in each case referred to in clause (1), (2), or (4), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(ii) Corporate Authority; No Conflict.

The execution, delivery, and performance by each of AMD Holding, AMD Admin, AMD Saxony LLC, and AMD Saxonia of each Operative Document to which any such AMD Company is a party, and the grant by each such AMD Company of a security interest in the Security in the manner and for the purpose contemplated by the Security Documents to which such AMD Company is a party, have been duly authorised by all necessary corporate action (including any necessary shareholder action) on the part of such AMD Company, and do not:

- (a) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect binding on such AMD Company, or of the Organizational Documents of such AMD Company;
- (b) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument, to which such AMD Company is a party or by which such AMD Company or its properties are bound; or

- (c) result in, or require (in each case except as contemplated by the Operative Documents), the creation or imposition of any Encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by either of such AMD Companies (other than any right of set-off or banker's lien or attachment that the Agent, the Security Agent, or any Bank may have under the Operative Documents or applicable law), and neither of such AMD Companies is in default under or in violation of its Organizational Documents, any of the Operative Documents to which it is a party, or any such law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture, agreement, or instrument, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

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(iii) Valid and Binding Obligations.

Each Operative Document (which has been executed and delivered by any of AMD Holding, AMD Admin, AMD Saxony LLC, or AMD Saxonia) constitutes the legal, valid, and binding obligation of such AMD Company, enforceable against such AMD Company in accordance with its respective terms, subject, however, to the Opinion Reservations.

(iv) AMD Holding Security Documents.

- (a) The provisions of each of the AMD Holding Security Documents which has been executed and delivered by AMD Holding are effective to create in favor of the Security Agent for the benefit of the Secured Parties, a legal, valid, and enforceable first priority Encumbrance in all rights, title, and interest of AMD Holding in the AMD Holding Security described therein, subject only to Permitted Encumbrances; and all necessary filings and recordings have been made in the requisite offices in all jurisdictions necessary or appropriate to perfect or continue perfected with such priority such Encumbrance on such Security.
- (b) Each AMD Holding Security Document which has been executed and delivered by AMD Holding is effective to grant to the Security Agent a legal, valid, and enforceable security interest in all rights, title, and interest of AMD Holding in the AMD Holding Security described therein. When each such Security Document is duly recorded or filed in the applicable recording or filing office(s), if any, and the recording or filing fees and taxes, if any, in respect thereof are paid and compliance is otherwise had with the formal requirements of law applicable to the recording and filing of security documentation generally, such AMD Holding Security is subject to a legal, valid, enforceable, and perfected first priority Encumbrance.

(v) AMD Saxony LLC Security Documents.

- (a) The provisions of each of the AMD Saxony LLC Security Documents which has been executed and delivered by AMD Saxony LLC are effective to create in favour of the Security Agent for the benefit of the Secured Parties, a legal, valid, and enforceable first priority Encumbrance in all rights, title, and interest of AMD Saxony LLC in the AMD Saxonia LLC Security described therein, subject only to Permitted Encumbrances; and all necessary filings and recordings have been made in the requisite offices in all jurisdictions necessary or appropriate to perfect or continue perfected with such priority such Encumbrance on such Security.
- (b) Each AMD Saxony LLC Security Document which has been executed and delivered by AMD Saxony LLC is effective to grant to the Security Agent a legal, valid, and enforceable security interest in all rights, title, and

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interest of AMD Saxony LLC in the AMD Saxony LLC Security described therein. When each such Security Document is duly recorded or filed in the applicable recording or filing office(s), if any, and the recording or filing fees and taxes, if any, in respect thereof are paid and compliance is otherwise had with the formal requirements of law applicable to the recording and filing of security documentation generally, such AMD Saxony LLC Security is subject to a legal, valid, enforceable, and perfected first priority

Encumbrance.

(vi) AMD Admin Security Documents.

- (a) The provisions of each of the AMD Admin Security Documents which has been executed and delivered by AMD Admin are effective to create in favour of the Security Agent for the benefit of the Secured Parties, a legal, valid, and enforceable first priority Encumbrance in all rights, title, and interest of AMD Admin in the AMD Admin Security described therein, subject only to Permitted Encumbrances; and all necessary filings and recordings have been made in the requisite offices in all jurisdictions necessary or appropriate to perfect or continue perfected with such priority such Encumbrance on such Security.
- (b) Each AMD Admin Security Document which has been executed and delivered by AMD Admin is effective to grant to the Security Agent a legal, valid, and enforceable security interest in all rights, title, and interest of AMD Admin in the AMD Admin Security described therein. When each such Security Document is duly recorded or filed in the applicable recording or filing office(s), if any, and the recording or filing fees and taxes, if any, in respect thereof are paid and compliance is otherwise had with the formal requirements of law applicable to the recording and filing of security documentation generally, such AMD Admin Security is subject to a legal, valid, enforceable, and perfected first priority Encumbrance.

(vii) Financial Information; No Material Adverse Change.

- (a) The audited consolidated balance sheet of AMD Holding and its Subsidiaries as at 31 December 1996, and the audited balance sheet of AMD Saxonia as at 31 December 1996, and in each case the related consolidated statements of income or operations, shareholders' equity and cash flows for the period from incorporation to such date:

- (x) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year-end audit adjustments;

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- (y) are complete and accurate in all material respects and fairly present the consolidated financial condition of AMD Holding and AMD Saxonia, or the financial condition of AMD Saxonia, as the case may be, as of the date thereof and their results of operations and cash flows for the period covered thereby; and
  - (z) except as specifically disclosed in the Disclosure Schedules, show all material indebtedness and other liabilities, direct or contingent, of AMD Holding and AMD Saxonia as of the date thereof, including liabilities for taxes, material commitments, and Contingent Liabilities.

- (b) Since the respective dates of organisation of AMD Holding, AMD Admin, AMD Saxony LLC, and AMD Saxonia, there has been no Material Adverse Effect with respect to AMD Holding, AMD Admin, AMD Saxony LLC, or AMD Saxonia, as the case may be, except as may be specifically disclosed in the Disclosure Schedules.

(viii) Litigation.

Except as specifically disclosed in the Disclosure Schedules, there are no actions, suits, proceedings, claims, or disputes pending, or to the best knowledge of the Sponsors, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against AMD Holding, AMD Admin, AMD Saxony LLC, or AMD Saxonia or any of their respective properties which:

- (a) purport to affect or pertain to this Agreement or any other Operative Document, or the entirety of the transactions contemplated hereby or thereby; or
- (b) if determined adversely to such AMD Company 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 Operative Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

(ix) No Default or Termination.

No Event of Default or Unmatured Event of Default, and, to the best of the Sponsors' knowledge, no Event of Termination, exists. None of AMD Holding, AMD Admin, AMD Saxony LLC, and AMD Saxonia is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect.

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(x) No Burdensome Restrictions.

None of AMD Holding, AMD Admin, AMD Saxony LLC, and AMD Saxonia is a party to or bound by any Contractual Obligation (other than the Operative Documents), or subject to any restriction in any Organizational Document, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

(xi) Solvency.

Neither AMD Holding nor AMD Admin is insolvent as a matter of German law. AMD Saxony LLC is not insolvent as a matter of the law of the State of Delaware.

(xii) Title to Properties; Encumbrances.

AMD Saxonia has good record and marketable title in fee simple to, or valid leasehold interests in (or the equivalent for the relevant jurisdiction), all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. None of AMD Holding, AMD Admin, or AMD Saxony LLC has any real property or leasehold interests. The property of each of AMD Holding, AMD Admin, AMD Saxony LLC, and AMD Saxonia is subject to no Encumbrances, other than Permitted Encumbrances.

(xiii) Subsidiaries; Material AMD Inc. Subsidiaries.

- (a) 100% of the capital partnership interests (Kapitalanteile) in AMD Saxonia are held by AMD Admin (as to Euro 250), AMD Holding (as to at least 99.99% (rounded to two decimal points) and AMD Saxony LLC (prior to a Substitution (if any)) (as to Euro 250 prior to its re-transfer of a fractional interest pursuant to the Conversion Documents, and as to 0% following such re-transfer), each of which holds no investment in any other person (except that AMD Admin is a wholly-owned subsidiary of AMD Holding). AMD Holding and AMD Saxony LLC are, in turn, wholly-owned subsidiaries of AMD Inc.;
- (b) AMD Holding has no Subsidiaries other than AMD Saxonia and AMD Admin, and has no equity investments in any other Person;
- (c) AMD Saxony LLC has no equity investments or interests in any other Person other than its general partnership interest in AMD Saxonia;
- (d) AMD Admin has no Subsidiaries and, other than its Euro 250 partnership interest in AMD Saxonia, has no equity investments in any other Person; and

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- (e) AMD Saxonia has no Subsidiaries and has no equity investments in any other Person.

(xiv) Insurance.

Except as specifically disclosed in the Disclosure Schedules, properties of AMD Holding, AMD Admin and AMD Saxony LLC are insured with financially sound and reputable insurance companies not Affiliates of AMD Inc., 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 each of AMD Holding, AMD Admin and AMD Saxony LLC operates.

(xv) Copyrights, Patents, Trademarks and Licenses, Etc.

Each of AMD Holding, AMD Admin, AMD Saxony LLC and AMD Saxonia owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations, and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except for such conflicts, if any, which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as specifically disclosed in the Disclosure Schedules, to the best knowledge of the Sponsors:

- (a) no slogan or other advertising device, product, process, method, substance, part, or other material now employed, or now contemplated to be employed, by AMD Holding, AMD Admin, AMD Saxony LLC or AMD Saxonia infringes upon any rights held by any other Person;
- (b) no claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Sponsors, threatened; and
- (c) no patent, invention, device, application, principle, or any statute, law, rule, regulation, standard, or code is pending or, to the best knowledge of the Sponsors, proposed

which, in any case described in (a), (b), or (c) above, could reasonably be expected to have a Material Adverse Effect.

(xvi) Taxes.

Each of AMD Holding, AMD Admin and AMD Saxony LLC has filed all material U.S. Federal, German and other tax returns and reports required to be filed, and has paid all material U.S. Federal, German and other taxes, assessments, fees, and other governmental charges levied or imposed upon it or its properties, income, or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax

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assessment against AMD Holding, AMD Admin or AMD Saxony LLC that would, if made, have a Material Adverse Effect.

(xvii) Governmental Approvals with Respect to the Operative Documents.

As of the date on which this representation and warranty is made or reaffirmed, as the case may be, all Governmental Approvals (including, without limitation, from the United States of America, the European Union, the Federal Republic of Germany, and the Free State of Saxony) necessary for the due authorization, execution, delivery, and performance by each of AMD Holding, AMD Admin, AMD Saxony LLC and AMD Saxonia of, the legality or validity of the obligations of each of such AMD Companies under, or the enforceability against each of such AMD Companies of, each of the Operative Documents to which it is a party and the due and timely payment by each of such AMD Companies of amounts owing under each of the Operative Documents have been listed on Schedule 20 to the Loan Agreement and, except as otherwise noted therein, all of such Governmental Approvals have been duly obtained or effected, and are in full force and effect on the Conversion Effective Date.

(xviii) Governmental Approvals with Respect to the Plant and the Design Center.

As of the date on which this representation and warranty is made or reaffirmed, as the case may be, all Governmental Approvals necessary for the construction, ownership, use, and operation by AMD Saxonia of the Plant and the Design Center or which are required in order that the Plant and the Design Center may be operated for their intended purposes and Perform in Accordance with the Plans and Specifications, have been listed on Schedule 20 to the Loan Agreement, and all of such Governmental Approvals (except those listed in Part B of Schedule 20 to the Loan Agreement) have been duly obtained or effected, are sufficient for all purposes thereof, and are in full force and effect on such date (and, in the case of Governmental Approvals that have expired, each of AMD Holding, AMD Admin, AMD Saxony LLC and AMD Saxonia has timely applied for renewal thereof and such Governmental Approvals have been administratively extended under applicable law); and the Sponsors reasonably believe, after due inquiry, that the Governmental Approvals set forth in Schedule 20 to the Loan

Agreement, together with all Governmental Approvals, if any, that may be required in connection with the transactions contemplated by the Operative Documents subsequent to the date on which this representation and warranty is made or reaffirmed, as the case may be, will be obtained at such time or times as may be necessary to avoid material delay in, or material restrictions on the use or operation of, the Plant and the Design Center.

(xix) Interruption of Business.

Neither the business nor the properties of AMD Holding, AMD Admin, AMD Saxony LLC or AMD Saxonia are presently affected by any fire, explosion, accident, strike, lockout, or other dispute, drought, storm, hail, earthquake,

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embargo, Act of God, or of the public enemy, or other casualty (whether or not covered by insurance) which impairs, or, if such event or condition were to continue for more than thirty (30) additional days would be likely to impair, such AMD Company's ability to perform its obligations under the Operative Documents.

(xx) Prior Activities, etc.

Prior to the Loan Agreement Effective Date, neither AMD Holding nor AMD Saxonia has engaged in any business, conducted any operations or activities, nor incurred any obligations or liabilities (contingent or otherwise), other than (i) as described in the Disclosure Schedules, and (ii) its obligations, if any, under the Operative Documents, and activities reasonably incidental thereto. Prior to the Conversion Effective Date, neither AMD Saxony LLC nor AMD Admin has engaged in any business, conducted any operations or activities, not incurred any obligations or liabilities (contingent or otherwise), other than its obligations, if any, under the Operative Documents, and activities reasonably incidental thereto.

(xxi) Status of AMD Holding, AMD Admin, AMD Saxony LLC, and AMD Saxonia, etc.

- (a) AMD Holding is not a "Restricted Subsidiary" under, and for the purposes of, the AMD Inc. 1999 Loan and Security Agreement;
- (b) AMD Saxony LLC is not a "Restricted Subsidiary" under, and for the purposes of, the AMD Inc. 1999 Loan and Security Agreement;
- (c) AMD Admin is not a "Restricted Subsidiary" under, and for the purposes of, the AMD Inc. 1999 Loan and Security Agreement; and
- (d) AMD Saxonia is not a "Restricted Subsidiary" under, and for the purposes of, the AMD Inc. 1999 Loan and Security Agreement.

(xxii) Accuracy of Information.

As of the date this representation and warranty is made or reaffirmed, as the case may be, all factual information then or theretofore furnished by or on behalf of AMD Holding, AMD Admin, AMD Saxony LLC or AMD Saxonia to the Agent or any Bank or the Technical Advisor for purposes of or in connection with any Operative Document or any transaction contemplated thereby (including the Information Memorandum, true and complete copies of which were furnished to the Agent in connection with the execution and delivery of this Agreement) is true and accurate (taken as a whole) in all material respects on the date as of which such information is dated or certified, and on such date such information (taken as a whole) was not incomplete by omitting to state any material fact necessary to make such information not misleading. Insofar as any such information includes assumptions, estimates, or projections, such assumptions, estimates, or projections have been or will be made in good faith, with due care, and with a diligent application of engineering, construction, and accounting expertise reasonably

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available within AMD Inc. and its Subsidiaries (it being understood that although any projections and forecasts furnished by an AMD Company represent such AMD Company's best estimates and assumptions as to future performance, which such AMD Company believes to be

fair and reasonable as of the time made in the light of current and reasonably foreseeable business conditions, such 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). Without limiting the generality of the foregoing, as of the Loan Agreement Effective Date, no new information has become available which was not provided to the Technical Advisor prior to the Loan Agreement Effective Date and which, had it been so provided, could reasonably be expected to have caused the Technical Advisor to express an unfavourable opinion with respect to the Project in the Technical Advisor's Report.

(xxiii) Warranties made by AMD Saxonia.

Each of the representations and warranties made by AMD Saxonia in any Operative Document to which it is a party (other than the representation and warranty contained in ss. 15.1.10 of the Loan Agreement) is true and accurate in all material respects on each Sponsors' Warranty Date, except to the extent that any such representation or warranty expressly relates solely to an earlier date, and except, in the case of any representation or warranty made on a Sponsors' Warranty Date described in clause (vi) of the definition thereof, as otherwise provided in the certificate referred to therein.

SECTION 12.3 Repetition of Representations and Warranties. The representations and warranties contained in Sections 12.1 and 12.2 shall be repeated on each Sponsors' Warranty Date, except to the extent that any such representation and warranty expressly relates solely to an earlier date, and except, in the case of the Sponsors' Warranty Date described in clause (vi) of the definition thereof, as otherwise set forth in the certificate referred to therein.

#### ARTICLE XIII Covenants

SECTION 13.1 Affirmative Covenants of AMD, Inc. AMD Inc. agrees, so long as any Primary Secured Obligations shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that it will, and will cause each other AMD Company to, unless in either case the Security Agent shall have enforced any of the Security or the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

- (i) furnish to the Agent (with copies for each of the Banks):
  - (a) as soon as possible and in any event within ten (10) Business Days after a Relevant AMD Inc. Individual shall have obtained actual knowledge of the occurrence of an Event of Default, an Unmatured Event of Default or an Event of Termination, the statement of an authorised officer of AMD

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Inc. setting forth the details thereof which has occurred and the action (if any) which AMD Inc. or any other AMD Company proposes to take with respect thereto;

- (b) as soon as available, and in any event within forty-five (45) days after the end of each of the first three Fiscal Quarters of each Fiscal Year of AMD Inc., (x) consolidated financial statements consisting of a consolidated balance sheet of AMD Inc. as at the end of such Fiscal Quarter and a consolidated statement of income and statement of shareholders' equity and cashflows of AMD Inc. for such Fiscal Quarter and for the Fiscal Year through such Fiscal Quarter, setting forth in comparative form the corresponding figures for the corresponding periods of the preceding Fiscal Year, all in reasonable detail and certified (subject to ordinary good faith year end audit adjustments) by an authorised financial officer of AMD Inc. as being complete and accurate in all material respects, and as fairly presenting in accordance with GAAP, consistently applied, the financial position and results of operations of AMD Inc. and its Subsidiaries, and (y) consolidating financial statements consisting of a consolidating balance sheet of AMD Inc. as at the end of such Fiscal Quarter and a consolidating statement of income and statement of shareholders' equity and cashflows of AMD Inc. for such Fiscal Quarter and for the Fiscal Year through such Fiscal Quarter, setting forth in comparative form the corresponding figures for the corresponding periods of the preceding Fiscal Year, all in reasonable detail and certified (subject to ordinary good faith year end audit adjustments) by an authorised financial officer of AMD Inc. as being complete

and accurate in all material respects, and as having been developed and used in connection with the financial statements referred to in clause (x) above;

- (c) as soon as available, and in any event within ninety (90) days after the end of each Fiscal Year of AMD Inc., (x) financial statements consisting of a consolidated balance sheet of AMD Inc. as at the end of such Fiscal Year and a consolidated statement of income and statement of shareholders' equity and cashflows of AMD Inc. for such Fiscal Year, setting forth in comparative form the corresponding figures for the preceding Fiscal Year, all in reasonable detail and certified by independent certified public accountants of recognised national standing and by an authorised financial officer of AMD Inc. as fairly presenting in accordance with GAAP, consistently applied, the financial position and results of operations of AMD Inc. and its Subsidiaries, and (y) a certificate from each Sponsor confirming, as of the date of such certificate, that, except as otherwise therein set forth, each of the representations and warranties made by each AMD Company in any Operative Document to which it is a party is true and accurate in all material respects on the date of such certificate, except to the extent that any such representation or warranty expressly relates solely to an earlier date;

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- (d) (x) in connection with the completion of any Scheduled Project Phase, (1) a Scheduled Project Phase Technical Completion Certificate (AMD Companies), and (2) a Scheduled Project Phase Technical Completion Certificate (Technical Advisor), and (y) as soon as available, and in any event within ten (10) days after the completion of any Scheduled Project Phase, (1) a Project Budget and (2) a Project Schedule relating to the Project, setting forth in reasonable detail a description of all of the Capital Expenditures which have been made during each Scheduled Project Phase (other than the final Project Phase) with respect to the Project to the date thereof and those which are anticipated to be made during each Project Phase prior to Completion; provided, however, that if, at any time prior to Completion, any AMD Company or the Agent (acting on the instructions of an Instructing Group), determines that it is appropriate to amend, supplement, or otherwise modify the Approved Project Budget, or the Approved Project Schedule, the parties hereto hereby agree to discuss in good faith any such proposed amendment, supplement, or modification; provided, further, that (a) neither the Agent nor the Banks shall be obligated in any matter, as a result of any such discussions or otherwise, to agree to any amendments, supplements, or other modifications to the Approved Project Budget or Approved Project Schedule which would reduce or relax the then required financial performance of AMD Saxonia with respect to the Project, and (b) each of the Agent and the Banks reserve(s) all rights hereunder in the event that such discussions fail to produce an amendment or other supplement to, or modification of, the Approved Project Budget or the Approved Project Schedule. In the event (but only in such event) that AMD Saxonia (with the consent of each Sponsor) and the Agent agree to amend, supplement, or otherwise modify any Approved Project Budget or any Approved Project Schedule, as the case may be, then such amended, supplemented, or otherwise modified Approved Project Budget or Approved Project Schedule, as the case may be, shall thereafter be the "Approved Project Budget" or the "Approved Project Schedule" for all purposes hereof until further changed, if at all, pursuant to this Section 13.1(i)(d);
- (e) promptly following AMD Inc.'s or such other AMD Company's receipt or transmission thereof, and unless otherwise concurrently delivered by another AMD Company to the Agent under an Operative Document, a copy of each notice, report, schedule, certificate, financial statement, or other document furnished pursuant to any of the Operative Documents if such notice, report, schedule, certificate, financial statement, or other document could reasonably be considered material to the Agent or any Bank in connection with the Operative Documents and the entirety of the transactions contemplated thereby;
- (f) promptly following the occurrence of (x) any change in the identification of the applicable AMD Inc. Primary Bank

waiver or amendment or modification with respect to the incorporated covenants, related definitions, or ancillary provisions of the AMD Inc. Primary Bank Credit Agreement, notice of such change and the basis therefor or of such consent or waiver or amendment or modification and the basis therefor; and

- (g) such other information with respect to the business affairs, financial condition, and/or operations of AMD Inc. and its Subsidiaries (including AMD Saxonia) and Affiliates as the Agent or any Bank (acting through the Agent) may from time to time reasonably request for purposes of the transactions contemplated by the Operative Documents.
- (ii) pay and perform all of its obligations under each of the Operative Documents to which it is a party in the manner and at the time contemplated therein.
- (iii) cause each of AMD Holding and AMD Saxony LLC at all times to be a wholly-owned Subsidiary of AMD Inc. and cause AMD Admin at all times to be a wholly-owned Subsidiary of AMD Holding and cause the capital partnership interests in AMD Saxonia at all times to be held by AMD Admin (as to Euro 250) and AMD Holding (as to at least 99.99% (rounded to two decimal points)) (except for the temporary transfer of a partnership interest of AMD Saxonia to AMD Saxony LLC pursuant to the Assignment and Trust Agreement and except in connection with the Substitution (if any)).
- (iv) cause AMD Saxony LLC to retransfer to AMD Holding, its partnership interest of Euro 250 in AMD Saxonia in accordance with the Assignment and Trust Agreement and to ensure that, at no time thereafter, shall AMD Saxony LLC acquire or become entitled to acquire a capital partnership interest in AMD Saxonia.
- (v) promptly following a request by the Agent or any Bank (acting through the Agent) to do so, permit the Agent, the Technical Advisor, the Auditor, or any of their respective representatives to have reasonable access during normal business hours to the Plant or the Design Center and to such books and records of AMD Saxonia as may be necessary or reasonably desirable (in the good faith discretion of the Agent or any Bank) to verify compliance by each AMD Company with its obligations under the Operative Documents to which it is a party; provided, that such access shall be exercised in a manner which does not disrupt the operations of the Plant or the Design Center, in any material respect.
- (vi) prior to Completion, cause AMD Saxonia to use Sponsors' Loans, equity contributions under Article II, Advances and Revolving Loans solely to pay Project Costs incurred to complete the Project in accordance with the Plans and Specifications.
- (vii) following the Conversion, promptly execute, and cause each of AMD Holding, AMD Admin and AMD Saxony LLC to promptly execute, a declaration of

liability substantially in the same form attached as Appendix Four to the SAB/Dresdner Subsidy Agreement, amended to reflect the addition of the Additional Partner Companies.

- (viii) in respect of Product Liability Insurance and Business Interruption Insurance as required in ss. 17.8 of the Loan Agreement and Schedule 22 of the Loan Agreement, procure and maintain such insurance policies and otherwise comply in all respects with respect to such insurances with ss. 17.8 of the Loan Agreement and Schedule 22 of the Loan Agreement, including delivery of certificates from its Insurance Brokers as required therein, as if each of the obligations referred to in ss. 17.8 of the Loan Agreement and Schedule 22 of the Loan Agreement with regard to such insurances were expressed to be those of AMD Inc.
- (ix) make or cause to be made prompt payment of all premiums and premium installments payable under each Product Liability Insurance and Business Interruption Insurance policy as required in Schedule 22 of the Loan Agreement.

Primary Secured Obligation shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that it will not, and not permit any other AMD Company to, unless in either case the Security Agent shall have enforced any of the Security or the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

- (i) terminate, amend or modify, or agree to the termination, amendment or modification, of any Operative Document, other than (w) the AMD Inc. Primary Bank Credit Agreement (which may be amended, modified, or terminated in accordance with Section 13.3), (x) the Equipment Supply Contracts that are not Material Equipment Supply Contracts, (y) the Service Contracts that are not Material Service Contracts, or (z) in the case of the Project Budget, the Approved Project Budget, the Project Schedule, the Approved Project Schedule, and the Management Plan, as expressly provided hereunder; provided, that AMD Inc. may terminate the AMD Holding Wafer Purchase Agreement or the AMD Holding Research Agreement only in accordance with the express termination provisions thereof; provided, further, that AMD Holding may terminate the AMD Saxonia Wafer Purchase Agreement or the AMD Saxonia Research Agreement only in accordance with the express termination provisions thereof; and provided, further, that the AMD Saxonia Hedging Contract may be terminated only in accordance with the express termination provisions thereof. The foregoing notwithstanding, AMD Saxonia may amend or modify, or agree to the amendment or modification of, the Design/Build Agreement, any Material Equipment Supply Contract, any Material Service Contract, or the Plans and Specifications to the extent such amendment or modification does not, individually or in the aggregate, decrease or adversely affect (x) the value or use of the Plant and the Design Center (or of the rights of the Banks with respect thereto) in any material respect, or (y) the capacity of the Plant to perform, on a substantially continuous basis, the functions for which it was specifically designed in accordance with the plans and specifications as originally approved

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by the Technical Advisor and the Agent for purposes of the Operative Documents; provided, that prior to Completion no such amendment or modification will, individually or in the aggregate, be inconsistent with the Approved Project Budget or the Approved Project Schedule.

- (ii) create, incur, or suffer to exist any Encumbrance with respect to its rights under or in respect of the Sponsors' Loan Agreement or the Revolving Loan Facility Agreement.
- (iii) permit AMD Holding, AMD Saxony LLC, AMD Admin or AMD Saxonia to amend their respective Organizational Documents (except in connection with the Substitution (if any)).
- (iv) permit to subsist or enter into any other agreements which (by their terms) conflict with, or prohibit AMD Inc., from complying with its obligations as set out in this Agreement or any other Operative Document.

SECTION 13.3 Incorporated Covenants of AMD, Inc. AMD Inc. agrees, so long as any Primary Secured Obligation shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that it will, unless the Security Agent shall have enforced any of the Security or the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing, duly keep, perform, and observe, for the benefit of the Agent, the Security Agent, and the Secured Parties, each and every affirmative, negative, and informational covenant contained in the AMD Inc. Primary Bank Credit Agreement (to the extent that such covenants are applicable to AMD Inc. thereunder), all of which covenants, together with related definitions and ancillary provisions, are hereby incorporated herein by reference as if such terms were set forth herein in full; provided, however, that:

- (i) with respect to the AMD Inc. Primary Bank Credit Agreement referred to in clause (i) of the definition thereof:
  - (a) any references to the "Agent" shall be deemed to be references to the Agent (except where such term is used in Article 6, Sections 7.1, 7.2 (a), 9.5 (b) and (c) (second sentence), 9.11, 9.14, 9.15 and 9.22 (a) thereof);
  - (b) any references to the "Lenders" shall be deemed to be references to the Banks (except where such term is used in Article 6, Sections 7.1, 7.2 (a), 9.5 (b) and (c) (second sentence), 9.15 and 9.22 (a) thereof);
  - (c) any references to the "Majority Lenders" shall be deemed to be references to an Instructing Group (except where such term is used in Article 6, or Section 9.5 (b) and 9.22 (a)

thereof);

- (d) any references to the "Agreement" shall be deemed to be references to this Agreement (except where such term is used in Article 6 and Sections 7.2 (b), 7.2 (d), 7.2 (e), 9.8, 9.13, 9.15 and 9.22 (a) thereof);

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- (e) any references to the "Loan Documents" shall be deemed to be references to the Operative Documents (except where such term is used in Article 6 and Section 7.2 (e) and 9.22 (a) thereof);
- (f) any references to an "Event of Default" shall be deemed to be references to an Event of Default (except where such term is used in Article 6 and Sections 7.2 (d), 7.2 (e), 9.5 (c) and 9.8 (vi) (A) thereof);
- (g) any references to a "Default" shall be deemed to be references to an Unmatured Event of Default (except where such term is used in Article 6 and Sections 7.2 (d) and 7.2 (e) thereof);
- (h) any references to a "Material Adverse Effect" shall be deemed to be references to a Material Adverse Effect; and
- (i) any references to "so long as any of the Obligations remain outstanding or this Agreement is in effect" shall be deemed to be references to "So long as any Bank shall have any commitment to make Advances under the Loan Agreement or any of the Primary Secured Obligations shall remain unpaid or unsatisfied";

(ii) [intentionally deleted]

- (iii) with respect to the AMD Inc. Primary Bank Credit Agreement referred to in clause (ii) of the definition thereof, such modifications to the provisions incorporated in this Agreement as shall be appropriate to make them applicable to this Agreement and consistent with the Project shall be deemed to be made; and

The provisions and definitions of the applicable AMD Inc. Primary Bank Credit Agreement, as incorporated by reference in this Agreement, shall continue to be binding on AMD Inc. after giving effect to any consent or waiver with respect to such provisions or to any amendment or modification thereof, in each case given or made in accordance with the terms of and by the parties to the applicable AMD Inc. Primary Bank Credit Agreement.

SECTION 13.4 Affirmative Covenants of the Sponsors. The Sponsors, jointly and severally, agree, so long as any Primary Secured Obligations shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that each of AMD Holding, AMD Admin, and (prior to the Substitution (if any)), AMD Saxony LLC will (and, at all times prior to the exercise of rights by the Security Agent under any of the Security Documents, AMD Inc. will cause each of AMD Holding, AMD Admin, and (prior to the Substitution (if any)) AMD Saxony LLC to), unless the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

- (i) duly and punctually pay and perform all of its obligations under each of the Operative Documents to which it is a party in the manner and at the time contemplated therein.

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- (ii) pay or discharge (a) all taxes, assessments, and governmental charges or levies imposed upon it or upon its income or profits or any property belonging to it prior to the date on which penalties attach thereto, and (b) all lawful claims prior to the time they become an Encumbrance upon any property of any of AMD Holding, AMD Admin or AMD Saxony LLC, as the case may be, and other than taxes, assessments, charges, levies, or claims included in clauses (a) and (b) above which are not, individually or collectively, substantial in aggregate amount; provided, that (after providing notice thereof to the Agent) neither AMD Holding, nor AMD Saxony LLC, nor AMD Admin shall be required to pay or discharge any such tax, assessment, charge, levy, or claim while the same is being contested by it in good faith and by appropriate proceedings and adequate book reserves have been established with respect thereto, and so long as the lien or charge resulting from the nonpayment or non-discharge of such tax, assessment, charge, levy, or claim shall not, individually or in the aggregate, have a Material Adverse Effect.

- (iii) cause AMD Saxonia to preserve and maintain its existence as a Limited Partnership, rights, privileges, and franchises in the jurisdiction of its incorporation, and cause AMD Saxonia to not have operations in any other jurisdiction.
- (iv) comply in all material respects with all laws, rules, regulations, and governmental orders (Federal, state, local, and foreign) having applicability to it or to the business or businesses at any time conducted by each of AMD Holding, AMD Admin, and AMD Saxony LLC except to the extent that any such noncompliance, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.
- (v) promptly following each of AMD Holding's, AMD Admin's and AMD Saxony LLC's, as the case may be, receipt or transmission thereof, unless otherwise concurrently delivered by another AMD Company to the Agent under an Operative Document, furnish to the Agent a copy of each notice, report, schedule, certificate, financial statement, or other document furnished pursuant to any of the Operative Documents if such notice, report, schedule, certificate, financial statement, or other document could reasonably be considered material to the Agent or any Bank in connection with the Operative Documents or the entirety of the transactions contemplated thereby.
- (vi) promptly following a request from the Security Agent to do so and at AMD Holding's, AMD Admin's or AMD Saxony LLC's, as the case may be, own expense, take all such lawful action as the Security Agent may reasonably request to enforce or secure the performance by each other AMD Company under any Operative Document to which AMD Holding, AMD Admin or AMD Saxony LLC is a party of such AMD Company's respective obligations under and in connection with the applicable Operative Document in accordance with the respective terms thereof, and exercise any right of termination or remedy available to AMD Holding, AMD Admin or AMD Saxony LLC thereunder or in

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connection therewith to the extent and in the manner reasonably directed by the Security Agent, including, without limitation, the institution of legal or administrative actions or proceedings to compel or enforce performance by each other AMD Company of its respective obligations thereunder, or to recover any payment due AMD Holding, AMD Admin or AMD Saxony LLC thereunder.

- (vii) keep, or cause to be kept, adequate records and books of account, in which complete entries are to be made reflecting its business and financial transactions, such entries to be made in accordance with GAAP consistently applied in the case of financial transactions or as otherwise required by applicable rules and regulations of any governmental agency or regulatory authority (federal, state, local or foreign) having jurisdiction over AMD Holding, AMD Admin and AMD Saxony LLC, or the transactions contemplated by this Agreement or the other Operative Documents to which it is or will be a party.
- (viii) maintain, obtain or effect all Governmental Approvals which may at any time or from time to time be necessary for the due authorization, execution, delivery, performance, legality, validity, or enforceability of each of the Operative Documents to which it is or will be a party.
- (ix) prior to Completion, cause AMD Saxonia to use Sponsors' Loans, equity contributions under Article II, Advances and Revolving Loans solely to pay Project Costs to complete the Project in accordance with the Plans and Specifications.
- (x) cause each of AMD Holding and AMD Admin to promptly pay proceeds from any tax refunds to AMD Saxonia.
- (xi) furnish to the Agent (with copies for each of the Banks):
  - (a) as soon as available, and in any event within ninety (90) days after the end of each calendar year, financial statements of each of AMD Holding and AMD Admin consisting of a balance sheet of each of AMD Holding and AMD Admin as at the end of such calendar year and a profit and loss statement and cash flow statement of each of AMD Holding and AMD Admin for such calendar year, setting forth in comparative form the corresponding figures for the preceding calendar year (to the extent applicable), all in reasonable detail and certified by independent certified public accountants of recognised national standing and by an authorised financial officer of each of AMD Holding and AMD Admin as fairly presenting in accordance with GAAP, consistently applied, the financial position and results of

operations of each of AMD Holding and AMD Admin;

- (b) as soon as available, and in any event within ninety (90) days after the end of each Fiscal Year of AMD Saxony LLC, financial statements consisting of a balance sheet of AMD Saxony LLC as at the end of such Fiscal Year

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and a statement of income and statement of shareholders' equity and cashflows of AMD Saxony LLC for such Fiscal Year, setting forth in comparative form the corresponding figures for the preceding Fiscal Year, all in reasonable detail and certified by independent certified public accountants of recognised national standing and by an authorised financial officer of AMD Saxony LLC as fairly presenting in accordance with GAAP, consistently applied, the financial position and results of operations of AMD Saxony LLC.

- (xii) following the Conversion, promptly execute a declaration of liability substantially in the same form attached as Appendix Four to the SAB/Dresdner Subsidy Agreement, amended to reflect the addition of the Additional Partner Companies and promptly deliver or cause to be delivered, to the Agent the original executed version of the Power of Attorney referred to in para (xxiii) of the definition of Conversion Documents which shall be held by the Agent in accordance with the Operative Documents.

SECTION 13.5 Negative Covenants of the Sponsors. The Sponsors, jointly and severally, agree, so long as any Primary Secured Obligation shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that none of AMD Holding, AMD Admin or (prior to the Substitution (if any)) AMD Saxony LLC will (and AMD Inc. will not, at any time prior to the exercise of rights by the Security Agent under any of the Security Documents, permit AMD Holding, AMD Admin or (prior to the Substitution (if any)) AMD Saxony LLC to), unless the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

- (i) terminate, amend or modify, or agree to the termination, amendment or modification, of any Operative Document, other than (w) the AMD Inc. Primary Bank Credit Agreement (which may be amended, modified or terminated in accordance with Section 13.3), (x) the Equipment Supply Contracts that are not Material Equipment Supply Contracts, (y) the Service Contracts that are not Material Service Contracts, or (z) in the case of the Project Budget, the Approved Project Budget, the Project Schedule, the Approved Project Schedule, and the Management Plan, as expressly provided hereunder; provided, that AMD Inc. may terminate the AMD Holding Wafer Purchase Agreement or the AMD Holding Research Agreement only in accordance with the express termination provisions thereof; provided, further, that AMD Holding may terminate the AMD Saxonia Wafer Purchase Agreement or the AMD Saxonia Research Agreement only in accordance with the express termination provisions thereof; and provided, further, that the AMD Saxonia Hedging Contract may be terminated only in accordance with the express termination provisions thereof. The foregoing notwithstanding, AMD Saxonia may amend or modify, or agree to the amendment or modification of, the Design/Build Agreement, any Material Equipment Supply Contract, any Material Service Contract, or the Plans and Specifications to the extent such amendment or modification does not, individually or in the aggregate, decrease or adversely affect (x) the value or use of the Plant and the Design Center (or of the rights of the Banks with respect

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thereto) in any material respect, or (y) the capacity of the Plant to perform, on a substantially continuous basis, the functions for which it was specifically designed in accordance with the plans and specifications as originally approved by the Technical Advisor and the Agent for purposes of the Operative Documents; provided, that, prior to Completion, no such amendment or modification will, individually or in the aggregate, be inconsistent with the Approved Project Budget or the Approved Project Schedule.

- (ii) engage in any activities other than those contemplated by the Operative Documents to which it is a party or the transactions contemplated thereby and activities reasonably incidental thereto.
- (iii) create, incur, assume, or suffer to exist any Encumbrance in, upon, or with respect to any of its properties or assets, whether now owned or hereafter acquired, or assign or otherwise convey any right to receive income to secure any obligation, except as contemplated by (1) the AMD Holding Security Documents, (2) the

AMD Saxony LLC Security Documents, (3) the AMD Admin Security Documents and (4) for Permitted Encumbrances.

- (iv) create, incur, assume, or suffer to exist any Indebtedness, whether current or funded, except current accounts and other amounts payable in the ordinary course of business, and except to the extent contemplated by the Operative Documents.
- (v) create, incur, assume, or suffer to exist any obligations as lessee for the rental or hire of real or personal property of any kind whatsoever.
- (vi) assume, guarantee, or endorse, or otherwise become directly or contingently liable in respect of, any obligation of any Person, except pursuant to the Operative Documents to which it is a party.
- (vii) merge with or into or consolidate with any Person, or, acquire, lease, or purchase, all or substantially all of the assets or stock of any class of, or any partnership or joint venture interest in, any Person, or create or acquire any Subsidiary, except, with respect to AMD Holding, for the acquisition of AMD Saxonia and AMD Admin.
- (viii) sell, lease, assign, transfer, or otherwise dispose of any of its assets, including its accounts receivable, except as contemplated by the Operative Documents or in connection with the Conversion and the Substitution (if any); or issue or sell any shares of any class of its capital stock to any Person except, with respect to AMD Holding and AMD Saxony LLC, to AMD Inc. and except, with respect to AMD Admin, to AMD Holding.
- (ix) make any loan or advance or extend any credit to any Person other than AMD Saxonia or as contemplated by the AMD Holding Wafer Purchase Agreement, or purchase or otherwise acquire the capital stock or obligation of, or any investment in, any Person other than AMD Saxonia, in each case other than Cash Equivalent

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Investments which have been pledged to the Security Agent pursuant to the AMD Holding Security Documents.

- (x) apply for or become liable with respect to any letter of credit or acceptance financing; or enter into or become liable with respect to any interest or currency swap, hedge, exchange, or other similar obligation.
- (xi) purchase any shares of, or interest in, any Person, other than, with respect to AMD Holding, shares of, or interest in, AMD Saxonia or AMD Admin, and, with respect to AMD Saxony LLC, the re-transfer of Euro 250 capital interest (Pflichteinlage) in AMD Saxonia in connection with the Conversion, or redeem any of its shares, declare or pay any dividend thereon or make any distribution to its shareholders, except for any such distribution made as a result of the transactions contemplated by Section 6.3 or as otherwise contemplated by the Operative Documents; or in the case of AMD Saxony LLC, AMD Admin or AMD Holding, accept any distributions, or accept any payments of profits (Gewinnanspruch) including but not limited to, any and all rights and claims arising in connection with the capital accounts (Kapitalkonten), loan accounts (Darlehenskonten), and the private accounts (Privatkonten) of any partner (Gesellschafter), any claim to a distribution-quote (Auseinandersetzungsanspruch) including but not limited to any compensation in case of termination (Auflosung), in particular claims for liquidation proceeds (Liquidationserlos), withdrawal (Ausscheiden) of a partner, repaid capital in case of a capital decrease (Herabsetzung der Einlage oder der Pflichteinlage), repayment of capital (Ruckzahlung von Einlagen) or any other pecuniary claims (geldwerte Forderungen) from AMD Saxonia, except for any such distribution or payment of profits made as a result of the transactions contemplated by Section 6.3 or as otherwise contemplated by the Operative Documents.
- (xii) except as provided in the Management Service Agreement, pay any salary, compensation, or bonus of any character to any officer, director, or employee of AMD Holding or any Affiliate thereof, or of AMD Admin or any Affiliate thereof or of AMD Saxony LLC or any Affiliate thereof or provide any such Person with any medical, surgical, dental, hospital, disability, unemployment, retirement, pension, vacation, or insurance benefit of any kind or adopt, establish, or maintain any plan, fund, or program to provide any such benefit.
- (xiii) enter into any transaction with AMD Inc. or an Affiliate thereof

(other than AMD Saxonia) on a basis materially less favourable to AMD Holding, AMD Admin or AMD Saxony LLC, as the case may be, than would be the case if such transaction had been effected with a Person other than AMD Inc. or an Affiliate thereof.

- (xiv) open or maintain a bank account with any Person, except for demand or other deposit accounts at the Agent and at Security Agent.
- (xv) amend or modify the Organizational Documents of AMD Saxonia, AMD Saxony LLC or AMD Admin.

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- (xvi) issue any power of attorney or other contract or agreement giving any Person power or control over the day-to-day operations of AMD Holding's business, AMD Admin's business or AMD Saxony LLC's business, as the case may be, except as contemplated by the Operative Documents.
- (xvii) commence, or join with any other creditor in commencing, any bankruptcy, reorganization, or insolvency proceeding with respect to AMD Saxonia or AMD Inc.
- (xviii) enter into any agreement other than as contemplated by the Operative Documents to which it is or will be a party or under any instrument or document delivered or to be delivered by it hereunder or thereunder, or in connection herewith or therewith.
- (xix) make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change its Fiscal Year.
- (xx) create, incur, assume, or suffer to exist any Encumbrance with respect to its rights under or in respect of the Sponsors' Loan Agreement or the Revolving Loan Facility Agreement, except as set forth in the Security Documents.
- (xxi) permit AMD Saxony LLC to conduct any activities other than as general partner of AMD Saxonia, nor permit AMD Admin to conduct any activities other than as limited partner of AMD Saxonia (and as substitute general partner of AMD Saxonia, following the Substitution (if any)), nor permit AMD Holding to conduct any activities other than as limited partner of AMD Saxonia or as contemplated by the Operative Documents.

SECTION 13.6 Affirmative Covenants of the Additional Partner Companies. The Additional Partner Companies, jointly and severally, agree, so long as any Primary Secured Obligations shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that each of AMD Admin and (prior to the Substitution (if any)) AMD Saxony LLC will, unless the Security Agent shall have enforced any of the Security or the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

- (i) furnish to the Agent (with copies for each of the Banks):
  - (a) as soon as available, and in any event within ninety (90) days after the end of each calendar year, financial statements of AMD Admin consisting of a balance sheet of AMD Admin as at the end of such calendar year and a profit and loss statement and cash flow statement of AMD Admin for such calendar year, setting forth in comparative form the corresponding figures for the preceding calendar year (to the extent applicable), all in reasonable detail and certified by independent certified public accountants of recognised national standing and by an authorised financial officer of each of AMD Admin as fairly presenting in accordance with GAAP, consistently applied, the financial position and results of operations of AMD Admin;

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- (b) as soon as available, and in any event within ninety (90) days after the end of each Fiscal Year of AMD Saxony LLC, financial statements consisting of a balance sheet of AMD Saxony LLC as at the end of such Fiscal Year and a statement of income and statement of shareholders' equity and cashflows of AMD Saxony LLC for such Fiscal Year, setting forth in comparative form the corresponding figures for the preceding Fiscal Year (to the extent applicable), all in reasonable detail and certified by independent certified public accountants of recognised national standing and by an authorised financial officer of AMD Saxony LLC as fairly presenting in accordance with GAAP, consistently applied, the

financial position and results of operations of AMD Saxony LLC;

- (c) promptly following the Additional Partner Companies' receipt or transmission thereof, and unless otherwise concurrently delivered by another AMD Company to the Agent under an Operative Document, a copy of each notice, report, schedule, certificate, financial statement, or other document furnished pursuant to any of the Operative Documents if such notice, report, schedule, certificate, financial statement, or other document could reasonably be considered material to the Agent or any Bank in connection with the Operative Documents and the entirety of the transactions contemplated thereby; and
  - (d) such other information with respect to the business affairs, financial condition, and/or operations of the Additional Partner Companies as the Agent or any Bank (acting through the Agent) may from time to time reasonably request for purposes of the transactions contemplated by the Operative Documents.
- (ii) pay and perform all of its obligations under each of the Operative Documents to which it is a party in the manner and at the time contemplated therein.
  - (iii) ensure that 100% of the capital partnership interests (Kapitalanteile) in AMD Saxonia shall be held by AMD Admin (as to Euro 250), AMD Holding (as to at least 99.99% (rounded to two decimal points) and AMD Saxony LLC (prior to a Substitution (if any)) (as to Euro 250 prior to its re-transfer of a fractional interest pursuant to the Conversion Documents, and as to 0% following such re-transfer), each of which shall hold no investment in any other person (except that AMD Admin is a wholly-owned subsidiary of AMD Holding) and that AMD Holding and AMD Saxony LLC shall be, in turn, wholly-owned subsidiaries of AMD Inc.
  - (iv) with respect to AMD Saxony LLC, retransfer to AMD Holding its capital interest (Pflichteinlage) of Euro 250 in AMD Saxonia in accordance with the Assignment and Trust Agreement.
  - (v) pay or discharge (a) all taxes, assessments, and governmental charges or levies imposed upon it or upon its income or profits or any property belonging to it prior to the date on which penalties attach thereto, and (b) all lawful claims prior to the

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time they become an Encumbrance upon any property of any of the Additional Partner Companies, and other than taxes, assessments, charges, levies, or claims included in clauses (a) and (b) above which are not, individually or collectively, substantial in aggregate amount; provided, that (after providing notice thereof to the Agent) neither AMD Saxony LLC nor AMD Admin shall be required to pay or discharge any such tax, assessment, charge, levy, or claim while the same is being contested by it in good faith and by appropriate proceedings and adequate book reserves have been established with respect thereto, and so long as the lien or charge resulting from the nonpayment or non-discharge of such tax, assessment, charge, levy, or claim shall not, individually or in the aggregate, have a Material Adverse Effect.

- (vi) cause AMD Saxonia to preserve and maintain its existence as a Limited Partnership, rights, privileges, and franchises in the jurisdiction of its incorporation, and cause AMD Saxonia to not have operations in any other jurisdiction.
- (vii) comply in all material respects with all laws, rules, regulations, and governmental orders (federal, state, local, and foreign) having applicability to it or to the business or businesses at any time conducted by each of the Additional Partner Companies except to the extent that any such noncompliance, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.
- (viii) promptly following a request from the Security Agent to do so and at the Additional Partner Companies' own expense, take all such lawful action as the Security Agent may reasonably request to enforce or secure the performance by each other AMD Company under any Operative Document to which the Additional Partner Companies are a party of such AMD Company's respective obligations under and in connection with the applicable Operative Document in accordance with the respective terms thereof, and exercise any right of termination or remedy available to the Additional Partner

Companies thereunder or in connection therewith to the extent and in the manner reasonably directed by the Security Agent, including, without limitation, the institution of legal or administrative actions or proceedings to compel or enforce performance by each other AMD Company of its respective obligations thereunder, or to recover any payment due the Additional Partner Companies thereunder.

- (ix) keep, or cause to be kept, adequate records and books of account, in which complete entries are to be made reflecting its business and financial transactions, such entries to be made in accordance with GAAP consistently applied in the case of financial transactions or as otherwise required by applicable rules and regulations of any governmental agency or regulatory authority (federal, state, local or foreign) having jurisdiction over the Additional Partner Companies, or the transactions contemplated by this Agreement or the other Operative Documents to which it is or will be a party.

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- (x) maintain, obtain or effect all Governmental Approvals which may at any time or from time to time be necessary for the due authorization, execution, delivery, performance, legality, validity, or enforceability of each of the Operative Documents to which it is or will be a party.
- (xi) with respect to AMD Admin, promptly pay proceeds from any tax refunds to AMD Saxonia.
- (xii) following the Conversion, promptly execute a declaration of liability substantially in the same form attached as Appendix Four to the SAB/Dresdner Subsidy Agreement, amended to reflect the addition of the Additional Partner Companies and promptly deliver or cause to be delivered, to the Agent the original executed version of the Power of Attorney referred to in para (xxiii) of the definition of Conversion Documents which shall be held by the Agent in accordance with the Operative Documents.

SECTION 13.7 Negative Covenants of the Additional Partner Companies. The Additional Partner Companies, jointly and severally agree, so long as any Primary Secured Obligation shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that neither AMD Admin nor (prior to the Substitution (if any)) AMD Saxony LLC will, unless the Security Agent shall have enforced any of the Security or the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

- (i) terminate, amend or modify, or agree to the termination, amendment or modification, of any Operative Document to which it is a party.
- (ii) engage in any activities other than those contemplated by the Operative Documents to which it is a party or the transactions contemplated thereby and activities reasonably incidental thereto.
- (iii) create, incur, assume, or suffer to exist any Encumbrance in, upon, or with respect to any of its properties or assets, whether now owned or hereafter acquired, or assign or otherwise convey any right to receive income to secure any obligation, except as contemplated by (1) the AMD Saxony LLC Security Documents, (2) the AMD Admin Security Documents and (3) for Permitted Encumbrances.
- (iv) create, incur, assume, or suffer to exist any Indebtedness, whether current or funded, except current accounts and other amounts payable in the ordinary course of business, and except to the extent contemplated by the Operative Documents.
- (v) create, incur, assume, or suffer to exist any obligations as lessee for the rental or hire of real or personal property of any kind whatsoever.
- (vi) assume, guarantee, or endorse, or otherwise become directly or contingently liable in respect of, any obligation of any Person, except pursuant to the Operative Documents to which it is a party.

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- (vii) merge with or into or consolidate with any Person, or, acquire, lease, or purchase, all or substantially all of the assets or stock of any class of, or any partnership or joint venture interest in, any Person, or create or acquire any Subsidiary, except for AMD Saxonia.

- (viii) sell, lease, assign, transfer, or otherwise dispose of any of its assets, including its accounts receivable, except as contemplated by the Operative Documents or in connection with the Conversion and the Substitution (if any); or issue or sell any shares of any class of its capital stock to any Person except, with respect to AMD Saxony LLC, to AMD Inc. and except, with respect to AMD Admin, to AMD Holding in accordance with the Conversion Documents.
- (ix) make any loan or advance or extend any credit to any Person other than AMD Saxonia, or purchase or otherwise acquire the capital stock or obligation of, or any investment in, any Person other than AMD Saxonia, and in each case other than Cash Equivalent Investments which have been pledged to the Security Agent pursuant to the relevant Security Documents.
- (x) apply for or become liable with respect to any letter of credit or acceptance financing; or enter into or become liable with respect to any interest or currency swap, hedge, exchange, or other similar obligation.
- (xi) purchase any shares of, or interest in, any Person, other than, with respect to AMD Saxony LLC, the re-transfer of Euro 250 partnership interest in AMD Saxonia in connection with the Conversion, or redeem any of its shares, declare or pay any dividend thereon or make any distribution to its shareholders, except for any such redemption or distribution made as a result of the transactions contemplated by Section 6.3 or as otherwise contemplated by the Operative Documents; or accept any distributions or accept any payments of profits (Gewinnanspruch) including but not limited to, any and all rights and claims arising in connection with the capital accounts (Kapitalkonten), loan accounts (Darlehenskonten), and the private accounts (Privatkonten) of any partner (Gesellschafter), any claim to a distribution-quote (Auseinandersetzungsanspruch) including but not limited to any compensation in case of termination (Auflosung), in particular claims for liquidation proceeds (Liquidationserlos), withdrawal (Ausscheiden) of a partner, repaid capital in case of a capital decrease (Herabsetzung der Einlage oder der Pflichteinlage), repayment of capital (Ruckzahlung von Einlagen) or any other pecuniary claims (geldwerte Forderungen) from AMD Saxonia, except for any such distribution or payment of profits made as a result of the transactions contemplated by Section 6.3 or as otherwise contemplated by the Operative Documents.
- (xii) pay any salary, compensation, or bonus of any character to any officer, director, or employee of the Additional Partner Companies or provide any such Person with any medical, surgical, dental, hospital, disability, unemployment, retirement, pension, vacation, or insurance benefit of any kind or adopt, establish, or maintain any plan, fund, or program to provide any such benefit.

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- (xiii) enter into any transaction with AMD Inc. or an Affiliate thereof (other than AMD Saxonia) on a basis materially less favourable to the Additional Partner Companies than would be the case if such transaction had been effected with a Person other than AMD Inc. or an Affiliate thereof.
- (xiv) open or maintain a bank account with any Person, except for demand or other deposit accounts at the Agent and at Security Agent.
- (xv) amend or modify the Organizational Documents of AMD Saxonia or the Additional Partner Companies.
- (xvi) issue any power of attorney or other contract or agreement giving any Person power or control over the day-to-day operations of the Additional Partner Companies' business, except as contemplated by the Operative Documents.
- (xvii) commence, or join with any other creditor in commencing, any bankruptcy, reorganization, or insolvency proceeding with respect to AMD Saxonia or AMD Inc.
- (xviii) enter into any agreement other than as contemplated by the Operative Documents to which it is or will be a party or under any instrument or document delivered or to be delivered by it hereunder or thereunder, or in connection herewith or therewith.
- (xix) make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change its Fiscal Year.
- (xx) with respect to AMD Saxony LLC, conduct any activities other than as general partner of AMD Saxonia or with respect to AMD Admin, conduct any activities other than as limited partner of AMD Saxonia (and as

substitute general partner of AMD Saxonia, following the Substitution (if any)).

SECTION 13.8 Recourse to AMD Inc. for Breach of Covenant. It is expressly understood and agreed by the parties hereto that the obligations of AMD Saxonia under the Loan Agreement are intended to be limited recourse obligations from the perspective of AMD Inc. and that the covenants of the Sponsors and the Additional Partner Companies contained in this Article XIII are not intended to represent a guaranty of AMD Saxonia's obligations under the Loan Agreement. Accordingly, (i) neither AMD Inc. nor its assets (other than its interests in AMD Holding and AMD Saxony LLC) shall be exposed to liability (whether in damages or otherwise) for breach of any covenant contained in this Article XIII to the extent that such damages would otherwise result in AMD Inc. incurring greater financial exposure than the aggregate amount otherwise agreed to be payable by AMD Inc. pursuant to this Agreement and the other Operative Documents, and (ii) neither AMD Holding nor any Additional Partner Company shall have any right of contribution against AMD Inc. arising from any payment made by AMD Holding or such Additional Partner Company under this Agreement or the Sponsors' Guaranty to the extent that AMD Inc. provides funds for the purpose of such payment by contributions to AMD Holding's or such Additional Partner Company's stated capital or capital reserves and/or by loans to AMD Holding or such Additional Partner Company; provided, however, that the provisions of

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this Section 13.8 shall not be construed to absolve AMD Inc. for its liability, whether in damages or otherwise, for actions or omissions constituting fraud or misrepresentation or breach of warranty; and provided, further that the provisions of this Section 13.8 shall not preclude the Security Agent from seeking temporary relief (if otherwise available) for any prospective breach by AMD Inc. of its covenants contained in this Article XIII.

ARTICLE XIV  
Costs and Expenses; Indemnities; Taxes; Etc.

SECTION 14.1 Costs and Expenses. The Sponsors, jointly and severally, agree to pay (to the extent not previously paid by AMD Saxonia promptly following a demand by the Agent therefor, it being understood and agreed that the Agent will demand such payment for the costs and expenses of the preparation of this Agreement) all costs and expenses (including reasonable legal fees and expenses) of the Agent, the Security Agent, and the Paying Agent in connection with the negotiation, preparation, execution, and delivery of this Agreement, any amendments or modifications of (or supplements to) this Agreement, and any and all other documents furnished pursuant hereto or in connection herewith, as well as all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) if any, in connection with the enforcement of this Agreement or any other agreement furnished by them prior to the enforcement by the Security Agent of any of the Security pursuant hereto or in connection herewith.

SECTION 14.2 General Indemnity. The Sponsors, jointly and severally, hereby agree to indemnify, exonerate, and hold the Agent, the Security Agent, and the Paying Agent, and each of the officers, directors, employees of the Agent, the Security Agent, and the Paying Agent (herein collectively called the "Indemnitees") free and harmless from and against any and all actions, claims, losses, liabilities, damages, and expenses, including, without limitation, reasonable legal fees and expenses (herein collectively called the "Indemnified Liabilities"), which may be incurred by or asserted against the Indemnitees or any Indemnitee as a result of, or arising out of, or relating to, or in connection with:

- (i) the failure by either Sponsor or the relevant Additional Partner Company to comply with its respective obligations under this Agreement, the Conversion Documents, the Amendment Agreements, the Sponsors' Guaranty, the Sponsors' Loan Agreement and the Revolving Loan Facility Agreement (subject, in the case of Indemnified Liabilities arising from Article XIII, to the provisions of Section 13.8);
- (ii) the inaccuracy by either Sponsor of any of its representations and warranties contained in any of the Operative Documents to which it is a party as and when made or reaffirmed as the case may be (provided that AMD Inc. shall have no liability under this Section 14.2 in respect of any inaccuracy by AMD Holding of the representation and warranty contained in Section 12.2 (xi)); and
- (iii) any investigation, litigation, or proceeding related to this Agreement or the consummation of the transactions contemplated hereby, whether or not any such Indemnitee is a party thereto, and, to the extent that the foregoing undertaking may be unenforceable for any reason, the Sponsors, jointly and severally, hereby

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agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

In no event shall AMD Inc. indemnify the Indemnitees against any liabilities of AMD Saxony LLC or, following the Substitution, AMD Admin, arising solely by virtue of AMD Saxony LLC, or, following the Substitution, AMD Admin, being generally liable for the obligations of AMD Saxonia as the general partner of AMD Saxonia.

SECTION 14.3 Undertaking to Contribute. AMD Inc. hereby undertakes that in the event:

- (i) Either: (A) a liability is imposed on AMD Saxonia, AMD Holding or AMD Admin as a result of the German tax authorities re-characterising interest on the Sponsors' Loans or Revolving Loans as dividends; or (B) a liability is imposed on AMD Saxonia, AMD Holding or AMD Admin as a result of the German tax authorities ruling that AMD Saxonia, AMD Holding or AMD Admin, as the case may be, is not sufficiently profitable (any such liability referred to in (A) and (B) being together, the "Liabilities"), and, in the case of either (A) or (B)
- (ii) AMD Saxonia, AMD Holding and/or AMD Admin make payments to the German tax authorities in respect of the Liabilities as required by German law,

AMD Inc. shall advance Sponsors' Loans to AMD Saxonia or contribute Equity Capital (or other contributions to AMD Saxonia's capital reserves) to AMD Holding (and AMD Inc. shall to the extent necessary and depending on where the Liability arises, contribute sufficient funds or otherwise cause sufficient funds to be made available, to AMD Holding as shall be necessary to enable AMD Holding to so contribute to AMD Saxonia and AMD Inc. shall cause AMD Holding to do the same) in an amount equal to the amounts paid by AMD Saxonia (including payments by AMD Saxonia to AMD Holding or AMD Admin) in respect of the Liabilities, as follows:

To the extent AMD Saxonia has drawn all amounts available for drawing under the Revolving Loan Facility Agreement prior to the payment of such Liabilities, such Sponsors' Loans or Equity Capital contribution shall be made at the same time as the payment of the Liabilities.

To the extent AMD Saxonia has not drawn all amounts available for drawing under the Revolving Loan Facility Agreement prior to the payment of such Liabilities, such Sponsors' Loans or Equity Capital contribution shall be made at the time that AMD Saxonia draws all amounts available for drawing under the Revolving Loan Facility Agreement.

SECTION 14.4 SAB Related Agreements Indemnity. The Sponsors, jointly and severally, hereby agree to indemnify, exonerate, and hold the Agent, and each of the officers, directors, employees of the Agent (herein collectively called the "SAB Indemnitees") free and harmless from and against any and all actions, claims, losses, liabilities, damages, and expenses, including, without limitation, reasonable legal fees and expenses (herein collectively called the "Indemnified SAB Liabilities"), which may be incurred by or asserted against the SAB Indemnitees or any SAB Indemnitee as a result of, or arising out of, or relating to, or in

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connection with, the SAB Related Agreements (other than any such Indemnified SAB Liabilities finally determined by a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of an SAB Indemnitee), and, to the extent that the foregoing undertaking may be unenforceable for any reason, the Sponsors, jointly and severally, hereby agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified SAB Liabilities which is permissible under applicable law.

SECTION 14.5 Payments Free and Clear of Taxes, etc. Each of the Sponsors and Additional Partner Companies hereby agree that:

- (a) All payments by such Sponsor or Additional Partner Company hereunder shall be made to the Person entitled thereto in Same Day Funds, free and clear of and without deduction for any present or future income, excise, stamp, or franchise taxes and other taxes, fees, duties, withholdings, or other charges of any nature whatsoever imposed by any taxing authority on such payments, but excluding taxes imposed on or measured by such Person's net income or receipts or the net income or receipts of any branch thereof (such non-excluded items being called "Taxes"). In the event that any withholding or deduction from any payment to be made by either of the Sponsors or the Additional Partner Companies hereunder is required in respect of any Taxes pursuant to any applicable law, rule, or regulation, then such

Sponsor or Additional Partner Company will, subject to Section 14.5(d),

- (i) pay directly to the relevant authority the full amount required to be so withheld or deducted;
- (ii) promptly forward to such Person (with a copy to the Security Agent) an official receipt or other documentation satisfactory to the Security Agent evidencing such payment to such authority; and
- (iii) pay to such Person such additional amount or amounts as is necessary to ensure that the net amount actually received by such Person will equal the full amount such Person would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against any Person entitled to receive a payment under this Agreement with respect to any payment received by such Person hereunder, such Person may pay such Taxes and the Sponsors or Additional Partner Companies will promptly pay such additional amounts (including any penalties, interest, or expenses, but only (in the case of penalties or interest) to the extent not resulting from a negligent or wilful failure to pay any or all of such Taxes by such Person, as the case may be) as is necessary in order that the net amount received by such Person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such Person would have received had no such Taxes been asserted.

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- (b) The additional amount or amounts that either Sponsor or Additional Partner Company shall be required to pay pursuant to clause (iii) of Section 14.5(a) shall be reduced, to the extent permitted by applicable law, by the amount of the offsetting tax benefits, if any, as determined by the relevant Person in the exercise of its sole discretion, which such Person actually receives and utilises as a result of such Sponsor's or Additional Partner Company's payment under clause (i) of Section 14.5(a) to the relevant authority (it being expressly understood and agreed that such Person shall be required to use commercially reasonable efforts to claim or utilise any such benefit which may be available to it unless it believes in good faith that to do so would be inconsistent with its internal tax and other policies or if, in its good faith judgment, it would be disadvantaged in any respect with respect to its tax position or planning).
- (c) Subject to the relevant Person complying with Section 14.5(d) below, if any of the Sponsors or Additional Partner Companies fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the applicable recipient hereunder the required receipts or other required documentary evidence, such Sponsor or Additional Partner Company shall indemnify such Person for any incremental Taxes, interest, or penalties that may become payable by such Person as a result of any such failure.
- (d) Each Person entitled to receive a payment hereunder that is entitled to claim an exemption (either on its own account or for the account of the relevant Sponsor or Additional Partner Company) in respect of all or a portion of any Taxes which are otherwise required to be paid or deducted or withheld pursuant to this Section 14.5 in respect of any payments made by a Sponsor or Additional Partner Company hereunder shall, within a reasonable time after receiving a written request from such Sponsor or Additional Partner Company, provide such Sponsor or Additional Partner Company with such certificates as may be appropriate in order to obtain the benefits of such exemption.
- (e) Without prejudice to the survival of any other agreement of the Sponsors or the Additional Partner Companies hereunder, the agreements and obligations of the Sponsors or Additional Partner Companies contained in this Section 14.5 shall survive the payment in full of the principal of and interest on the loans and other financial accommodations made to AMD Saxonia under the Loan Agreement.

SECTION 14.6 Judgment. The Sponsors and Additional Partner Companies hereby agree that:

- (a) If, for the purposes of obtaining a judgment in any court, it is necessary to convert a sum due hereunder in Deutsche Marks into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Security Agent could purchase Deutsche Marks

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with such other currency on the Business Day preceding that on which final judgment is given.

- (b) The obligation of each of the Sponsors or the Additional Partner Companies in respect of any sum due from it to the Security Agent, the Agent, the Paying Agent, or any Bank hereunder shall, notwithstanding any judgment in a currency other than Deutsche Marks be discharged only to the extent that on the Business Day following receipt by the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, of any sum adjudged to be so due in such other currency, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, may, in accordance with normal banking procedures, purchase Deutsche Marks with such other currency; in the event that the Deutsche Marks so purchased are less than the sum originally due to the Security Agent, the Agent, the Paying Agent, or any Bank, in Deutsche Marks, such Sponsor or Additional Partner Company, as a separate obligation and notwithstanding any such judgment, hereby indemnifies and holds harmless the Security Agent, the Agent, the Paying Agent, and each Bank against such loss, and if the Deutsche Marks so purchased exceed the sum originally due to the Security Agent, the Agent, or such Bank in Deutsche Marks, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, shall remit to the relevant Sponsor or Additional Partner Company such excess.

SECTION 14.7 License Agreement. With respect to the License Agreement,

- (a) AMD Inc. hereby waives, and agrees to cause each of its Subsidiaries other than AMD Saxonia to waive, any and all rights, claims and/or causes of action such Person now has or in the future may have against AMD Saxonia, its successors and assigns, the Agent, the Security Agent, the Paying Agent, any Bank, any receiver appointed to operate the Plant, or a third party purchaser of the capital stock, or of all or substantially all of the assets, of AMD Saxonia (herein collectively referred to as the "Beneficiaries" and individually as a "Beneficiary"), based on: (i) its use, in any manner whatsoever, of any Non-Proprietary Know-how or of Information Residuals (as such terms are defined in the License Agreement); (ii) its use, within the scope of the license granted in Section 3(a) of the License Agreement, of the Developed Intellectual Property (as defined in the License Agreement), or (iii) its use, in any manner whatsoever, of Post Research Agreement AMD Saxonia Developed Improvements or Post Research Agreement AMD Saxonia Developed Intellectual Property (as such terms are defined in the License Agreement). The preceding sentence notwithstanding, AMD Inc. does not waive any rights, claims or causes of action based on the infringement and/or misappropriation of any patents, copyrights, mask works, trademarks and trade secrets, whether registered or not, which are owned by AMD Inc. or by an Affiliate of AMD Inc. other than AMD Saxonia and

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not licensed to AMD Saxonia under the License Agreement; provided, however, that the use of Information Residuals (as so defined) shall not be deemed to constitute an infringement and/or misappropriation of any intellectual property rights of AMD Inc. or any of its Subsidiaries (other than AMD Saxonia).

- (b) each Sponsor hereby acknowledges and agrees that, following the termination of the AMD Saxonia Wafer

Purchase Agreement, the operation of the Plant by AMD Saxonia, its successors and assigns, or by a Beneficiary shall not, absent a separate infringement or other unlawful violation, under the License Agreement or otherwise, of a proprietary, substantial, and identifiable right of AMD Inc., or any of its Subsidiaries other than AMD Saxonia, constitute: (i) a breach of the terms of the License Agreement or of any of the Service Agreements (as defined in the License Agreement), or (ii) an infringement upon any intellectual property right of AMD Inc. or its Subsidiaries other than AMD Saxonia; and

- (c) except where such failure was due to a breach by AMD Saxonia of its covenants to cooperate with AMD Inc., if AMD Inc. fails to complete the document removal process set forth in Section 9 of the License Agreement within the period required therein following the termination of the AMD Saxonia Research Agreement, AMD Inc. and its Subsidiaries other than AMD Saxonia shall be deemed to have waived any and all rights, claims and/or causes of action they have or in the future may have against AMD Saxonia, its successors and assigns, or against a Beneficiary based on the disclosure or use, for any purpose, by such Person of any documentation left in the Plant on the grounds that such documentation or the information contained therein is proprietary to AMD Inc. or its Affiliates or Subsidiaries other than (in either case) AMD Saxonia.

ARTICLE XV  
Miscellaneous

SECTION 15.1 No Waiver; Modifications in Writing. No failure or delay on the part of the Agent or the Security Agent in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Agent or the Security Agent at law or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Agreement, or consent to any departure by either Sponsor therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Agent and the Security Agent. Any waiver of any provision of this Agreement, and any consent to any departure by either Sponsor from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on either Sponsor in any case shall entitle such Sponsor to any other or further notice or demand in similar or other circumstances.

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SECTION 15.2 Severability of Provisions. In case any provision of this Agreement is invalid or unenforceable, the validity or enforceability of the remaining provisions hereof shall remain unaffected. The parties hereto shall have an obligation to replace any invalid or unenforceable provision by a valid and enforceable provision which approximates best the economic purpose of the invalid provision.

SECTION 15.3 Termination. This Agreement and the obligations of the parties hereunder shall terminate on the day that AMD Saxonia has paid in full all of the Primary Secured Obligations, and the Banks shall have no other or further commitments under the Loan Agreement; provided, that such obligations shall automatically revive and be reinstated if and to the extent that AMD Saxonia shall subsequently have obligations to any Secured Party under or in connection with any of the Operative Documents.

SECTION 15.4 Assignment. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns; provided that neither AMD Inc. nor AMD Holding nor the Additional Partner Companies shall have the right to transfer or assign their respective rights under this Agreement without the prior written consent of the Agent and the Security Agent.

SECTION 15.5 Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 15.5. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 15.5, notices, demands, instructions, and other communications in writing shall be given to or made upon the respective parties

hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

To the Security Agent:

Dresdner Bank AG, as Security Agent  
Ostra Allee 9  
01067 Dresden  
Attention: Betreuung Unternehmenskunden  
Facsimile No.: (49) 351 489-1300

To the Agent:

Dresdner Bank Luxembourg S.A., as Agent  
26, rue du Marche-aux-Herbes  
L-2097 Luxembourg  
Attention: Direktion  
Facsimile No.: (352) 4760-824

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To AMD Inc.:

Advanced Micro Devices, Inc.  
One AMD Place  
Sunnyvale, California 94088  
Attention: General Counsel  
Facsimile No.: (1) (408) 749-3945

To AMD Holding:

AMD Saxony Holding GmbH  
Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: 49 351 277 91300

To AMD Admin:

Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: 49 351 277 91300

To AMD Saxony LLC:

One AMD Place  
  
Mailstop 150  
Sunnyvale, California 94088  
Attention: Manager  
Facsimile No.: (408) 774 7399

SECTION 15.6 Relationship to Other Agreements. The rights of the Agent and the Security Agent pursuant to this Agreement are in addition to any other rights or remedies which the Agent and the Security Agent may have under statutory law or other agreements between one or more of the Agent, the Security Agent, the Banks, and AMD Inc. or AMD Holding or the Additional Partner Companies.

SECTION 15.7 Effectiveness of Agreement; Survival; Expiry of Obligation. This Agreement shall not be effective for any purpose whatsoever prior to the execution and delivery of the Loan Agreement by each of AMD Saxonia and the Agent. Subject to Section 15.3 hereof, the obligations of the Sponsors under this Agreement shall terminate, except as otherwise provided herein, upon the payment in full of all of the Primary Secured Obligations to the Secured Parties under or in connection with the Financing Documents and the Security Documents, and the expiration or termination of all of their respective commitments thereunder (the "Loan Agreement Termination Date"); provided, however, that the obligations of the Sponsors contained in Article XIV hereof shall survive any termination of this Agreement. Except as provided in Section 2.4 of the Sponsors' Guaranty, the obligations of the Sponsors under the Sponsors' Guaranty shall expire on the Loan Agreement Termination Date.

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SECTION 15.8 EMU. European Economic and Monetary Union anticipate the introduction of a single currency and the substitution of the national currencies of Member States participating in Monetary Union. On the date on which the Deutsche Mark is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member

States participating in European Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with European Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify, or renegotiate this Agreement or any of its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Agreement shall continue in full force and effect in accordance with its terms.

ARTICLE XVI  
Governing Law, Jurisdiction, and Language

SECTION 16.1 Governing Law. The form and execution of this Agreement and all rights and obligations of the parties arising hereunder shall be governed by the Laws of the Federal Republic of Germany.

SECTION 16.2 Jurisdiction. Each of AMD Inc., AMD Admin, AMD Saxony LLC and AMD Holding hereby submits to the exclusive jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Agreement. AMD Inc. and AMD Saxony LLC state that Advanced Micro Devices GmbH, whose address is Rosenheimerstrasse 143b, 81671 Munich, Germany, Attention: Legal Department, Tel: +49 89 450 530, Fax: +49 89 406 490, Telex: 841523883, is their respective accredited agent for service of process and hereby undertake to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent or the Security Agent to take suits, actions, or proceedings against a Sponsor or AMD Admin or AMD Saxony LLC to enforce any judgment rendered by the courts in Frankfurt am Main in any other court or entity of competent jurisdiction where such Sponsor or AMD Admin or AMD Saxony LLC, as the case may be, has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

SECTION 16.3 Use of English Language. This Agreement has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Agreement shall be in the English language and, if reasonably requested by the Agent, shall be accompanied by a certified German translation thereof. In the event of any inconsistency, the English language version of any such document shall control.

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IN WITNESS WHEREOF, each of the parties set out below has caused this Agreement to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By \_\_\_\_\_

Its \_\_\_\_\_

AMD SAXONY HOLDING GMBH

By \_\_\_\_\_

Its \_\_\_\_\_

AMD SAXONY ADMIN GMBH

By \_\_\_\_\_

Its \_\_\_\_\_

AMD SAXONY LLC

By \_\_\_\_\_

Its \_\_\_\_\_

DRESDNER BANK LUXEMBOURG S.A.,  
as Agent

By \_\_\_\_\_

Its \_\_\_\_\_

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DRESDNER BANK AG,  
as Security Agent

By \_\_\_\_\_

Its \_\_\_\_\_

THIRD AMENDMENT TO  
SPONSORS' LOAN AGREEMENT

THIS THIRD AMENDMENT (this "Amendment"), dated 3 June 2002, is made among ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."); AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding" and, together with AMD Inc. collectively, the "Sponsors"); and AMD SAXONY MANUFACTURING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court, HRB 13186 (proposed to be known as "AMD Saxony LLC & Co. KG" following the Conversion Effective Date) ("AMD Saxonia").

W I T N E S S E T H:

WHEREAS, AMD Saxonia has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, inter alia, (i) AMD Saxonia has entered into the Loan Agreement dated 11 March 1997, as amended, providing, inter alia, for two separate senior secured term and standby facilities aggregating up to DM 1,500,000,000 (one billion five hundred million Deutsche Marks), and (ii) the Sponsors, the Agent, and the Security Agent have entered into that certain Sponsors' Support Agreement dated 11 March 1997, as amended by the First Amendment to Sponsors' Support Agreement dated 6 February 1998, the Second Amendment to Sponsors' Support Agreement dated 29 June 1999, the Third Amendment to Sponsors' Support Agreement dated 20 February 2001 and the Accession Agreement and Fourth Amendment to Sponsors' Support Agreement dated of even date herewith (as amended, the "Sponsors' Support Agreement"), providing (x) certain assurances to the Agent and Security Agent with respect to the completion of the Project, and (y) certain undertakings to and for the benefit of the Secured Parties;

WHEREAS, pursuant to the Conversion Documents (as defined in the Sponsors' Support Agreement), AMD Saxonia proposes to change its legal form to a Kommanditgesellschaft (a limited partnership organized under the laws of the Federal Republic of Germany), with AMD Holding and AMD Saxony Admin GmbH, with its seat in Dresden ("AMD Admin") as its sole limited partners (Kommanditisten) and AMD Saxony LLC, a limited liability company organized under the laws of the State of Delaware and a wholly-owned subsidiary of AMD Inc. ("AMD Saxony LLC") as its sole general partner (Komplementar);

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WHEREAS, AMD Saxonia wishes, with the consent of the Sponsors to, among other things, amend the Sponsors' Loan Agreement, by and among AMD Inc., AMD Holding, and AMD Saxonia, dated 11 March 1997, as amended by the First Amendment to Sponsors' Loan Agreement dated 6 February 1998 and the Second Amendment to Sponsors' Loan Agreement dated 25 June 1999 (as amended, the "Sponsors' Loan Agreement") to decrease the interest rate payable on each of the Sponsors' Loans; and

WHEREAS, concurrently herewith, the relevant parties are also amending the Sponsors' Support Agreement and certain other agreements;

NOW, THEREFORE, the Sponsors and AMD Saxonia agree as follows:

ARTICLE I  
Definitions

SECTION 1.1 Definitions. Capitalized terms not otherwise defined in this Amendment are used with the definitions assigned to them in the Sponsors' Loan Agreement or, if not there defined, in the Sponsors' Support Agreement.

SECTION 1.2 Construction. In this Amendment, unless the context requires otherwise, references to Sections and Schedules are to Sections and Schedules of the Sponsors' Loan Agreement. Section headings are inserted for reference only and shall be ignored in construing this Amendment.

ARTICLE II  
Amendment

SECTION 2.1 With effect from the Conversion Effective Date, the Sponsors' Loan Agreement is hereby amended as more particularly set out below. In all other respects, the Sponsors' Loan Agreement shall remain in full force and effect.

(i) Section 3.1 shall be deleted and replaced with the following:

"SECTION 3.1 Interest Rate. The unpaid principal amount from time to time outstanding of each Sponsors' Loan shall bear interest at a rate per annum equal to 4% compounded monthly, with effect from January 1, 2002. As provided in the Sponsors' Subordination Agreement, payment of interest on the Sponsors' Loans has been subordinated to the Senior Liabilities (as therein defined) and, once permitted to be paid by AMD Saxonia pursuant to the Sponsors' Subordination Agreement, shall be paid quarterly in arrears."

ARTICLE III  
Miscellaneous

SECTION 3.1 Representations and Warranties. Each of the Sponsors and AMD Saxonia hereby represents and warrants, as of the date hereof and as of the Conversion Effective Date, that:

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(a) Organisation; Corporate Power. It is duly organised and validly existing under the laws of the jurisdiction of its organisation, and has all necessary power and authority to execute and deliver this Amendment and, following the Conversion Effective Date, to consummate the transactions contemplated by the Sponsors' Loan Agreement, as amended hereby;

(b) Corporate Authority; No Conflict. The execution and delivery by it of this Amendment, and the performance by it, following the Conversion Effective Date, of its obligation under the Sponsors' Loan Agreement, as amended by this Amendment, have been duly authorised by all necessary corporate action (including any necessary shareholder action) on its part, and do not and will not (i) violate any provision of any law, rule regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect having applicability to it, or of its charter or by-laws; or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced by or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument to which it is a party or by which it or its properties may be bound, or require the creation or imposition of any encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by it; and

(c) Valid and Binding Obligations. Following the Conversion Effective Date, the Sponsors' Loan Agreement, as amended by this Amendment, shall constitute its legal, valid, and binding obligation, enforceable against it in accordance with its terms; subject, however, to applicable bankruptcy, insolvency, reorganisation, moratorium, or similar laws affecting creditors' rights generally and, as to enforceability, by general equitable principles.

SECTION 3.2 Miscellaneous.

(a) This Amendment is limited as specified and shall not constitute a modification, amendment or waiver of any other provision of the Sponsors' Loan Agreement or any provision of any other Operative Document. Except as specifically amended by this Amendment, the Sponsors' Loan Agreement shall remain in full force and effect and is hereby ratified and confirmed.

(b) Without prejudice to the foregoing, AMD Saxonia hereby ratifies and confirms that its obligations under the Sponsors' Loan Agreement, as amended, shall continue in full force and effect following the Conversion.

(c) This Amendment shall be an Operative Document under and for purposes of the Sponsors' Support Agreement.

(d) Sections 7.1, 7.2, 7.3 and 7.4 of the Sponsors' Loan Agreement shall apply, mutatis mutandis, to this Amendment, as if set out herein in full.

(e) This Amendment may be executed in any number of counterparts and by different parties on separate counterparts which when taken together shall constitute one agreement.

[Remainder of page intentionally left blank.]

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IN WITNESS WHEREOF, each of the parties set out below has caused this Amendment to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By: /s/ Robert J. Rivet

-----  
Its Senior Vice President and Chief

Financial Officer

AMD SAXONY HOLDING GMBH

By: /s/ Hans-Raimund Deppe

-----  
Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

AMD SAXONY MANUFACTURING GMBH

By: /s/ Hans-Raimund Deppe

-----  
Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

FIRST AMENDMENT

TO

SPONSORS' SUBORDINATION AGREEMENT

THIS FIRST AMENDMENT (this "Amendment"), dated 20 February 2001, is made between ADVANCED MICRO DEVICES, INC., a corporation organized and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."), AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the "Sponsors"), AMD SAXONY MANUFACTURING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13186 ("AMD Saxonia"), DRESDNER BANK LUXEMBOURG S.A., as Agent (and successor to Dresdner Bank AG in such capacity) under the Loan Agreement referred to below (in such capacity, the "Agent") for the Banks referred to below, and DRESDNER BANK AG, as Security Agent under such Loan Agreement (in such capacity, the "Security Agent"), for the Secured Parties referred to below.

W I T N E S S E T H:

WHEREAS, AMD Saxonia, a wholly-owned Subsidiary of AMD Holding, which is, in turn, a wholly-owned Subsidiary of AMD Inc., has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center;

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, inter alia, (i) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997, as amended, (the "Loan Agreement") with the Agent, the Security Agent and the Banks from time to time party thereto providing, inter alia, for a senior secured term facility aggregating up to DM 1,500,000,000 (one billion five hundred million Deutsche Marks), and (ii) the Sponsors, the Agent and the Security Agent have entered into that certain Sponsors' Support Agreement dated 11 March 1997, as amended, (the "Sponsors' Support Agreement") providing (x) certain assurances to the Agent and Security Agent with respect to the completion of the Project, and (y) certain undertakings to and for the benefit of the Secured Parties;

WHEREAS, AMD Saxonia, the Agent, the Security Agent and the Banks wish, with the consent of the Sponsors to, among other things, amend the Loan Agreement, the Sponsors' Support Agreement and the Sponsors' Subordination Agreement;

WHEREAS, the Sponsors are willing to provide certain additional undertakings to and for the benefit of the Secured Parties as provided in this Amendment and to amend and supplement the Sponsors' Subordination Agreement on the terms and subject to the conditions of this Amendment;

NOW, THEREFORE, the Sponsors, the Agent (for itself and on behalf of the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

ARTICLE I  
Definitions

SECTION 1.1 Definitions. Capitalized terms not otherwise defined in this Amendment are used with the definitions assigned to them in the Sponsors' Support Agreement.

SECTION 1.2 Construction. In this Amendment, unless the context requires otherwise, references to Sections and Schedules are to Sections and Schedules of the Sponsors' Support Agreement. Section headings are inserted for reference only and shall be ignored in construing this Amendment.

ARTICLE II  
Amendments

SECTION 2.1 Amendments. The Sponsors' Subordination Agreement shall be amended and restated in the form set out in Schedule 1 to this Amendment Agreement.

ARTICLE III  
Miscellaneous

SECTION 3.1 Representations and Warranties. Each of the Sponsors hereby represents and warrants that:

- (a) Organization; Corporate Power. It is duly incorporated and validly existing under the laws of the jurisdiction of its organization, and has all

necessary power and authority to execute and deliver this Amendment and to consummate the transactions contemplated by the Sponsors' Subordination Agreement, as amended hereby;

- (b) Corporate Authority; No Conflict. The execution and delivery by it of this Amendment, and the performance by it of its obligations under the Sponsors' Subordination Agreement, as amended by this Amendment, have been duly authorized by all necessary corporate action (including any necessary shareholder action) on its part, and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it, or of its charter or by-laws or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced by or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument to which it is a party or by which it or its properties may be bound, or require the creation or imposition of any encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by it; and
- (c) Valid and Binding Obligations. The Sponsors' Subordination Agreement, as amended by this Amendment, constitutes its legal, valid and binding obligation,

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enforceable against it in accordance with its terms subject, however, to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and, as to enforceability, by general equitable principles.

SECTION 3.2 Repetition of Representation and Warranties. The representations and warranties contained in Sections 12.1 and 12.2 of the Sponsors' Support Agreement shall be repeated on the date hereof except to the extent any such representation and warranty expressly relates solely to an earlier date.

SECTION 3.3 Miscellaneous.

- (a) This Amendment is limited as specified and, except as expressly herein provided, shall not constitute a modification, amendment or waiver of any other provision of any other Operative Document. Except as specifically amended by this Amendment, the Sponsors' Subordination Agreement shall remain in full force and effect and is hereby ratified and confirmed.
- (b) This Amendment shall be an Operative Document under and for purposes of the Sponsors' Support Agreement.
- (c) The form and execution of this Amendment and all rights and obligations of the parties arising hereunder shall be governed by the laws of the Federal Republic of Germany.
- (d) This Amendment has been executed in the English language.
- (e) This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, each of the parties set out below has caused this Amendment to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By /s/ Robert J. Rivet  
-----

Its Senior Vice President and Chief Financial Officer

AMD SAXONY HOLDING GMBH

By /s/ Thomas M. McCoy  
-----

Its Managing Director

AMD SAXONY MANUFACTURING GMBH

By /s/ James Doran  
-----

Its Managing Director

DRESDNER BANK LUXEMBOURG S.A., as  
Agent

/s/ Marcus Nelgen /s/ Robert von Finckenstein  
-----

DRESDNER BANK AG, as Security Agent

/s/ Marcus Nelgen /s/ Robert von Finckenstein  
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Schedule 1

Amended and restated Sponsors' Subordination Agreement

Amended and Restated

SPONSORS' SUBORDINATION AGREEMENT

THIS SPONSORS' SUBORDINATION AGREEMENT, dated 11 March 1997, as amended, is made between ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."), AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the "Sponsors"), AMD SAXONY MANUFACTURING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13186 ("AMD Saxonia"), and DRESDNER BANK LUXEMBOURG S.A. ("Dresdner"), as Agent (in such capacity, the "Agent") for the Banks under the Loan Agreement referred to below and DRESDNER BANK AG, as Security Agent (in such capacity, the "Security Agent") for the Secured Parties under such Loan Agreement.

W I T N E S S E T H :

WHEREAS, AMD Saxonia, a wholly-owned Subsidiary (such and other capitalised terms being used herein with the meanings provided in Section 1.1), of AMD Holding, which is, in turn, a wholly-owned Subsidiary of AMD Inc., has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, (i) the Sponsors expect to make substantial subordinated loans to, and AMD Holding expects to make substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997, as amended, (the "Loan Agreement"), with the banks from time to time party thereto (hereinafter collectively called the "Banks" and individually called a "Bank"), Dresdner, as Agent and Paying Agent (in such capacity, the "Paying Agent"), providing, inter alia, for a senior secured term facility aggregating up to DM1,500,000,000 (one billion five hundred million Deutsche Marks);

WHEREAS, the Sponsors desire that the Project be constructed and completed and are entering into this Agreement with AMD Saxonia, the Agent, the Security Agent for the benefit of the Banks and the Paying Agent (the Agent, the Security Agent, the Banks and the Paying Agent being hereinafter collectively called the "Secured Parties" and individually called a "Secured Party"), for the purpose, among other things, of providing (i) certain assurances with respect to the completion of the Project, and (ii) certain undertakings to and for the benefit of the Secured Parties; and

WHEREAS, a condition precedent to the initial Advance is, inter alia, the execution by the Sponsors of this Agreement, and, in extending credit to AMD Saxonia under the Loan Agreement, the Banks are relying on the undertakings of the Sponsors contained herein;

NOW, THEREFORE, the Sponsors, AMD Saxonia, the Agent (for itself and on behalf of and the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, terms used herein have

the meanings assigned to such terms in the Sponsors' Support Agreement. In addition, the following terms (whether or not underlined) when used in this Agreement, including its preamble and recitals, shall,

except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Agent" has the meaning assigned to such term in the introduction to this Agreement.

"Agreement" means this Sponsors' Subordination Agreement, as the same may at any time be amended or modified in accordance with the terms hereof and in effect.

"AMD Holding" has the meaning assigned to such term in the introduction to this Agreement.

"AMD Holding Junior Liabilities" means all Junior Liabilities owing to AMD Holding.

"AMD Inc." has the meaning assigned to such term in the introduction to this Agreement.

"AMD Saxonia" has the meaning assigned to such term in the introduction to this Agreement.

"Bank" and "Banks" have the respective meanings assigned to such terms in the second recital of this Agreement.

"Dresdner" has the meaning assigned to such term in the introduction to this Agreement.

"Junior Liabilities" means all obligations and liabilities of AMD Saxonia to either of the Sponsors (including, in the case of AMD Holding, any AMD Holding Junior Liabilities), howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due.

"Loan Agreement" has the meaning assigned to such term in the second recital of this Agreement.

"Loan Agreement Termination Date" means the first date on or as of which (i) all Primary Secured Obligations have been paid in full, and (ii) the Banks have no commitments under or in connection with the Loan Agreement.

"Paying Agent" has the meaning assigned to such term in the second recital of this Agreement.

"Project" has the meaning assigned to such term in the first recital of this Agreement.

"Secured Parties" and "Secured Party" have the respective meanings assigned to such terms in the third recital of this Agreement.

"Security Agent" has the meaning assigned to such term in the introduction to this Agreement.

"Senior Liabilities" means all obligations and liabilities of AMD Saxonia to the Agent, the Security Agent, any Bank, the Paying Agent, or either Guarantor (other than any arising solely by reason of any pledge or assignment of any AMD Holding Junior Liabilities made to the Security Agent pursuant to Section 2(b) hereof) under or arising out of any Financing Document, howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due, it being expressly understood and agreed that the term "Senior Liabilities" shall include, without limitation, any and all interest accruing on any of the Senior Liabilities after the commencement of any proceedings referred to in Section 4, notwithstanding any provision or rule of law which might restrict the rights of the Security Agent, as against AMD Saxonia or any other Person, to collect such interest.

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"Sponsors" has the meaning assigned to such term in the introduction to this Agreement.

"Sponsors' Support Agreement" means the Sponsors' Support Agreement, of even date herewith, between the Sponsors, the Agent, and the Security Agent, as the same may at any time be amended or modified in accordance with the terms thereof and in effect.

In this Agreement, unless the context requires otherwise, (i) any reference to

an Operative Document shall be to such Operative Document as the same may have been or from time to time may be amended, varied, re-issued, replaced, novated or supplemented, in each case in accordance with the terms thereof and hereof, and in effect; (ii) any statutory provisions shall be construed as references to those provisions as amended, modified, re-enacted, or replaced from time to time; (iii) words importing a gender include every gender; and (iv) references to Sections are to Sections of this Agreement. Section headings are inserted for reference only and shall be ignored in construing this Agreement. A time of day, unless otherwise specified, shall be construed as a reference to Frankfurt am Main time.

SECTION 2. Obligations of Sponsors. The Sponsors will, from time to time, (a) promptly notify the Security Agent of the creation of any Junior Liabilities pursuant to the Sponsors' Support Agreement, the Sponsors' Loan Agreement or the Revolving Loan Facility Agreement, and (b) in the case of AMD Holding, and as collateral security for all Senior Liabilities, indorse without recourse, deliver, and pledge to the Security Agent any and all promissory notes or other instruments evidencing any of the AMD Holding Junior Liabilities, in a manner satisfactory to the Security Agent.

SECTION 3. Subordination. Except as expressly provided in this Agreement, or as the Agent (acting on the instructions of an Instructing Group) may hereafter otherwise expressly consent in writing, the payment of all Junior Liabilities shall be postponed and subordinated to the payment in full of all Senior Liabilities, and no payments or other distributions whatsoever in respect of any Junior Liabilities shall be made, nor shall any property or assets of AMD Saxonia be applied to the purchase or other acquisition or retirement of any Junior Liabilities; provided, however, that as long as no Event of Default, nor any Unmatured Event of Default nor, with respect to AMD Saxonia or either Sponsor any event which is of the type described in Section 11.1 (e), (f), (g) or (h) of the AMD Inc. 1999 Loan and Security Agreement has occurred and is continuing, there are excepted from the foregoing provisions of this Section 3 (without duplication):

- (i) those payments to either of the Sponsors made by AMD Saxonia pursuant to Article II of the Management Service Agreement;
  - (ii) those payments to AMD Holding made by AMD Saxonia pursuant to Article IV of the AMD Saxonia Wafer Purchase Agreement;
  - (iii) those payments to AMD Inc. made by AMD Saxonia in respect of purchases of equipment in the ordinary course of business and on an arm's length basis and not exceeding DM50,000,000 (fifty million Deutsche Marks) in aggregate;
  - (iv) those payments to the Sponsors made by AMD Saxonia in accordance with Section 6.3 of the Sponsors' Support Agreement;
  - (v) distributions in respect of the Junior Liabilities to the extent such distributions constitute non cash credits expressly permitted to be made under the Management Service Agreement or the AMD Saxonia Wafer Purchase Agreement;
  - (vi) those payments to AMD Inc. made by AMD Saxonia pursuant to the AMD Saxonia Hedging Agreement other than payments of premium and other than payments in respect of the early termination thereof;
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- (vii) with effect from 1 January 2002, payments of principal and interest under the Revolving Loan Facility Agreement; and
  - (viii) the repayment of Sponsors' Loans in an amount equal to the amount of any increase in AMD Saxonia's equity capital paid in in cash between 30 November 2000 and 31 December 2000;

and provided, further, that there are excepted from the foregoing terms of this Section 3:

- (A) performance by AMD Saxonia of its obligations (other than payment obligations, if any) under the AMD Saxonia Wafer Purchase Agreement, the AMD Saxonia Research Agreement or the License Agreement; and
- (B) for the avoidance of doubt, employee salary funds withheld by AMD Saxonia for employees to acquire stock of AMD Inc. in connection with an employee stock purchase plan.

Moreover, if the AMD Saxonia Wafer Purchase Agreement or the Management Service Agreement terminates for any reason whatsoever, AMD Saxonia shall be permitted to credit the amounts payable thereunder against the amounts receivable by it thereunder strictly in accordance with the terms and provisions of each such Operative Document.

In addition to, and without intending to derogate from, the foregoing provisions of this Section 3, each of the Sponsors hereby subordinates its claims arising under or in connection with the Sponsors' Support Agreement, Sponsors' Loan Agreement and the Revolving Loan Facility Agreement to all other present and future creditors of AMD Saxonia, but the subordination under this sentence shall not apply to any such claims as long as and to the extent that omitting such claims from the subordination under this sentence will not result in or lead to an increase of an overindebtedness of AMD Saxonia within the meaning of Sec. 63 Act on Limited Liability Companies (GmbHG), to be determined on the basis of AMD Saxonia's statement of affairs (Vermögensstatus) as per any relevant point in time or, if applicable, in an opening or closing liquidation balance sheet (Liquidationseröffnungs-, schlussbilanz). For the purposes of determining whether a repayment of principal or the payment of interest by AMD Saxonia is permitted under this paragraph the value of the assets and liabilities of AMD Saxonia to be included in the relevant statement of affairs shall always be determined by the managing directors and confirmed by the Auditor in accordance with the applicable rules. The Sponsors shall not be entitled to make payment claims under the Sponsors' Support Agreement, Sponsors' Loan Agreement or the Revolving Loan Facility Agreement as long as there is an overindebtedness of AMD Saxonia within the above meaning, or as long as there is not a liquidation surplus, or in a bankruptcy proceeding over the assets of AMD Saxonia, it being understood that the Sponsors' claims shall rank behind all other creditors in case of any insolvency proceeding which is governed by the provisions of the Insolvency Act (Insolvenzordnung).

SECTION 4. Bankruptcy, Insolvency, etc. In the event of any dissolution, winding up, liquidation, reorganization, or other similar proceedings relating to AMD Saxonia or to its creditors, as such, or to its property (whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency, compromise proceedings (Vergleichsverfahren) or any other marshalling of the assets and liabilities of AMD Saxonia, or any sale of all or substantially all of the assets of AMD Saxonia, or otherwise), the Senior Liabilities shall first be paid in full before either of the Sponsors shall be entitled to receive and to retain any payment or distribution in respect of the Junior Liabilities, and in order to implement the foregoing, (a) each of the Sponsors hereby irrevocably agrees that in such event all payments and distributions of any kind or character in respect of the Junior Liabilities to which such Sponsor would be entitled if the Junior Liabilities were not subordinated, or, in the case of the AMD Holding Junior Liabilities, subordinated and pledged or assigned, pursuant to this Agreement, shall be made directly to the Security Agent; (b) upon the commencement and during the continuance of any proceedings referred to in this Section 4, the Security Agent shall have the right to

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require either or both of the Sponsors to claim, enforce, prove, or vote in respect of the Junior Liabilities in such manner as is directed by the Security Agent and as is permitted by applicable law, including, without limitation, to direct that all payments and distributions of any kind or character in respect of the Junior Liabilities to which such Sponsor would be entitled if the Junior Liabilities were not subordinated (or, in the case of the AMD Holding Junior Liabilities, subordinated and (if applicable) pledged) pursuant to this Agreement, shall be made directly to the Security Agent; provided, that if the Security Agent shall not have required a Sponsor to claim, enforce, prove, or vote in respect of any of the Junior Liabilities on or before the day which is 10 Business Days before a date on which the failure to so claim, enforce, prove, or vote would invalidate or otherwise materially adversely affect the rights of such Sponsor, such Sponsor shall have the right to claim, enforce, prove, or vote in respect of such Junior Liabilities in such Sponsor's sole discretion; and (c) each Sponsor hereby irrevocably agrees that the Security Agent may, at its sole discretion for purposes hereof, in the name of such Sponsor or otherwise, demand, sue for, collect, receive, and receipt for any and all such payments or distributions, and file, prove, and vote, or consent in any such proceedings with respect to, any and all claims of such Sponsor relating to the Junior Liabilities.

SECTION 5. Payments Held in Trust. In the event that either of the Sponsors receives any payment or other distribution of any kind or character from AMD Saxonia or from any other source whatsoever in respect of any of the Junior Liabilities, other than as expressly permitted by the terms of this Agreement, such payment or other distribution shall be received in trust for the Security Agent, and promptly turned over by such Sponsor to the Security Agent. Each of the Sponsors will mark its books and records, and cause AMD Saxonia to mark its books and records, as to clearly indicate that the Junior Liabilities are subordinated in accordance with the terms of this Agreement, and will cause to be clearly inserted in any instrument which at any time evidences any of the Junior Liabilities a statement to the effect that the payment thereof is subordinated in accordance with the terms of this Agreement. Each of the Sponsors will execute such further documents or instruments and take such further action as the Security Agent may reasonably request from time to time to carry out the intent of this Agreement.

SECTION 6. Application of Payments; No Subrogation. All payments and distributions received by the Security Agent in respect of the Junior

Liabilities in accordance with the terms hereof, to the extent received in or converted into cash, may be applied by the Security Agent first to the payment of any and all expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Security Agent in enforcing this Agreement or in endeavouring to collect or realize upon any of the Junior Liabilities or any security therefor in accordance with the terms hereof, and any balance thereof shall, solely as between the Sponsors and the Security Agent, be applied by the Security Agent, in the manner provided by the Loan Agreement, toward the payment of the Senior Liabilities remaining unpaid; but, as between AMD Saxonia and its creditors, no such payments or distributions of any kind or character shall be deemed to be payments or distributions in respect of the Senior Liabilities; and, notwithstanding any such payments or distributions received by the Security Agent in respect of the Junior Liabilities and so applied by the Security Agent toward the payment of the Senior Liabilities, each of the Sponsors shall be subrogated to the then-existing rights of the Agent, the Security Agent, and the Banks, if any, in respect of the Senior Liabilities only at such time as (i) the Agent, the Security Agent, and the Banks shall have received payment of the full amount of the Senior Liabilities, as provided for in Section 9, or (ii) this Agreement shall terminate pursuant to Section 15. Each Secured Party shall, at the relevant Sponsor's request and expense made after such time, execute and deliver to such Sponsor appropriate documents (without recourse or warranty whatsoever) to evidence the transfer by subrogation to such Sponsor of an interest in the Senior Liabilities resulting from the application of payments in the manner contemplated by this Section 6. The obligations of the Secured Parties under the preceding sentence shall survive any termination of this Agreement.

SECTION 7. Waivers by the Sponsors. Each of the Sponsors hereby waives: (a) notice of acceptance by the Agent, the Security Agent, or any Bank of this Agreement; (b) notice of the existence or creation or non-payment of all or any of the Senior Liabilities; and (c) all diligence in collection or protection of or realization upon the Senior Liabilities or any thereof or any security therefor.

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SECTION 8. Obligations of the Sponsors. Neither of the Sponsors will, without the prior written consent of the Security Agent: (a) transfer or assign, or attempt to enforce or collect, any Junior Liabilities or any rights in respect thereof, except (i) that AMD Inc. may assign any Senior Liability to AMD Holding, and (ii) that AMD Inc. may enforce or collect any Junior Liabilities that are expressly permitted to be paid pursuant to Section 3; provided, that nothing in this Agreement shall be deemed to prevent AMD Inc. from seeking damages, equitable relief or otherwise enforcing any rights it may have against AMD Saxonia arising out of (x) any tort or infringement of AMD Inc. tangible or intangible property rights (including without limitation rights under applicable patent, copyright and trade secret laws and similar principles) to the extent such tort or infringement arises after the date of termination of the AMD Holding Wafer Purchase Agreement or (y) a breach by AMD Saxonia of its obligations under the License Agreement to the extent, but only to the extent, such tort or infringement arises after the date of termination of the AMD Holding Wafer Purchase Agreement; (b) take any collateral security for any Junior Liabilities; (c) convert any Junior Liabilities into equity capital of AMD Saxonia (it being understood and agreed that (i) the Sponsors' Loans made by AMD Holding (but not AMD Inc.) may be converted into equity of AMD Saxonia and (ii) for the avoidance of doubt, a repayment permitted under Section 3 (ix) shall not be considered a conversion hereunder); or (d) commence, or join with any other creditor commencing, any bankruptcy, reorganisation, or insolvency proceedings with respect to AMD Saxonia.

SECTION 9. Continuing Subordination. This Agreement shall in all respects be a continuing agreement and shall remain in full force and effect (notwithstanding, without limitation, the dissolution of either of the Sponsors or that at any time or from time to time all Senior Liabilities may have been paid in full), but shall automatically terminate on the Loan Agreement Termination Date.

SECTION 10. Rights of the Agent, the Security Agent, and the Banks. The Agent, the Security Agent, and each Bank may, from time to time, at its sole discretion and without notice to either of the Sponsors, take any or all of the following actions without affecting its or their rights under this Agreement: (a) retain or obtain a security interest in any property of any Person to secure any of the Senior Liabilities; (b) retain or obtain the primary or secondary obligations of any other obligor or obligors with respect to any of the Senior Liabilities; (c) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Senior Liabilities, or release or compromise any obligation of any nature of any obligor with respect to any of the Senior Liabilities; (d) compromise, settle, release, renew, extend, indulge, amend, change, waive, modify, or supplement in any respect any of the terms or conditions of any of the Operative Documents; and (e) release its lien on or security interest in, or surrender, release, or permit any substitution or exchange for, all or any part of any property securing any of the Senior Liabilities, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter, or exchange any obligations of any nature of any obligor with respect to any such property.

SECTION 11. Transfer of Obligations; Enforcement. The Security Agent, the Agent, or any Bank may, from time to time, without notice to either of the Sponsors, but subject, however, to the provisions of Section 26 of the Loan Agreement, assign or transfer any or all of the Senior Liabilities or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein, shall, to the extent of the interest of any such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor. The rights of the Secured Parties hereunder shall be exercisable solely by the Security Agent on behalf of the Secured Parties, unless either the Security Agent is not able pursuant to applicable law to realize the practical benefits of such rights on behalf of the Secured Parties or the limitations set forth in this sentence would otherwise materially adversely affect the rights of the Secured Parties hereunder.

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SECTION 12. Additional Provisions. None of the Agent, the Security Agent, or the Banks shall be prejudiced in its rights under this Agreement by any act or failure to act of any of AMD Saxonia or either of the Sponsors, or any noncompliance of AMD Saxonia or either of the Sponsors with any agreement or obligation, regardless of any knowledge thereof which the Agent, the Security Agent, or such Bank may have or with which the Agent, the Security Agent, or any Bank may be charged; and no action of the Agent, the Security Agent, or any Bank permitted hereunder shall in any way affect or impair the rights of the Agent, the Security Agent, or any Bank, and the obligations of each of the Sponsors, under this Agreement. For the purposes of this subordination, Senior Liabilities shall include all obligations of AMD Saxonia under or in connection with any of the Operative Documents to the Agent, the Security Agent, the Paying Agent and each Bank, notwithstanding any right or power of any AMD Saxonia or anyone else to assert any claim or defence as to the invalidity or unenforceability of any such obligation, and no such claim or defence shall affect or impair the agreements and obligations of the Sponsors hereunder; provided, however, that Senior Liabilities shall not include any obligations or liabilities of AMD Saxonia which a court of competent jurisdiction shall have determined (which determination shall be final and unappealable) are invalid or unenforceable.

SECTION 13. Cumulative Remedies; Modifications in Writing. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Agent or the Security Agent at law, in equity, or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Agreement, or consent to any departure by either of the Sponsors or AMD Saxonia therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Agent and the Security Agent.

SECTION 14. Severability of Provisions. In case any provision of this Agreement is invalid or unenforceable, the validity or enforceability of the remaining provisions hereof shall remain unaffected. The parties hereto shall have an obligation to replace any invalid provision by a valid provision which approximates best the economic purpose of the invalid provision.

SECTION 15. Termination. This Agreement and the obligations of the parties hereunder shall terminate on the Loan Agreement Termination Date; provided, that such obligations shall automatically revive and be reinstated if and to the extent that AMD Saxonia shall subsequently have obligations to any of the Secured Parties under or arising out of any of the Financing Documents.

SECTION 16. Assignment. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns; provided, however, that the Security Agent, the Agent, and the Banks may transfer their rights under this Agreement, subject, however, to the provisions of Section 26 of the Loan Agreement; provided, further, that neither of the Sponsors nor AMD Saxonia shall have the right to transfer or assign its rights under this Agreement without the prior written consent of the Agent and the Security Agent; and provided, further, that AMD Saxonia may assign this Agreement to the Security Agent as security for the obligations of AMD Saxonia under the Loan Agreement and the other Operative Documents. Notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, Senior Liabilities shall be and remain Senior Liabilities for the purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor, subject, however, to the provisions of Section 11; provided, however, that, in addition to its rights under Section 11, unless the Security Agent (acting on the instructions of an Instructing Group) shall otherwise consent in writing, the Security Agent shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement for the benefit of the Secured Parties as to those of the Senior

Liabilities which have not been so assigned or transferred.

SECTION 17. Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-

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paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 17. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 17, notices, demands, instructions, and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

To the Security Agent:

Dresdner Bank AG, as Security Agent  
Ostra Allee 9  
01067 Dresden  
Attention: Betreuung Unternehmenskunden  
Facsimile No.: (49) 351 489-1300

To the Agent:

Dresdner Bank Luxembourg S.A., as Agent  
26, rue du Marche-aux-Herbes  
L-2097 Luxembourg  
Attention: Direktion  
Facsimile No.: (352) 4760-824

To AMD Inc.:

Advanced Micro Devices, Inc.  
One AMD Place  
Sunnyvale, California 94088  
Attention: General Counsel  
Facsimile No.: (1) (408) 774 7399

To AMD Holding:

AMD Saxony Holding GmbH  
Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: (49) 351 277 91300

To AMD Saxonia:

AMD Saxony Manufacturing GmbH  
Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: (49) 351 277 91300

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SECTION 18. Relationship to Other Agreements. The rights of the Agent and the Security Agent pursuant to this Agreement are in addition to any other rights or remedies which the Agent and the Security Agent may have under statutory law or other agreements between one or more of the Agent, the Security Agent, the Banks, the Sponsors, and AMD Saxonia. Where such rights and remedies are in conflict with the provision of this Agreement, the provision of this Agreement shall prevail.

SECTION 19. Governing Law. This Agreement and all rights and obligations of the parties arising hereunder or in connection herewith shall be governed by the Laws of the Federal Republic of Germany.

SECTION 20. Jurisdiction. Each of the Sponsors and AMD Saxonia hereby submits to the exclusive jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Agreement. AMD Inc. states that Advanced Micro Devices GmbH, whose address is Rosenheimerstrasse 143b, 81671 Munich, Germany, Attention: Legal Department, Tel: +49 89 450 530, Fax: +49 89 406 490, Telex: 841523883, is its accredited agent for service of process and hereby undertakes to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent or the Security Agent to take suits, actions, or proceedings against a Sponsor to enforce any judgment rendered by the courts in

Frankfurt am Main in any other court or entity of competent jurisdiction where such Sponsor has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

SECTION 21. Use of English Language. This Agreement has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Agreement shall be in the English language and, if reasonably requested by the Agent, shall be accompanied by a certified German translation promptly thereafter. In the event of any inconsistency, the English language version of any such document shall control.

SECTION 22. Operative Document. This Agreement is an Operative Document executed pursuant to the Loan Agreement.

IN WITNESS WHEREOF, each of the parties set out below has caused this Agreement to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By \_\_\_\_\_

Its \_\_\_\_\_

AMD SAXONY HOLDING GMBH

\_\_\_\_\_

AMD SAXONY MANUFACTURING GMBH

\_\_\_\_\_

DRESDNER BANK AG, as Agent and Security Agent

\_\_\_\_\_

ACCESSION AGREEMENT AND SECOND AMENDMENT TO  
SPONSORS' SUBORDINATION AGREEMENT

THIS ACCESSION AGREEMENT AND SECOND AMENDMENT (this "Amendment"), dated 3 June 2002, is made among ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."); AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding," together with AMD Inc., collectively, the "Sponsors"); AMD SAXONY LLC, a limited liability company organised and existing under the laws of the State of Delaware, United States of America ("AMD Saxony LLC"); AMD SAXONY ADMIN GMBH, with its seat in Dresden ("AMD Admin," together with AMD Saxony LLC, collectively, the "Additional Partner Companies"); AMD SAXONY MANUFACTURING GMBH, registered in the Commercial Register of the Dresden County Court, HRB 13186 (proposed to be known as "AMD Saxony LLC & Co. KG" following the Conversion Effective Date) ("AMD Saxonia"); DRESDNER BANK LUXEMBOURG S.A., as Agent (and successor to DRESDNER BANK AG ("Dresdner") in such capacity) under the Loan Agreement dated 11 March 1997, as amended (as so amended, the "Loan Agreement") (in such capacity, the "Agent") for the Banks from time to time party thereto; and Dresdner, as Security Agent under such Loan Agreement (in such capacity, the "Security Agent") for the Secured Parties referred to therein.

W I T N E S S E T H:

WHEREAS, AMD Saxonia has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, pursuant to the Conversion Documents, AMD Saxonia proposes to change its legal form to a Kommanditgesellschaft (a limited partnership organised under the laws of the Federal Republic of Germany) with AMD Holding and AMD Admin as its sole limited partners (Kommanditisten) and AMD Saxony LLC as its sole general partner (Komplementar);

WHEREAS, with effect from the Conversion Effective Date, AMD Saxonia wishes, with the consent of the Sponsors and the Additional Partner Companies to, among other things, modify the interest rate on Sponsors' Loans and Revolving Loans and to increase the amount of the Revolving Loan Facility; and

WHEREAS, with effect from the Conversion Effective Date, the Additional Partner Companies desire to accede to, and the Sponsors, the Additional Partner Companies, AMD Saxonia, the Agent and the Security Agent desire to amend and supplement, the Sponsors' Subordination Agreement dated 11 March 1997, by and among AMD Inc., AMD Holding, AMD Saxony Manufacturing GmbH, Dresdner Bank AG, as Security Agent, and Dresdner Bank Luxembourg S.A., as Agent, as amended by the First Amendment to Sponsors' Subordination Agreement dated 20 February 2001 (as amended, the "Sponsors' Subordination Agreement"), on the terms and subject to the conditions of this Amendment;

NOW, THEREFORE, the Sponsors, the Additional Partner Companies, AMD Saxonia, the Agent (for itself and on behalf of the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

ARTICLE I  
Accession

Section 1.1 With effect from the Conversion Effective Date, the Additional Partner Companies hereby accede to the Sponsors' Subordination Agreement, and the Sponsors, AMD Saxonia, the Agent and Security Agent hereby consent to such accession

ARTICLE II  
Definitions

Section 2.1 Definitions. Capitalized terms not otherwise defined in this Amendment are used with the definitions assigned to them in the Sponsors' Subordination Agreement or the Sponsors' Support Agreement, as the case may be.

In addition, the following terms when used in this Amendment shall have the following meaning:

"Agreed Terms" means, in respect of any document, that document substantially in the form thereof which has been initialled (for the purposes of identification) by or on behalf of AMD Saxonia and the Agent.

"Conversion Documents" means the following agreements and documents, each in the Agreed Terms: (i) the Certificate of Formation of AMD Saxony LLC;

(ii) the AMD Admin Articles of Association; (iii) the Formation Protocol for AMD Admin; (iv) the Application to the Commercial Register for Formation of AMD Admin; (v) the Resolution of AMD Holding as Shareholder of AMD Admin for Section 181 German Civil Code Release; (vi) the List of Shareholders for AMD Admin; (vii) the AMD Saxony LLC Agreement; (viii) the AMD Saxonia Partnership Agreement; (ix) the Assignment and Trust Agreement between AMD Holding and AMD Saxony LLC; (x) the Purchase and Assignment Agreement between AMD Holding and AMD Admin; (xi) the Resolution of AMD Holding as Shareholder of AMD Saxonia for Transfer of Fractional Share to AMD Saxony LLC; (xii) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Admin; (xiii) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Admin); (xiv) the Resolution of AMD Holding and AMD Saxony LLC as Shareholders of AMD Saxonia for Transfer of Fractional Share to AMD Admin; (xv) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD

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Saxony LLC; (xvi) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Saxony LLC); (xvii) the Resolution of AMD Holding, AMD Admin and AMD Saxony LLC as Shareholders of AMD Saxonia Approving Conversion to Limited Partnership; (xviii) the Resolution of AMD Inc. as Shareholder of AMD Holding Approving Conversion of AMD Saxonia; (xix) Application to the Commercial Register for Conversion of AMD Saxonia to Limited Partnership; (xx) Application to the Real Estate Register for Change in AMD Saxonia's Name; (xxi) the Transfer Agreement for Transfer Back Of Fractional Share between AMD Holding and AMD Saxony LLC; (xxii) Application to the Commercial Register for Transfer Back of Fractional Share by AMD Saxony LLC to AMD Holding; (xxiii) Power of Attorney regarding Removal of AMD Saxony LLC as General Partner of AMD Saxonia; and (xxiv) any other agreement or document designated by the AMD Companies (with the consent of the Agent) in addition to or in substitution for any of the above-named documents or agreements as a "Conversion Document."

"Sponsors' Support Agreement" means the Sponsors' Support Agreement between the Sponsors, the Additional Partner Companies, the Agent and the Security Agent dated 11 March 1997, as amended by the First Amendment to Sponsors' Support Agreement dated 6 February 1998, the Second Amendment to Sponsors' Support Agreement dated 29 June 1999, the Third Amendment to Sponsors' Support Agreement dated 20 February 2001 and the Accession Agreement and Fourth Amendment to Sponsors' Support Agreement dated of even date herewith, and as the same may at any time be amended or modified in accordance with the terms thereof and in effect.

Section 2.2 Construction. In this Amendment, unless the context requires otherwise, references to Sections and Schedules are to Sections and Schedules of the Sponsors' Subordination Agreement. Section headings are inserted for reference only and shall be ignored in construing this Amendment.

#### ARTICLE III Amendments

Section 3.1 With effect from the Conversion Effective Date, the Sponsors' Subordination Agreement will be amended and restated in its entirety in the form attached as Appendix A.

#### ARTICLE IV Miscellaneous

Section 4.1 Representations and Warranties. Each of the Sponsors, AMD Saxonia and the Additional Partner Companies hereby represents and warrants, as of the date hereof and as of the Conversion Effective Date, that:

(i) Organisation; Corporate Power. It is duly organised and validly existing under the laws of the jurisdiction of its organisation, and has all necessary power and authority to execute and deliver this Amendment and, following the Conversion Effective Date, to consummate the transactions contemplated by the Sponsors' Subordination Agreement, as amended hereby;

(ii) Corporate Authority; No Conflict. The execution and delivery by it of this Amendment, and the performance by it, following the Conversion Effective Date, of its obligations under the

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Sponsors' Subordination Agreement, as amended by this Amendment, have been duly authorised by all necessary corporate action (including any necessary shareholder action) on its part, and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect having applicability to it, or of its charter or by-laws; or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced by or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument to which it is a party or by which it or its properties may be bound, or require the creation or imposition of any

encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by it; and

(iii) Valid and Binding Obligations. Following the Conversion Effective Date, the Sponsors' Subordination Agreement, as amended by this Amendment, shall constitute its legal, valid, and binding obligation, enforceable against it in accordance with its terms; subject, however, to applicable bankruptcy, insolvency, reorganisation, moratorium, or similar laws affecting creditors' rights generally and, as to enforceability, by general equitable principles.

Section 4.2 Miscellaneous.

(i) This Amendment is limited as specified and, except as expressly herein provided, shall not constitute a modification, amendment or waiver of any other provision of the Sponsors' Subordination Agreement or any provision of any other Operative Document. Except as specifically amended by this Amendment, the Sponsors' Subordination Agreement shall remain in full force and effect and is hereby ratified and confirmed.

(ii) This Amendment shall be an Operative Document under and for purposes of the Sponsors' Support Agreement.

(iii) This Amendment has been executed in the English language.

(iv) This Amendment may be executed in any number of counterparts and by different parties on separate counterparts which when taken together shall constitute one agreement.

(v) Sections 19, 20, and 21 of the Sponsors' Subordination Agreement shall apply, mutatis mutandis, to this Amendment, as if set out herein in full.

[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF, each of the parties set out below has caused this Amendment to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By: /s/ Robert J. Rivet  
-----  
Its Senior Vice President and Chief  
-----  
Financial Officer  
-----

AMD SAXONY HOLDING GMBH

By: /s/ Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

AMD SAXONY MANUFACTURING GMBH

By: /s/ Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

AMD SAXONY LLC

By: /s/ Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Manager

AMD SAXONY ADMIN GMBH

By: /s/ Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

DRESDNER BANK LUXEMBOURG S.A.  
as Agent

By: /s/ Prellwitz  
-----  
Its Signatory under power of attorney  
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DRESDNER BANK AG  
as Security Agent

By: /s/ Prellwitz

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Its Signatory under power of attorney  
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[Signature page to the Accession Agreement and  
Second Amendment to Sponsors' Subordination Agreement]

APPENDIX A

AMENDED AND RESTATED  
SPONSORS' SUBORDINATION AGREEMENT

A-1

Amended and Restated

SPONSORS' SUBORDINATION AGREEMENT

THIS SPONSORS' SUBORDINATION AGREEMENT, dated 11 March 1997, as amended, is made between ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."); AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the "Sponsors"); AMD SAXONY LLC, a limited liability company organised and existing under the laws of the State of Delaware, United States of America ("AMD Saxony LLC"); AMD SAXONY ADMIN GMBH, with its seat in Dresden ("AMD Admin" and together with AMD Saxony LLC, collectively, the "Additional Partner Companies"); AMD SAXONY MANUFACTURING GMBH, registered in the Commercial Register of the Dresden County Court, (proposed to be known as "AMD Saxony LLC & Co KG" Dresden following the Conversion Effective Date) ("AMD Saxonia"); DRESDNER BANK LUXEMBOURG S.A., as Agent (and successor to DRESDNER BANK AG ("Dresdner") in such capacity) for the Banks under the Loan Agreement referred to below (in such capacity, the "Agent") and DRESDNER, as Security Agent under such Loan Agreement (in such capacity, the "Security Agent") for the Secured Parties referred to below.

WITNESSETH:

WHEREAS, AMD Saxonia has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, (i) the Sponsors have made substantial subordinated loans to, and AMD Holding has made substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997, as amended, (the "Loan Agreement"), with the banks from time to time party thereto (hereinafter collectively called the "Banks" and individually called a "Bank"), Dresdner, as Agent and Paying Agent (in such capacity, the "Paying Agent"), providing, inter alia, for a senior secured term facility aggregating up to DM 1,500,000,000 (one billion five hundred million Deutsche Marks);

WHEREAS, pursuant to the Conversion Documents, AMD Saxonia has changed its legal form to a Kommanditgesellschaft (a limited partnership organised under the laws of the Federal Republic of Germany) with AMD Holding and AMD Admin as its sole limited partners (Kommanditisten) and AMD Saxony as its sole general partner (Komplementar);

WHEREAS, the Sponsors and the Additional Partner Companies are entering into this Agreement with AMD Saxonia, the Agent, and the Security Agent for the benefit of the Banks and the Paying Agent (the Agent, the Security Agent, the Banks and the Paying Agent being hereinafter collectively called the "Secured Parties" and individually called a "Secured Party"), for the purpose, among other things, of providing (i) certain assurances with respect to the completion of the Project, and (ii) certain undertakings to and for the benefit of the Secured Parties; and

WHEREAS, in extending or continuing to extend credit to AMD Saxonia under the

Loan Agreement, the Banks are relying on the undertakings of the Sponsors and Additional Partner Companies contained herein;

NOW, THEREFORE, the Sponsors, the Additional Partner Companies, AMD Saxonia, the Agent (for itself and on behalf of and the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, terms used herein have the meanings assigned to such terms in the Sponsors' Support Agreement. In addition, the following terms (whether or not underlined) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Additional Partner Companies" has the meaning assigned to such term in the introduction to this Agreement.

"Agent" has the meaning assigned to such term in the introduction to this Agreement.

"Agreement" means this Sponsors' Subordination Agreement, as the same may at any time be amended or modified in accordance with the terms hereof and in effect.

"AMD Admin" has the meaning assigned to such term in the introduction to this Agreement.

"AMD Holding" has the meaning assigned to such term in the introduction to this Agreement.

"AMD Holding Junior Liabilities" means all Junior Liabilities owing to AMD Holding.

"AMD Inc." has the meaning assigned to such term in the introduction to this Agreement.

"AMD Saxonia" has the meaning assigned to such term in the introduction to this Agreement.

"AMD Saxony LLC" has the meaning assigned to such term in the introduction to this Agreement.

"Bank" and "Banks" have the respective meanings assigned to such terms in the second recital of this Agreement.

"Dresdner" has the meaning assigned to such term in the introduction to this Agreement.

"Junior Liabilities" means all obligations and liabilities of AMD Saxonia to any of the Additional Partner Companies or the Sponsors (including, in the case of AMD Holding, any AMD Holding Junior Liabilities), including but not limited to, any and all rights and claims arising in connection with the capital accounts (Kapitalkonten), loan accounts (Darlehenskonten), and the private accounts (Privatkonten) of any partner (Gesellschafter), any claim to a distribution-quote (Auseinandersetzungsanspruch) including but not limited to any compensation in case of termination (Auflosung), in particular claims for liquidation proceeds (Liquidationserlos), withdrawal (Ausscheiden) of a partner, repaid capital in case of a capital decrease (Herabsetzung der Einlage oder der Pflichteinlage), repayment of capital (Ruckzahlung von Einlagen) or any other pecuniary claims (geldwerte Forderungen), howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due.

"Loan Agreement" has the meaning assigned to such term in the second recital of this Agreement.

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"Loan Agreement Termination Date" means the first date on or as of which (i) all Primary Secured Obligations have been paid in full, and (ii) the Banks have no commitments under or in connection with the Loan Agreement.

"Paying Agent" has the meaning assigned to such term in the second recital of this Agreement.

"Project" has the meaning assigned to such term in the first recital of this Agreement.

"Secured Parties" and "Secured Party" have the respective meanings assigned to such terms in the fourth recital of this Agreement.

"Security Agent" has the meaning assigned to such term in the introduction to this Agreement.

"Senior Liabilities" means all obligations and liabilities of AMD Saxonia to the Agent, the Security Agent, any Bank, the Paying Agent, or either Guarantor (other than any arising solely by reason of any pledge or assignment of any AMD Holding Junior Liabilities made to the Security Agent pursuant to Section 2(b) hereof) under or arising out of any Financing Document, howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due, it being expressly understood and agreed that the term "Senior Liabilities" shall include, without limitation, any and all interest accruing on any of the Senior Liabilities after the commencement of any proceedings referred to in Section 4, notwithstanding any provision or rule of law which might restrict the rights of the Security Agent, as against AMD Saxonia, any Additional Partner Company, or any other Person, to collect such interest.

"Sponsors" has the meaning assigned to such term in the introduction to this Agreement.

"Sponsors' Support Agreement" means the Sponsors' Support Agreement between the Sponsors, the Additional Partner Companies, the Agent and the Security Agent dated 11 March 1997, as amended by the First Amendment to Sponsors' Support Agreement dated 6 February 1998, the Second Amendment to Sponsors' Support Agreement dated 29 June 1999, the Third Amendment to Sponsors' Support Agreement dated 20 February 2001 and the Accession Agreement and Fourth Amendment to Sponsors' Support Agreement dated 3 June 2002, and as the same may at any time be amended or modified in accordance with the terms thereof and in effect.

In this Agreement, unless the context requires otherwise, any reference to an Operative Document or a Project Agreement (including, in each case, any reference thereto as being in the form set out in a Schedule to the Loan Agreement) shall be a reference to such Document or Agreement as it shall have been, or from time to time may be, amended, varied, re-issued, replaced, novated or supplemented, in each case, in accordance with its terms and this Agreement. For the avoidance of doubt, any reference in the Agreement to stated capital (Stammkapital), capital reserves or any other similar term relating to the capital structure of a German limited liability company shall, following the Conversion Effective Date (as defined in the Sponsors' Support Agreement), be deemed to be a reference to the capital (Haftsummen and Pflichteinlagen) or capital reserves of a limited partnership under German law, save to the extent the context requires otherwise.

In this Agreement, unless the context requires otherwise, (i) any statutory provisions shall be construed as references to those provisions as amended, modified, re-enacted, or replaced from time to time; (ii) words importing a gender include every gender; (iii) references to Sections and Schedules are to Sections of and Schedules to this Agreement; and (iv) references to this Agreement include its Schedules. Section headings are inserted for reference only and shall be ignored in construing this

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Agreement. A time of day, unless otherwise specified, shall be construed as a reference to Frankfurt am Main time.

SECTION 2. Obligations of the Sponsors and the Additional Partner Companies. The Sponsors and Additional Partner Companies will, from time to time, (a) promptly notify the Security Agent of the creation of any Junior Liabilities pursuant to the Sponsors' Support Agreement, the Sponsors' Loan Agreement or the Revolving Loan Facility Agreement, and (b) in the case of AMD Holding, and as collateral security for all Senior Liabilities, indorse without recourse, deliver, and pledge to the Security Agent any and all promissory notes or other instruments evidencing any of the AMD Holding Junior Liabilities, in a manner satisfactory to the Security Agent.

SECTION 3. Subordination. Except as expressly provided in this Agreement, or as the Agent (acting on the instructions of an Instructing Group) may hereafter otherwise expressly consent in writing, the payment of all Junior Liabilities shall be postponed and subordinated to the payment in full of all Senior Liabilities, and no payments or other distributions whatsoever in respect of any Junior Liabilities shall be made, nor shall any property or assets of AMD Saxonia be applied to the purchase or other acquisition or retirement of any Junior Liabilities; provided, however, that as long as no Event of Default, nor any Unmatured Event of Default nor, with respect to AMD Saxonia or any of the Sponsors or Additional Partner Companies, any event which is of the type described in Section 11.1 (e), (f), (g) or (h) of the AMD Inc. 1999 Loan and Security Agreement has occurred and is continuing, there are excepted from the foregoing provisions of this Section 3 (without duplication):

- (i) those payments to either of the Sponsors made by AMD Saxonia

pursuant to Article II of the Management Service Agreement;

- (ii) those payments to AMD Holding made by AMD Saxonia pursuant to Article IV of the AMD Saxonia Wafer Purchase Agreement;
- (iii) those payments to AMD Inc. made by AMD Saxonia in respect of purchases of equipment in the ordinary course of business and on an arm's length basis and not exceeding DM 50,000,000 (fifty million Deutsche Marks) in aggregate;
- (iv) those payments to the Sponsors made by AMD Saxonia in accordance with Section 6.3 of the Sponsors' Support Agreement;
- (v) distributions in respect of the Junior Liabilities to the extent such distributions constitute non cash credits expressly permitted to be made under the Management Service Agreement or the AMD Saxonia Wafer Purchase Agreement;
- (vi) those payments to AMD Inc. made by AMD Saxonia pursuant to the AMD Saxonia Hedging Agreement other than payments of premium and other than payments in respect of the early termination thereof;
- (vii) with effect from 1 January 2002, payments of principal (but not interest) under the Revolving Loan Facility Agreement;
- (viii) the repayment of Sponsors' Loans in an amount equal to the amount of any increase in AMD Saxonia's equity capital paid in cash between 30 November 2000 and 31 December 2000;
- (ix) those payments by AMD Saxonia to AMD Holding and AMD Admin of such amounts as are necessary to pay income tax liabilities which have become due and payable resulting from AMD Holding's and AMD Admin's partnership interests in AMD Saxonia; and

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- (x) those payments by AMD Saxonia to AMD Saxony LLC of costs and expenses and compensation in connection with AMD Saxony LLC acting as general partner of AMD Saxonia, up to a maximum aggregate amount of \$75,000 per annum (or such other amount as may be agreed by AMD Saxonia and the Agent in writing).

and provided, further, that there are excepted from the foregoing terms of this Section 3:

- (A) performance by AMD Saxonia of its obligations (other than payment obligations, if any) under the AMD Saxonia Wafer Purchase Agreement, the AMD Saxonia Research Agreement or the License Agreement; and
- (B) for the avoidance of doubt, employee salary funds withheld by AMD Saxonia for employees to acquire stock of AMD Inc. in connection with an employee stock purchase plan.

Moreover, if the AMD Saxonia Wafer Purchase Agreement or the Management Service Agreement terminates for any reason whatsoever, AMD Saxonia shall be permitted to credit the amounts payable thereunder against the amounts receivable by it thereunder strictly in accordance with the terms and provisions of each such Operative Document.

In addition to, and without intending to derogate from, the foregoing provisions of this Section 3, each of the Sponsors and Additional Partner Companies hereby subordinates its claims arising under or in connection with the Sponsors' Support Agreement, Sponsors' Loan Agreement and the Revolving Loan Facility Agreement to all other present and future creditors of AMD Saxonia, but the subordination under this sentence shall not apply to any such claims as long as and to the extent that omitting such claims from the subordination under this sentence will not result in or lead to an increase of an overindebtedness of AMD Saxonia within the meaning of Sec. 19 Insolvency Act (InsO), to be determined on the basis of AMD Saxonia's statement of affairs (Vermögensstatus) as per any relevant point in time or, if applicable, in an opening or closing liquidation balance sheet (Liquidationseröffnungs-, schlu(beta)bilanz). For the purposes of determining whether a repayment of principal or the payment of interest by AMD Saxonia is permitted under this paragraph the value of the assets and liabilities of AMD Saxonia to be included in the relevant statement of affairs shall always be determined by the managing directors and confirmed by the Auditor in accordance with the applicable rules. The Sponsors and Additional Partner Companies shall not be entitled to make payment claims under the Sponsors' Support Agreement, Sponsors' Loan Agreement or the Revolving Loan Facility Agreement as long as there is an overindebtedness of AMD Saxonia within the above meaning, or as long as there is not a liquidation surplus, or in a bankruptcy proceeding over the assets of AMD Saxonia, it being understood that the Sponsors and Additional Partner Companies' claims shall rank behind all

other creditors in case of any insolvency proceeding which is governed by the provisions of the Insolvency Act (Insolvenzordnung).

SECTION 4. Bankruptcy, Insolvency, etc. In the event of any dissolution, winding up, liquidation, reorganization, or other similar proceedings relating to AMD Saxonia or to its creditors, as such, or to its property (whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency, compromise proceedings (Vergleichsverfahren) or any other marshalling of the assets and liabilities of AMD Saxonia, or any sale of all or substantially all of the assets of AMD Saxonia, or otherwise), the Senior Liabilities shall first be paid in full before any of the Sponsors and Additional Partner Companies shall be entitled to receive and to retain any payment or distribution in respect of the Junior Liabilities, and in order to implement the foregoing, (a) each of the Sponsors and the Additional Partner Companies hereby irrevocably agrees that in such event all payments and distributions of any kind or character in respect of the Junior Liabilities to which such Sponsor or Additional Partner Company would be entitled if the Junior Liabilities were not subordinated, or, in the case of the AMD Holding Junior Liabilities, subordinated and pledged or assigned, pursuant to this Agreement, shall be made directly to the Security Agent; (b) upon the commencement and during the continuance of any proceedings referred to in this Section 4, the Security Agent shall have the

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right to require any or all of the Sponsors or the Additional Partner Companies to claim, enforce, prove, or vote in respect of the Junior Liabilities in such manner as is directed by the Security Agent and as is permitted by applicable law, including, without limitation, to direct that all payments and distributions of any kind or character in respect of the Junior Liabilities to which such Sponsor or Additional Partner Company would be entitled if the Junior Liabilities were not subordinated (or, in the case of the AMD Holding Junior Liabilities, subordinated and (if applicable) pledged) pursuant to this Agreement, shall be made directly to the Security Agent; provided, that if the Security Agent shall not have required a Sponsor or Additional Partner Company to claim, enforce, prove, or vote in respect of any of the Junior Liabilities on or before the day which is 10 Business Days before a date on which the failure to so claim, enforce, prove, or vote would invalidate or otherwise materially adversely affect the rights of such Sponsor or Additional Partner Company, such Sponsor or Additional Partner Company shall have the right to claim, enforce, prove, or vote in respect of such Junior Liabilities in such Sponsor's or Additional Partner Company's sole discretion; and (c) each Sponsor and Additional Partner Company hereby irrevocably agrees that the Security Agent may, at its sole discretion for purposes hereof, in the name of such Sponsor, Additional Partner Company or otherwise, demand, sue for, collect, receive, and receipt for any and all such payments or distributions, and file, prove, and vote, or consent in any such proceedings with respect to, any and all claims of such Sponsor or Additional Partner Company relating to the Junior Liabilities.

SECTION 5. Payments Held in Trust. In the event that any of the Sponsors or Additional Partner Companies receives any payment or other distribution of any kind or character from AMD Saxonia or from any other source whatsoever in respect of any of the Junior Liabilities, other than as expressly permitted by the terms of this Agreement, such payment or other distribution shall be received in trust for the Security Agent, and promptly turned over by such Sponsor or Additional Partner Company to the Security Agent. Each of the Sponsors and Additional Partner Companies will mark its books and records, and cause AMD Saxonia to mark its books and records, as to clearly indicate that the Junior Liabilities are subordinated in accordance with the terms of this Agreement, and will cause to be clearly inserted in any instrument which at any time evidences any of the Junior Liabilities a statement to the effect that the payment thereof is subordinated in accordance with the terms of this Agreement. Each of the Sponsors and Additional Partner Companies will execute such further documents or instruments and take such further action as the Security Agent may reasonably request from time to time to carry out the intent of this Agreement.

SECTION 6. Application of Payments; No Subrogation. All payments and distributions received by the Security Agent in respect of the Junior Liabilities in accordance with the terms hereof, to the extent received in or converted into cash, may be applied by the Security Agent first to the payment of any and all expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Security Agent in enforcing this Agreement or in endeavouring to collect or realize upon any of the Junior Liabilities or any security therefor in accordance with the terms hereof, and any balance thereof shall, solely as between the Sponsors, Additional Partner Companies and the Security Agent, be applied by the Security Agent, in the manner provided by the Loan Agreement, toward the payment of the Senior Liabilities remaining unpaid; but, as between AMD Saxonia and its creditors, no such payments or distributions of any kind or character shall be deemed to be payments or distributions in respect of the Senior Liabilities; and, notwithstanding any such payments or distributions received by the Security Agent in respect of the Junior Liabilities and so applied by the Security Agent toward the payment of the Senior Liabilities, each of the Sponsors and Additional Partner Companies shall be subrogated to the then-existing rights of the Agent, the Security Agent, and

the Banks, if any, in respect of the Senior Liabilities only at such time as (i) the Agent, the Security Agent, and the Banks shall have received payment of the full amount of the Senior Liabilities, as provided for in Section 9, or (ii) this Agreement shall terminate pursuant to Section 15. Each Secured Party shall, at the relevant Sponsor's or Additional Partner Company's request and expense made after such time, execute and deliver to such Sponsor or Additional Partner Company appropriate documents (without recourse or warranty whatsoever) to evidence the transfer by subrogation to such Sponsor or Additional Partner Company of an interest in the Senior Liabilities resulting from the application of payments in the

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manner contemplated by this Section 6. The obligations of the Secured Parties under the preceding sentence shall survive any termination of this Agreement.

SECTION 7. Waivers by the Sponsors and the Additional Partner Companies. Each of the Sponsors and Additional Partner Companies hereby waives: (a) notice of acceptance by the Agent, the Security Agent, or any Bank of this Agreement; (b) notice of the existence or creation or non-payment of all or any of the Senior Liabilities; and (c) all diligence in collection or protection of or realization upon the Senior Liabilities or any thereof or any security therefor.

SECTION 8. Obligations of the Sponsors and the Additional Partner Companies. None of the Sponsors or the Additional Partner Companies will, without the prior written consent of the Security Agent: (a) transfer or assign, or attempt to enforce or collect, any Junior Liabilities or any rights in respect thereof, except (i) that AMD Inc. may assign any Senior Liability to AMD Holding, and (ii) that the Sponsors and Additional Partner Companies may enforce or collect any Junior Liabilities that are expressly permitted to be paid pursuant to Section 3; provided, that nothing in this Agreement shall be deemed to prevent AMD Inc. from seeking damages, equitable relief or otherwise enforcing any rights it may have against AMD Saxonia arising out of (x) any tort or infringement of AMD Inc. tangible or intangible property rights (including without limitation rights under applicable patent, copyright and trade secret laws and similar principles) to the extent such tort or infringement arises after the date of termination of the AMD Holding Wafer Purchase Agreement or (y) a breach by AMD Saxonia of its obligations under the License Agreement to the extent, but only to the extent, such tort or infringement arises after the date of termination of the AMD Holding Wafer Purchase Agreement; (b) take any collateral security for any Junior Liabilities; (c) convert any Junior Liabilities into Equity Capital of AMD Saxonia (it being understood and agreed that (i) the Sponsors' Loans made by AMD Holding (but not AMD Inc.) may be converted into Equity Capital of AMD Saxonia and (ii) for the avoidance of doubt, a repayment permitted under Section 3 (viii) shall not be considered a conversion hereunder); or (d) commence, or join with any other creditor commencing, any bankruptcy, reorganisation, or insolvency proceedings with respect to AMD Saxonia.

SECTION 9. Continuing Subordination. This Agreement shall in all respects be a continuing agreement and shall remain in full force and effect (notwithstanding, without limitation, the dissolution of any of the Sponsors or Additional Partner Companies, or that at any time or from time to time all Senior Liabilities may have been paid in full), but shall automatically terminate on the Loan Agreement Termination Date.

SECTION 10. Rights of the Agent, the Security Agent, and the Banks. The Agent, the Security Agent, and each Bank may, from time to time, at its sole discretion and without notice to any of the Sponsors or Additional Partner Companies, take any or all of the following actions without affecting its or their rights under this Agreement: (a) retain or obtain a security interest in any property of any Person to secure any of the Senior Liabilities; (b) retain or obtain the primary or secondary obligations of any other obligor or obligors with respect to any of the Senior Liabilities; (c) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Senior Liabilities, or release or compromise any obligation of any nature of any obligor with respect to any of the Senior Liabilities; (d) compromise, settle, release, renew, extend, indulge, amend, change, waive, modify, or supplement in any respect any of the terms or conditions of any of the Operative Documents; and (e) release its lien on or security interest in, or surrender, release, or permit any substitution or exchange for, all or any part of any property securing any of the Senior Liabilities, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter, or exchange any obligations of any nature of any obligor with respect to any such property.

SECTION 11. Transfer of Obligations; Enforcement. The Security Agent, the Agent, or any Bank may, from time to time, without notice to any of the Sponsors or Additional Partner Companies, but subject, however, to the provisions of Section 26 of the Loan Agreement, assign or transfer any or all of the Senior Liabilities or any interest therein; and, notwithstanding any such assignment or transfer

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or any subsequent assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein, shall, to the extent of the interest of any such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor. The rights of the Secured Parties hereunder shall be exercisable solely by the Security Agent on behalf of the Secured Parties, unless either the Security Agent is not able pursuant to applicable law to realize the practical benefits of such rights on behalf of the Secured Parties or the limitations set forth in this sentence would otherwise materially adversely affect the rights of the Secured Parties hereunder.

SECTION 12. Additional Provisions. None of the Agent, the Security Agent, or the Banks shall be prejudiced in its rights under this Agreement by any act or failure to act of any of AMD Saxonia or any of the Sponsors or Additional Partner Companies, or any noncompliance of AMD Saxonia or any of the Sponsors or Additional Partner Companies with any agreement or obligation, regardless of any knowledge thereof which the Agent, the Security Agent, or such Bank may have or with which the Agent, the Security Agent, or such Bank may be charged; and no action of the Agent, the Security Agent, or any Bank permitted hereunder shall in any way affect or impair the rights of the Agent, the Security Agent, or any Bank, and the obligations of each of the Sponsors and Additional Partner Companies, under this Agreement. For the purposes of this subordination, Senior Liabilities shall include all obligations of AMD Saxonia under or in connection with any of the Operative Documents to the Agent, the Security Agent, the Paying Agent and each Bank, notwithstanding any right or power of any AMD Saxonia or anyone else to assert any claim or defence as to the invalidity or unenforceability of any such obligation, and no such claim or defence shall affect or impair the agreements and obligations of the Sponsors and Additional Partner Companies hereunder; provided, however, that Senior Liabilities shall not include any obligations or liabilities of AMD Saxonia which a court of competent jurisdiction shall have determined (which determination shall be final and unappealable) are invalid or unenforceable.

SECTION 13. Cumulative Remedies; Modifications in Writing. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Agent or the Security Agent at law, in equity, or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Agreement, or consent to any departure by any of the Sponsors, Additional Partner Companies or AMD Saxonia therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Agent and the Security Agent.

SECTION 14. Severability of Provisions. In case any provision of this Agreement is invalid or unenforceable, the validity or enforceability of the remaining provisions hereof shall remain unaffected. The parties hereto shall have an obligation to replace any invalid provision by a valid provision which approximates best the economic purpose of the invalid provision.

SECTION 15. Termination. This Agreement and the obligations of the parties hereunder shall terminate on the Loan Agreement Termination Date; provided, that such obligations shall automatically revive and be reinstated if and to the extent that AMD Saxonia shall subsequently have obligations to any of the Secured Parties under or arising out of any of the Financing Documents.

SECTION 16. Assignment. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns; provided, however, that the Security Agent, the Agent, and the Banks may transfer their rights under this Agreement, subject, however, to the provisions of ss. 26 of the Loan Agreement; provided, further, that none of the Sponsors or Additional Partner Companies or AMD Saxonia shall have the right to transfer or assign its rights under this Agreement without the prior written consent of the Agent and the Security Agent; and provided, further, that AMD Saxonia may assign this Agreement to the Security Agent as security for the obligations of AMD Saxonia under the Loan Agreement and the other Operative Documents. Notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, Senior Liabilities shall be and remain Senior Liabilities for the purposes of this Agreement, and every

immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor, subject, however, to the provisions of Section 11; provided, however, that, in addition to its rights under Section 11, unless the Security Agent (acting on the instructions of an Instructing Group) shall otherwise consent in writing, the Security Agent shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement for the benefit of the Secured Parties as to those of the Senior Liabilities

which have not been so assigned or transferred.

SECTION 17. Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 17. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 17, notices, demands, instructions, and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

To the Security Agent:

Dresdner Bank AG, as Security Agent  
Ostra Allee 9  
01067 Dresden  
Attention: Betreuung Unternehmenskunden  
Facsimile No.: (49) 351 489-1300

To the Agent:

Dresdner Bank Luxembourg S.A., as Agent  
26, rue du Marche-aux-Herbes  
L-2097 Luxembourg  
Attention: Direktion  
Facsimile No.: (352) 4760-824

To AMD Inc.:

Advanced Micro Devices, Inc.  
One AMD Place  
Sunnyvale, California 94088  
Attention: General Counsel  
Facsimile No.: (1) (408) 774 7399

To AMD Holding:

AMD Saxony Holding GmbH  
Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: (49) 351 277 91300

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To AMD Saxony LLC:

One AMD Place  
Mailstop 150  
Sunnyvale, CA 94088  
Attention: Manager  
Facsimile No.: (408) 774 7399

To AMD Admin:

Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: (49) 351 277 91300

To AMD Saxonia:

AMD Saxony Manufacturing GmbH  
Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: (49) 351 277 91300

SECTION 18. Relationship to Other Agreements. The rights of the Agent and the Security Agent pursuant to this Agreement are in addition to any other rights or remedies which the Agent and the Security Agent may have under statutory law or other agreements between one or more of the Agent, the Security Agent, the Banks, the Sponsors, the Additional Partner Companies and AMD Saxonia. Where such rights and remedies are in conflict with the provision of this Agreement, the provision of this Agreement shall prevail.

SECTION 19. Governing Law. This Agreement and all rights and obligations of the parties arising hereunder or in connection herewith shall be governed by the

SECTION 20. Jurisdiction. Each of the Sponsors, Additional Partner Companies and AMD Saxonia hereby submits to the exclusive jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Agreement. AMD Inc. and AMD Saxony LLC state that Advanced Micro Devices GmbH, whose address is Rosenheimerstrasse 143b, 81671 Munich, Germany, Attention: Legal Department, Tel: +49 89 450 530, Fax: +49 89 406 490, Telex: 841523883, is their accredited agent for service of process and hereby undertakes to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent or the Security Agent to take suits, actions, or proceedings against a Sponsor or an Additional Partner Company to enforce any judgment rendered by the courts in Frankfurt am Main in any other court or entity of competent jurisdiction where such Sponsor or Additional Partner Company has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

SECTION 21. Use of English Language. This Agreement has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Agreement shall be in the English language and, if reasonably requested by

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the Agent, shall be accompanied by a certified German translation promptly thereafter. In the event of any inconsistency, the English language version of any such document shall control.

SECTION 22. Operative Document. This Agreement is an Operative Document executed pursuant to the Loan Agreement.

[Remainder of this page intentionally left blank]

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IN WITNESS WHEREOF, each of the parties set out below has caused this Agreement to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By: \_\_\_\_\_  
Its \_\_\_\_\_

AMD SAXONY HOLDING GMBH

By: \_\_\_\_\_  
Its Managing Director

AMD SAXONY LLC

By: \_\_\_\_\_  
Its Manager

AMD SAXONY ADMIN GMBH

By: \_\_\_\_\_  
Its Managing Director

AMD SAXONY MANUFACTURING GMBH

By: \_\_\_\_\_  
Its \_\_\_\_\_

DRESDNER BANK LUXEMBOURG S.A.  
as Agent

By: \_\_\_\_\_  
Its \_\_\_\_\_

DRESDNER BANK AG  
as Security Agent

By: \_\_\_\_\_  
Its \_\_\_\_\_

[Signature page to the Sponsors' Subordination Agreement]

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THIRD AMENDMENT TO AMD SAXONIA  
WAFER PURCHASE AGREEMENT

THIS THIRD AMENDMENT to AMD Saxonia Wafer Purchase Agreement (this "Third Amendment"), dated as of 3 June 2002, is made between AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding"), and AMD SAXONY MANUFACTURING GMBH, Dresden, registered in the Commercial Register of the Dresden Country Court HRB 13186 (to be known as "AMD Saxony LLC & Co. KG" following the Conversion Effective Date) ("AMD Saxonia").

RECITALS

WHEREAS, AMD Saxonia is an indirect wholly-owned Subsidiary (such and other capitalised terms having the meanings assigned thereto in the AMD Saxonia Wafer Purchase Agreement (as defined below)) of Advanced Micro Devices, Inc., a corporation organised and existing under the laws of the State of Delaware, United States of America ("AMD Inc.");

WHEREAS, AMD Inc., AMD Holding and AMD Saxonia are involved in a project pursuant to which AMD Saxonia has constructed, and owns and operates inter alia the Plant located in Dresden, Germany, to manufacture Wafers using high-volume semiconductor wafer fabrication processes;

WHEREAS, AMD Inc. and AMD Holding are party to the AMD Holding Wafer Purchase Agreement dated as of 11 March 1997, as amended by the First Amendment to the AMD Holding Wafer Purchase Agreement dated as of 20 February 2001 (as amended, supplemented or otherwise modified from time to time, the "AMD Holding Wafer Purchase Agreement"), pursuant to which, among other things, AMD Inc. has agreed to purchase from AMD Holding, and AMD Holding has agreed to supply on an exclusive basis to AMD Inc., all Wafers as are ordered from time to time by AMD Inc. from AMD Holding, in each case on the terms and conditions of the AMD Holding Wafer Purchase Agreement;

WHEREAS, AMD Holding and AMD Saxonia are party to that certain AMD Saxonia Wafer Purchase Agreement dated as of 11 March 1997, as amended by the First Amendment to AMD Saxonia Wafer Purchase Agreement dated as of 8 February 1998 and the Second Amendment to AMD Saxonia Wafer Purchase Agreement, by and between AMD Holding and AMD Saxonia, dated as of 20 February 2001 (as so amended, the "AMD Saxonia Wafer Purchase Agreement"), pursuant to which AMD Holding has the exclusive right to purchase Wafers from AMD Saxonia in order to enable AMD Holding to fulfill its obligations under the AMD Holding Wafer Purchase Agreement, and AMD Saxonia has agreed on such exclusive basis, to manufacture and sell Wafers to AMD Holding;

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WHEREAS, the parties now desire to amend the AMD Saxonia Wafer Purchase Agreement to revise certain definitions, all on the terms and conditions more particularly set forth in this Third Amendment; and

WHEREAS, pursuant to the Conversion Documents (as defined in the Sponsors' Support Agreement dated March 11, 1997 among the Sponsors, AMD Saxony Admin GmbH, with its seat in Dresden ("AMD Admin"), AMD Saxony LLC ("AMD Saxony LLC"), Dresdner Bank Luxembourg S.A. as Agent and Dresdner Bank AG as Security Agent, as amended by the First Amendment dated February 6, 1998, the Second Amendment dated June 29, 1999, the Third Amendment dated February 20, 2001 and the Accession Agreement and Fourth Amendment dated 3 June 2002 (the "Sponsors' Support Agreement")), AMD Saxonia proposes to change its legal form to a Kommanditgesellschaft (a limited partnership organized under the laws of the Federal Republic of Germany), with AMD Holding and AMD Admin as its sole limited partners (Kommanditisten) and AMD Saxony LLC as its sole general partner (Komplementar);

NOW, THEREFORE, in consideration of the mutual agreements contained herein, intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I  
Amendments

Section 1.1 With effect from the Conversion Effective Date (as defined in the Sponsors' Support Agreement), the AMD Saxonia Wafer Purchase Agreement is hereby amended as more particularly set out below. In all other respects, the AMD Saxonia Wafer Purchase Agreement shall remain in full force and effect.

(a) Section 1.01(47), the definition of "Person", shall be deleted and replaced with the following:

"Person" means an individual, partnership, limited partnership, limited liability company, joint venture, trustee, trust, corporation, unincorporated association or other entity, or a government, state or agency or political subdivision thereof;"

(b) Section 1.01(65)(d), pertaining to Total Costs, shall be deleted and replaced with the following:

"(d) Total Costs shall include all interest expense paid or accrued by AMD Saxonia, including all interest expense relating to loans to AMD Saxonia from third parties. Notwithstanding the above or anything herein to the contrary, with effect from 1 January 2002, Total Costs shall not include any interest expense (whether such interest is paid or capitalised) relating to loans to AMD Saxonia from AMD Holding or AMD Inc. ("Intercompany Loans") nor shall total costs include any imputed interest expense on any such Intercompany Loans that have been repaid."

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(c) Section 1.01(65)(e), pertaining to Total Costs, shall be deleted and replaced with the following:

"(e) Notwithstanding anything herein to the contrary with effect from 1 January 2002, Total Costs shall not include any trade tax (Gewerbesteuer)."

(d) New Section 1.01(65)(j) shall be added as follows:

"(j) For the avoidance of doubt, Total Costs shall also include all expense reimbursements paid by AMD Saxonia to AMD Saxony LLC, but shall not include compensation paid by AMD Saxonia to AMD Saxony LLC for acting as general partner of AMD Saxonia."

## ARTICLE II

### Representations and Warranties

Section 2.1 Each of AMD Holding and AMD Saxonia, severally and for itself alone, hereby represents and warrants, as of the date hereof and as of the Conversion Effective Date, to the other as follows:

(a) Organisation; Corporate Power. It is duly incorporated and validly existing under the laws of the jurisdiction of its organisation, and has all necessary power and authority to execute and deliver this Third Amendment and, following the Conversion Effective Date, to consummate the transactions contemplated by the AMD Saxonia Wafer Purchase Agreement as amended by this Third Amendment;

(b) Corporate Authority; No Conflict. The execution and delivery by it of this Third Amendment, and the performance by it, following the Conversion Effective Date, of its obligations under the AMD Saxonia Wafer Purchase Agreement as amended by this Third Amendment have been duly authorised by all necessary corporate action (including any necessary shareholder action) on its part, and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect having applicability to it, or of its charter or by-laws; or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced by or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument to which it is a party or by which it or its properties may be bound, or require the creation or imposition of any encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by it; and

(c) Valid and Binding Obligations. Following the Conversion Effective Date, the AMD Saxonia Wafer Purchase Agreement, as amended by this Third Amendment, shall constitute its legal, valid, and binding obligation, enforceable against it in accordance with its terms; subject, however, to applicable bankruptcy, insolvency, reorganisation, moratorium, or similar laws affecting creditors' rights generally and, as to enforceability, by general equitable principles.

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## ARTICLE III

### Miscellaneous

Section 3.1 Miscellaneous.

(a) This Third Amendment is limited as specified and, except as

specifically set forth herein, shall not constitute a modification, amendment, or waiver of any other provision of the AMD Saxonia Wafer Purchase Agreement or any provision of any other Operative Document. Except as specifically amended by this Third Amendment, the AMD Saxonia Wafer Purchase Agreement shall remain in full force and effect and is hereby ratified and confirmed.

(b) Without prejudice to the foregoing, AMD Saxonia hereby ratifies and confirms that its obligations under the AMD Saxonia Wafer Purchase Agreement, as amended, shall continue in full force and effect following the Conversion.

(c) This Third Amendment shall be an Operative Document under and for purposes of the Sponsors' Support Agreement dated 11 March 1997, as amended by the First Amendment to Sponsors' Support Agreement dated 6 February 1998, the Second Amendment to Sponsors' Support Agreement dated 29 June 1999, the Third Amendment to Sponsors' Support Agreement dated 20 February 2001 and the Accession Agreement and Fourth Amendment to Sponsors' Support Agreement dated of even date herewith (as amended, the "Sponsors' Support Agreement").

(d) This Third Amendment is in the English language, which language shall be controlling in all respects.

(e) This Third Amendment may be executed in any number of counterparts and by different parties on separate counterparts which when taken together shall constitute one agreement.

(f) Sections 5.07, 5.08, 5.09, and 5.10 of the AMD Saxonia Wafer Purchase Agreement shall apply, mutatis mutandis, to this Amendment, as if set out herein in full.

[Remainder of page intentionally left blank]

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IN WITNESS OF THE FOREGOING, AMD Holding and AMD Saxonia have caused this Amendment to be executed by their authorised representatives as of the date first written above.

AMD SAXONY HOLDING GMBH

By: /s/ Hans-Raimund Deppe

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Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

AMD SAXONY MANUFACTURING GMBH

By: /s/ Hans-Raimund Deppe

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Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

FIRST AMENDMENT

TO

AMD INC. SUBORDINATION AGREEMENT

THIS FIRST AMENDMENT (this "Amendment"), dated 20 February 2001, is made between ADVANCED MICRO DEVICES, INC., a corporation organized and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."), AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the "Sponsors"), DRESDNER BANK LUXEMBOURG S.A., as Agent (and successor to Dresdner Bank AG in such capacity) under the Loan Agreement referred to below (in such capacity, the "Agent") for the Banks referred to below, and DRESDNER BANK AG, as Security Agent under such Loan Agreement (in such capacity, the "Security Agent"), for the Secured Parties referred to below.

W I T N E S S E T H:

WHEREAS, AMD Saxony Manufacturing GmbH, Dresden, registered in the Commercial Register of the Dresden Country Court HRB 13186 ("AMD Saxonia"), a wholly-owned Subsidiary of AMD Holding, which is, in turn, a wholly-owned Subsidiary of AMD Inc., has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center;

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, inter alia, (i) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997, as amended, (the "Loan Agreement") with the Agent, the Security Agent and the Banks from time to time party thereto providing, inter alia, for a senior secured term facility aggregating up to DM 1,500,000,000 (one billion five hundred million Deutsche Marks), and (ii) the Sponsors, the Agent and the Security Agent have entered into that certain Sponsors' Support Agreement dated 11 March 1997, as amended, (the "Sponsors' Support Agreement") providing (x) certain assurances to the Agent and Security Agent with respect to the completion of the Project, and (y) certain undertakings to and for the benefit of the Secured Parties;

WHEREAS, AMD Saxonia, the Agent, the Security Agent and the Banks wish, with the consent of the Sponsors to, among other things, amend the Loan Agreement, the Sponsors' Support Agreement and the AMD Inc. Subordination Agreement;

WHEREAS, the Sponsors are willing to provide certain additional undertakings to and for the benefit of the Secured Parties as provided in this Amendment and to amend and supplement the AMD Inc. Subordination Agreement on the terms and subject to the conditions of this Amendment;

NOW, THEREFORE, the Sponsors, the Agent (for itself and on behalf of the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

ARTICLE I  
Definitions

SECTION 1.1 Definitions. Capitalized terms not otherwise defined in this Amendment are used with the definitions assigned to them in the Sponsors' Support Agreement.

SECTION 1.2 Construction. In this Amendment, unless the context requires otherwise, references to Sections and Schedules are to Sections and Schedules of the AMD Inc. Subordination Agreement. Section headings are inserted for reference only and shall be ignored in construing this Amendment.

ARTICLE II  
Amendments

SECTION 2.1 Amendments. The AMD Inc. Subordination Agreement shall be amended and restated in the form set out in Schedule 1 to this Amendment Agreement.

ARTICLE III  
Miscellaneous

SECTION 3.1 Representations and Warranties. Each of the Sponsors hereby represents and warrants that:

- (a) Organization; Corporate Power. It is duly incorporated and validly existing under the laws of the jurisdiction of its organization, and has all

necessary power and authority to execute and deliver this Amendment and to consummate the transactions contemplated by the AMD Inc. Subordination Agreement, as amended hereby;

- (b) Corporate Authority; No Conflict. The execution and delivery by it of this Amendment, and the performance by it of its obligations under the AMD Inc. Subordination Agreement, as amended by this Amendment, have been duly authorized by all necessary corporate action (including any necessary shareholder action) on its part, and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it, or of its charter or by-laws or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced by or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument to which it is a party or by which it or its properties may be bound, or require the creation or imposition of any encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by it; and
- (c) Valid and Binding Obligations. The AMD Inc. Subordination Agreement, as amended by this Amendment, constitutes its legal, valid and binding obligation,

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enforceable against it in accordance with its terms subject, however, to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and, as to enforceability, by general equitable principles.

SECTION 3.2 Repetition of Representation and Warranties. The representations and warranties contained in Sections 12.1 and 12.2 of the Sponsors' Support Agreement shall be repeated on the date hereof except to the extent any such representation and warranty expressly relates solely to an earlier date.

SECTION 3.3 Miscellaneous.

- (a) This Amendment is limited as specified and, except as expressly herein provided, shall not constitute a modification, amendment or waiver of any other provision of any other Operative Document. Except as specifically amended by this Amendment, the AMD Inc. Subordination Agreement shall remain in full force and effect and is hereby ratified and confirmed.
- (b) This Amendment shall be an Operative Document under and for purposes of the Sponsors' Support Agreement.
- (c) The form and execution of this Amendment and all rights and obligations of the parties arising hereunder shall be governed by the laws of the Federal Republic of Germany.
- (d) This Amendment has been executed in the English language.
- (e) This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, each of the parties set out below has caused this Amendment to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By /s/ Robert J. Rivet

Its Senior Vice President and Chief Financial Officer

AMD SAXONY HOLDING GMBH

By /s/ Thomas M. McCoy

Its Managing Director

DRESDNER BANK LUXEMBOURG S.A., as  
Agent

/s/ Marcus Nelgen     /s/ Robert von Finckenstein  
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DRESDNER BANK AG, as Security Agent

/s/ Marcus Nelgen     /s/ Robert von Finckenstein  
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Schedule 1

Amended and restated AMD Inc. Subordination Agreement

Amended and Restated

AMD INC. SUBORDINATION AGREEMENT

THIS AMD INC. SUBORDINATION AGREEMENT, dated 11 March 1997, as amended, is made between ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."), AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the "Sponsors" together with AMD Inc., collectively, the "Sponsors"), and DRESDNER BANK LUXEMBOURG S.A. ("Dresdner"), as Agent (in such capacity, the "Agent") for the Banks under the Loan Agreement referred to below and DRESDNER BANK, as Security Agent (in such capacity, the "Security Agent") for the Secured Parties under such Loan Agreement.

WHEREAS, AMD Saxony Manufacturing GmbH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13186 ("AMD Saxonia"), a wholly-owned Subsidiary (such and other capitalised terms being used herein with the meanings provided in Section 1.1), of AMD Holding, which is, in turn, a wholly-owned Subsidiary of AMD Inc., has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, (i) the Sponsors expect to make substantial subordinated loans to, and AMD Holding expects to make substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997 (the "Loan Agreement"), with the banks from time to time party thereto (hereinafter collectively called the "Banks" and individually called a "Bank"), Dresdner, as Paying Agent (in such capacity, the "Paying Agent"), providing, inter alia, for a senior secured term facility aggregating up to DM 1,500,000,000 (one billion five hundred million Deutsche Marks);

WHEREAS, the Sponsors desire that the Project be constructed and completed and are entering into this Agreement with the Agent and the Security Agent for the benefit of the Banks and the Paying Agent (hereinafter collectively called the "Secured Parties" and individually called a "Secured Party"), for the purpose, among other things, of providing (i) certain assurances with respect to the completion of the Project, and (ii) certain undertakings to and for the benefit of the Secured Parties; and

WHEREAS, a condition precedent to the initial Advance is, inter alia, the execution by the Sponsors of this Agreement, and, in extending credit to AMD Saxonia under the Loan Agreement, the Banks are relying on the undertakings of the Sponsors contained herein;

NOW, THEREFORE, the Sponsors, the Agent (for itself and on behalf of and the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, terms used herein have the meanings assigned to such terms in the Sponsors' Support Agreement. In addition, the following terms (whether or not underlined) when used in this

Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Agent" has the meaning assigned to such term in the introduction to this Agreement.

"Agreement" means this AMD Inc. Subordination Agreement, as the same may at any time be amended or modified in accordance with the terms hereof and in effect.

"AMD Holding" has the meaning assigned to such term in the introduction to this Agreement.

"AMD Inc." has the meaning assigned to such term in the introduction to this Agreement.

"AMD Saxonia" has the meaning assigned to such term in the first recital of this Agreement.

"Bank" and "Banks" have the respective meanings assigned to such term in the second recital of this Agreement.

"Dresdner" has the meaning assigned to such term in the introduction to this Agreement.

"Junior Liabilities" means all obligations and liabilities of AMD Holding to AMD Inc., howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent or now or hereafter existing, or due or to become due.

"Loan Agreement" has the meaning assigned to such term in the second recital of this Agreement.

"Loan Agreement Termination Date" means the first date on or as of which (i) all Primary Secured Obligations under the Loan Agreement have been paid in full, and (ii) the Banks have no commitments under or in connection with the Loan Agreement.

"Paying Agent" has the meaning assigned to that term in the second recital of this Agreement.

"Project" has the meaning assigned to such term in the first recital to this Agreement.

"Security Agent" has the meaning assigned to such term in the introduction to this Agreement.

"Secured Parties" and "Secured Party" have the respective meanings assigned to such terms in the third recital of this Agreement.

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"Senior Liabilities" means all obligations and liabilities of AMD Holding to the Agent, the Security Agent, the Paying Agent, any Bank, or either Guarantor under or arising out of any Financing Document, howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent or now or hereafter existing, or due or to become due, it being expressly understood and agreed that the term "Senior Liabilities" shall include, without limitation, any and all interest accruing on any of the Senior Liabilities after the commencement of any proceedings referred to in Section 4 hereof, notwithstanding any provision or rule of law which might restrict the rights of the Security Agent, as against AMD Holding or any other Person, to collect such interest.

"Sponsors" has the meaning assigned to such term in the introduction to this Agreement.

"Sponsors' Support Agreement" means the Sponsors' Support Agreement, of even date herewith, between the Sponsors, the Agent, and the Security Agent, as the same may at any time be amended or modified in accordance with the terms thereof and in effect.

In this Agreement, unless the context requires otherwise, (i) any reference to an Operative Document shall be to such Operative Document as the same may have been or from time to time may be amended, varied, re-issued, replaced, novated or supplemented, in each case, in accordance with the terms thereof and hereof, and in effect; (ii) any statutory re-enacted, or replaced from time to time; (iii) words importing a gender include every gender; and (iv) references to Sections are to Sections of this Agreement. Section headings are inserted for reference only and shall be ignored in construing this Agreement. A time of day, unless otherwise specified, shall be construed as a reference to Frankfurt am Main time.

SECTION 2. Obligations of AMD Inc. AMD Inc. will, from time to time, promptly notify the Security Agent of the creation of any Junior Liabilities pursuant to the Sponsors' Loan Agreement.

SECTION 3. Subordination. Except as expressly provided in this Agreement, or as the Agent (acting on the instructions of an Instructing Group) may hereafter otherwise expressly consent in writing, the payment of all Junior Liabilities shall be postponed and subordinated to the payment in full of all Senior Liabilities, and no payments or other distributions whatsoever in respect of any Junior Liabilities shall be made, nor shall any property or assets of AMD Holding be applied to the purchase or other acquisition or retirement of any Junior Liabilities; provided, however, that as long as no Event of Default nor any Unmatured Event of Default nor with respect to AMD Inc. any event which is of the type described in Section 11 (i) (e), (f), (g) or (h) of the AMD Inc. 1999 Loan and Security Agreement has occurred and is continuing, there are excepted from the terms of the provisions of this Section 3:

- (i) those payments to AMD Inc. made by AMD Holding pursuant to Article II of the Management Service Agreement or pursuant to Article IV of the AMD Holding Wafer Purchase Agreement, in either case without duplication and to the extent not paid by AMD Saxonia pursuant thereto;
- (ii) [intentionally left blank]; and

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- (iii) those payments to AMD Inc. made by AMD Holding in accordance with Section 6.3 of the Sponsors' Support Agreement;

and provided, further, that there are excepted from the terms of the foregoing provisions of this Section 3:

- (i) distributions in respect of the Junior Liabilities to the extent such distributions constitute non cash credits expressly permitted to be made under the Management Service Agreement or the AMD Holding Wafer Purchase Agreement; and
- (ii) performance by AMD Holding of its obligations (other than payment obligations, if any) under the AMD Holding Wafer Purchase Agreement, the AMD Holding Research Agreement, or the License Agreement.

Moreover, if the AMD Holding Wafer Purchase Agreement or the Management Service Agreement terminates for any reason whatsoever, AMD Holding shall be entitled to credit the amounts payable thereunder against the amounts receivable by it thereunder strictly in accordance with the terms and provisions of each such Operative Document.

SECTION 4. Bankruptcy, Insolvency, etc. In the event of any dissolution, winding up, liquidation, reorganization, or other similar proceedings relating to AMD Holding or to its creditors, as such, or to its property (whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency, compromise proceedings (Vergleichsverfahren) or any other marshalling of the assets and liabilities of AMD Holding, or any sale of all or substantially all of the assets of AMD Holding, or otherwise), the Senior Liabilities shall first be paid in full before AMD Inc. shall be entitled to receive and to retain any payment or distribution in respect of the Junior Liabilities, and in order to implement the foregoing, (a) AMD Inc. hereby irrevocably agrees that in such event all payments and distributions of any kind or character in respect of the Junior Liabilities to which AMD Inc. would be entitled if the Junior Liabilities were not subordinated pursuant to this Agreement, shall be made directly to the Security Agent; (b) upon the commencement and during the continuance of any proceedings referred to in this Section 4, the Security Agent shall have the right to require AMD Inc. to claim, enforce, prove, or vote in respect of the Junior Liabilities in such manner as is directed by the Security Agent and is permitted by applicable law, including, without limitation, to direct that all payments and distributions of any kind or character in respect of the Junior Liabilities to which AMD Inc. would be entitled if the Junior Liabilities were not subordinated pursuant to this Agreement, shall be made directly to the Security Agent; provided, that if the Security Agent shall not have required AMD Inc. to claim, enforce, prove, or vote in respect of any of the Junior Liabilities on or before the day which is 10 Business Days before a date on which the failure to so claim, enforce, prove, or vote would invalidate or otherwise materially adversely affect the rights of AMD Inc., AMD Inc. shall have the right to claim, enforce, prove, or vote in respect of such Junior Liabilities in AMD Inc.'s sole discretion; and (c) AMD Inc. hereby irrevocably agrees that, for purposes hereof, the Security Agent may, at its sole discretion for purposes hereof, in the name of AMD Inc. or otherwise, demand, sue for, collect, receive, and receipt for any and all such payments or distributions, and file, prove, and vote, or consent in any such proceedings with respect to,



SECTION 9. Continuing Subordination. This Agreement shall in all respects be a continuing agreement and shall remain in full force and effect (notwithstanding, without limitation, the dissolution of AMD Inc. or that at any time or from time to time all Senior Liabilities may have been paid in full), but shall automatically terminate on the Loan Agreement Termination Date.

SECTION 10. Rights of the Agent, the Security Agent, and the Banks. The Agent, the Security Agent, and each Bank may, from time to time, at its sole discretion and without notice to AMD Inc., take any or all of the following actions without affecting its or their rights under this Agreement: (a) retain or obtain a security interest in any property of any Person to secure any of the Senior Liabilities; (b) retain or obtain the primary or secondary obligations of any other obligor or obligors with respect to any of the Senior Liabilities; (c) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Senior Liabilities, or release or compromise any obligation of any nature of any obligor with respect to any of the Senior Liabilities; (d) compromise, settle, release, renew, extend, indulge, amend, change, waive, modify, or supplement in any respect any of the terms or conditions of any of the Operative Documents; and (e) release its lien on or security interest in, or surrender, release, or permit any substitution or exchange for, all or any part of any property securing any of the Senior Liabilities, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter, or exchange any obligations of any nature of any obligor with respect to any such property.

SECTION 11. Transfer of Obligations; Enforcement. The Security Agent, the Agent, or any Bank may, from time to time, without notice to AMD Inc., but subject however, to the provisions of Section 26 of the Loan Agreement, assign or transfer any or all of the Senior Liabilities or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein, shall, to the extent of the interest of any such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor. The rights of the Secured Parties hereunder shall be exercisable solely by the Security Agent on behalf of the Secured Parties, unless either the Security Agent is not able pursuant to applicable law to realize the practical benefits of such rights on behalf of the Secured Parties or the limitations set forth in this sentence would otherwise materially adversely affect the rights of the Secured Parties hereunder.

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SECTION 12. Additional Provisions. None of the Agent, the Security Agent, or the Banks shall be prejudiced in its rights under this Agreement by any act or failure to act of any of AMD Holding or AMD Inc., or any noncompliance of AMD Holding or AMD Inc. with any agreement or obligation, regardless of any knowledge thereof which the Agent, the Security Agent, or such Bank may have or with which the Agent, the Security Agent, or such Bank may be charged; and no action of the Agent, the Security Agent, or any Bank permitted hereunder shall in any way affect or impair the rights of the Agent, the Security Agent, or any Bank, and the obligations of AMD Inc., under this Agreement. For the purposes of this subordination, Senior Liabilities shall include all obligations of AMD Holding under or in connection with any of the Operative Documents to the Agent, the Security Agent, and each Bank, notwithstanding any right or power of any AMD Holding or anyone else to assert any claim or defence as to the invalidity or unenforceability of any such obligation, and no such claim or defence shall affect or impair the agreements and obligations of AMD Inc. hereunder; provided, however, that Senior Liabilities shall not include any obligations or liabilities of AMD Holding which a court of competent jurisdiction shall have determined (which determination shall be final and unappealable) are invalid or unenforceable.

SECTION 13. Cumulative Remedies; Modifications in Writing. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Agent or the Security Agent at law, in equity, or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Agreement, or consent to any departure by AMD Inc. or AMD Holding therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Agent and the Security Agent.

SECTION 14. Severability of Provisions. In case any provision of this Agreement is invalid or unenforceable, the validity or enforceability of the remaining provisions hereof shall remain unaffected. The parties hereto shall have an obligation to replace any invalid provision by a valid provision which approximates best the economic purpose of the invalid provision.

SECTION 15. Termination. This Agreement and the obligations of the parties hereunder shall terminate on the Loan Agreement Termination Date; provided, that such obligations shall automatically revive and be reinstated if and to the extent that AMD Holding shall subsequently have obligations to any of the

Secured Parties under or arising out of any of the Financing Documents.

SECTION 16. Assignment. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns; provided, however, that the Security Agent, the Agent, and the Banks may transfer their rights under this Agreement, subject, however, to the provisions of Section 26 of the Loan Agreement; provided, further, that neither AMD Inc. nor AMD Holding shall have the right to transfer or assign its rights under this Agreement without the prior written consent of the Agent and the Security Agent; and provided, further, that AMD Holding may assign this Agreement to the Security Agent as security for the obligations of AMD Holding under the Loan Agreement and the other Operative Documents. Notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, Senior Liabilities shall be and remain Senior Liabilities for the purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits

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of this Agreement to the same extent as if such assignee or transferee were the transferor, subject, however, to the provisions of Section 11; provided, however, that, in addition to its rights under Section 11, unless the Security Agent (acting on the instructions of an Instructing Group) shall otherwise consent in writing, the Security Agent shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement for the benefit of the Secured Parties as to those of the Senior Liabilities which have not been so assigned or transferred.

SECTION 17. Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 17. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 17, notices, demands, instructions, and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

To the Security Agent:

Dresdner Bank AG, as Security Agent  
Ostra Allee 9  
01067 Dresden  
Attention: Betreuung Unternehmenskunden  
Facsimile No.: (49) 351 489-1300

To the Agent:

Dresdner Bank Luxembourg S.A., as Agent  
26, rue du Marche-aux-Herbes  
L-2097 Luxembourg  
Attention: Direktion  
Facsimile No.: (352) 4760-824

To AMD Inc.:

Advanced Micro Devices, Inc.  
One AMD Place  
Sunnyvale, California 94088  
Attention: General Counsel  
Facsimile No.: (1) (408) 774 7399

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To AMD Holding:

AMD Saxony Holding GmbH  
Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: (49) 351 277 91300

SECTION 18. Relationship to Other Agreements. The rights of the Agent and the Security Agent pursuant to this Agreement are in addition to any other rights or remedies which the Agent and the Security Agent may have under statutory law or other agreements between one or more of the Agent, the Security Agent, the Banks, AMD Inc., and AMD Holding. Where such rights and remedies are in conflict with the provision of this Agreement, the provision of this Agreement shall prevail.

SECTION 19. Governing Law. The form and execution of this Agreement and all rights and obligations of the parties arising hereunder shall be governed by the Laws of the Federal Republic of Germany.

SECTION 20. Jurisdiction. AMD Inc. and AMD Holding hereby submit to the exclusive jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Agreement. AMD Inc. states that Advanced Micro Devices GmbH, Rosenheimerstrasse 143b, 81671 Munich, Germany, Tel.: +49 89 450 530, Fax: +49 89 906 490, is its accredited agent for service of process and hereby undertakes to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent or the Security Agent to take suits, actions, or proceedings against a Sponsor to enforce any judgment rendered by the courts in Frankfurt am Main in any other court or entity of competent jurisdiction where such Sponsor has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

SECTION 21. Use of English Language. This Agreement has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Agreement shall be in the English language and, if reasonably requested by the Agent, a certified German translation thereof shall be furnished promptly thereafter. In the event of any inconsistency, the English language version of any such document shall control.

SECTION 22. Operative Document. This Agreement is an Operative Document executed pursuant to the Loan Agreement.

IN WITNESS WHEREOF, each of the parties set out below has caused this Agreement to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

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ADVANCED MICRO DEVICES, INC.

By \_\_\_\_\_

Its \_\_\_\_\_

AMD SAXONY HOLDING GMBH

\_\_\_\_\_

DRESDNER BANK AG, as Agent and Security Agent

\_\_\_\_\_

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ACCESSION AGREEMENT AND SECOND AMENDMENT TO  
AMD INC. SUBORDINATION AGREEMENT

THIS ACCESSION AGREEMENT AND SECOND AMENDMENT (this "Amendment"), dated 3 June 2002, is made among ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."); AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding," together with AMD Inc., collectively, the "Sponsors"); AMD SAXONY LLC, a limited liability company organised and existing under the laws of the State of Delaware, United States of America ("AMD Saxony LLC"); AMD SAXONY ADMIN GMBH, with its seat in Dresden ("AMD Admin," together with AMD Saxony LLC, collectively, the "Additional Partner Companies"); DRESDNER BANK LUXEMBOURG S.A., as Agent (and successor to DRESDNER BANK AG ("Dresdner") in such capacity) under the Loan Agreement dated 11 March 1997, as amended (as so amended, the "Loan Agreement") (in such capacity, the "Agent") for the Banks from time to time party thereto; and Dresdner, as Security Agent under such Loan Agreement (in such capacity, the "Security Agent") for the Secured Parties referred to therein.

W I T N E S S E T H:

WHEREAS, AMD Saxony Manufacturing GmbH, Dresden (proposed to be known as "AMD Saxony LLC & Co. KG" following the Conversion Effective Date), registered in the Commercial Register of the Dresden Country Court ("AMD Saxonia"), has been formed for the purpose of constructing, owning and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership and operation of the Plant and the Design Center hereinafter called the "Project");

WHEREAS, pursuant to the Conversion Documents, AMD Saxonia proposes to change its legal form to a Kommanditgesellschaft (a limited partnership organised under the laws of the Federal Republic of Germany) with AMD Holding and AMD Admin as its sole limited partners (Kommanditisten) and AMD Saxony LLC as its sole general partner (Komplementar);

WHEREAS, with effect from the Conversion Effective Date, AMD Saxonia wishes, with the consent of the Sponsors and Additional Partner Companies to, among other things, modify the interest rate on Sponsors' Loans and Revolving Loans and to increase the amount of the Revolving Loan Facility; and

WHEREAS, with effect from the Conversion Effective Date, the Additional Partner Companies desire to accede to, and the Sponsors, the Additional Partner Companies, the Agent and the Security Agent desire to amend and supplement, the AMD Inc. Subordination Agreement dated 11 March 1997 by and among AMD Inc., AMD Holding, Dresdner Bank AG, as Security Agent, and Dresdner Bank Luxembourg S.A., as Agent, as amended by the First Amendment to the AMD Inc. Subordination Agreement dated 20 February, 2001 (as amended,

the "AMD Inc. Subordination Agreement"), on the terms and subject to the conditions of this Amendment;

NOW, THEREFORE, the Sponsors, the Additional Partner Companies, the Agent (for itself and on behalf of the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

ARTICLE I  
Accession

Section 1.1 With effect from the Conversion Effective Date, the Additional Partner Companies hereby accede to the AMD Inc. Subordination Agreement, and the Sponsors, the Agent and the Security Agent hereby consent to such accession.

ARTICLE II  
Definitions

Section 2.1 Definitions. Capitalized terms not otherwise defined in this Amendment are used with the definitions assigned to them in the AMD Inc. Subordination Agreement or the Sponsor's Support Agreement, as the case may be.

In addition, the following terms when used in this Amendment shall have the following meaning:

"Agreed Terms" means, in respect of any document, that document substantially in the form thereof which has been initialed (for the purposes of identification) by or on behalf of AMD Saxonia and the Agent.

"Conversion Documents" means the following agreements and documents, each in the Agreed Terms: (i) the Certificate of Formation of AMD Saxony LLC;

(ii) the AMD Admin Articles of Association; (iii) the Formation Protocol for AMD Admin; (iv) the Application to the Commercial Register for Formation of AMD Admin; (v) the Resolution of AMD Holding as Shareholder of AMD Admin for Section 181 German Civil Code Release; (vi) the List of Shareholders for AMD Admin; (vii) the AMD Saxony LLC Agreement; (viii) the AMD Saxonia Partnership Agreement; (ix) the Assignment and Trust Agreement between AMD Holding and AMD Saxony LLC; (x) the Purchase and Assignment Agreement between AMD Holding and AMD Admin; (xi) the Resolution of AMD Holding as Shareholder of AMD Saxonia for Transfer of Fractional Share to AMD Saxony LLC; (xii) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Admin; (xiii) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Admin); (xiv) the Resolution of AMD Holding and AMD Saxony LLC as Shareholders of AMD Saxonia for Transfer of Fractional Share to AMD Admin; (xv) the Notification to AMD Saxonia of Assignment of Fractional Share to AMD Saxony LLC; (xvi) the List of Shareholders of AMD Saxonia (reflecting addition of AMD Saxony LLC); (xvii) the Resolution of AMD Holding, AMD Admin and AMD Saxony LLC as Shareholders of AMD Saxonia Approving Conversion to Limited Partnership; (xviii) the Resolution of AMD Inc. as Shareholder of AMD Holding Approving Conversion of AMD Saxonia; (xix) Application to the Commercial Register for Conversion of AMD Saxonia to Limited Partnership; (xx) Application to the Real Estate Register for Change in AMD Saxonia's

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Name; (xxi) the Transfer Agreement for Transfer Back Of Fractional Share between AMD Holding and AMD Saxony LLC; (xxii) Application to the Commercial Register for Transfer Back of Fractional Share by AMD Saxony LLC to AMD Holding; (xxiii) Power of Attorney regarding Removal of AMD Saxony LLC as General Partner of AMD Saxonia; and (xxiv) any other agreement or document designated by the AMD Companies (with the consent of the Agent) in addition to or in substitution for any of the above-named documents or agreements as a "Conversion Document."

"Sponsors' Support Agreement" means the Sponsors' Support Agreement between the Sponsors, the Additional Partner Companies, the Agent and the Security Agent dated 11 March 1997, as amended by the First Amendment to Sponsors' Support Agreement dated 6 February 1998, the Second Amendment to Sponsors' Support Agreement dated 29 June 1999, the Third Amendment to Sponsors' Support Agreement dated 20 February 2001 and the Accession Agreement and Fourth Amendment to Sponsors' Support Agreement dated of even date herewith, and as the same may at any time be amended or modified in accordance with the terms thereof and in effect.

Section 2.2 Construction. In this Amendment, unless the context requires otherwise, references to Sections and Schedules are to Sections and Schedules of the AMD Inc. Subordination Agreement. Section headings are inserted for reference only and shall be ignored in construing this Amendment.

### ARTICLE III Amendments

Section 3.1 With effect from the Conversion Effective Date, the AMD Inc. Subordination Agreement will be amended and restated in its entirety in the form attached as Appendix A.

### ARTICLE IV Miscellaneous

Section 4.1 Representations and Warranties. Each of the Sponsors and Additional Partner Companies hereby represents and warrants, as of the date hereof and as of the Conversion Effective Date, that:

(i) Organisation; Corporate Power. It is duly incorporated and validly existing under the laws of the jurisdiction of its organisation, and has all necessary power and authority to execute and deliver this Amendment and, following the Conversion Effective Date, to consummate the transactions contemplated by the AMD Inc. Subordination Agreement, as amended hereby;

(ii) Corporate Authority; No Conflict. The execution and delivery by it of this Amendment, and the performance by it, following the Conversion Effective Date, of its obligations under the AMD Inc. Subordination Agreement, as amended by this Amendment, have been duly authorised by all necessary corporate action (including any necessary shareholder action) on its part, and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect having applicability to it, or of its charter or by-laws; or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced by or secured by, or constitute a default under, any

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indenture or loan or credit agreement, or any other agreement or instrument to which it is a party or by which it or its properties may be bound, or require the creation or imposition of any encumbrance of any nature upon or with respect

to any of the properties now owned or hereafter acquired by it; and

(iii) Valid and Binding Obligations. Following the Conversion Effective Date, the AMD Inc. Subordination Agreement, as amended by this Amendment, shall constitute its legal, valid and binding obligation, enforceable against it in accordance with its terms; subject, however, to applicable bankruptcy, insolvency, reorganisation, moratorium, or similar laws affecting creditors' rights generally and, as to enforceability, by general equitable principles.

Section 4.2 Miscellaneous.

(i) This Amendment is limited as specified and, except as expressly herein provided, shall not constitute a modification, amendment or waiver of any other provision of the AMD Inc. Subordination Agreement or any provision of any other Operative Document. Except as specifically amended by this Amendment, the AMD Inc. Subordination Agreement shall remain in full force and effect and is hereby ratified and confirmed.

(ii) This Amendment shall be an Operative Document under and for purposes of the Sponsors' Support Agreement.

(iii) This Amendment has been executed in the English language.

(iv) This Amendment may be executed in any number of counterparts and by different parties on separate counterparts which when taken together shall constitute one agreement.

(v) Sections 19, 20, and 21 of the AMD Inc. Subordination Agreement shall apply, mutatis mutandis, to this Amendment, as if set out herein in full.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each of the parties set out below has caused this Amendment to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By: /s/ Robert J. Rivet  
-----  
Its Senior Vice President and Chief  
-----  
Financial Officer  
-----

AMD SAXONY HOLDING GMBH

By: /s/ Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

AMD SAXONY LLC

By: /s/ Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Manager

AMD SAXONY ADMIN GMBH

By: /s/ Hans-Raimund Deppe  
-----  
Dr. Hans-Raimund Deppe  
Its Managing Director (Geschäftsführer)

DRESDNER BANK LUXEMBOURG S.A.  
as Agent

By: /s/ Prellwitz  
-----  
Its Signatory under power of attorney  
-----

DRESDNER BANK AG  
as Security Agent

By: /s/ Prellwitz  
-----

[Signature page to the Accession Agreement  
and Second Amendment to AMD Inc. Subordination Agreement]

APPENDIX A  
AMENDED AND RESTATED  
AMD INC. SUBORDINATION AGREEMENT

A-1

Amended and Restated

AMD INC. SUBORDINATION AGREEMENT

THIS AMD INC. SUBORDINATION AGREEMENT, dated 11 March 1997, as amended, is made between ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."); AMD SAXONY HOLDING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the "Sponsors"); AMD SAXONY LLC, a limited liability company organised and existing under the laws of the State of Delaware, United States of America ("AMD Saxony LLC"); AMD SAXONY ADMIN GMBH, with its seat in Dresden ("AMD Admin" and together with AMD Saxony LLC, collectively, the "Additional Partner Companies"); DRESDNER BANK LUXEMBOURG S.A., as Agent (and successor to DRESDNER BANK AG ("Dresdner") in such capacity) under the Loan Agreement referred to below (in such capacity, the "Agent") and DRESDNER, as Security Agent under such Loan Agreement (in such capacity, the "Security Agent") for the Secured Parties referred to below.

W I T N E S S E T H :  
- - - - -

WHEREAS, AMD Saxony Manufacturing GmbH, registered in the Commercial Register of the Dresden County Court (proposed to be known as "AMD Saxony LLC & Co KG" following the Conversion Effective Date) ("AMD Saxonia"), has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, (i) the Sponsors have made substantial subordinated loans to, and AMD Holding has made substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997, as amended (the "Loan Agreement"), with the banks from time to time party thereto (hereinafter collectively called the "Banks" and individually called a "Bank"), Dresdner, as Paying Agent (in such capacity, the "Paying Agent"), providing, inter alia, for a senior secured term facility aggregating up to DM 1,500,000,000 (one billion five hundred million Deutsche Marks);

WHEREAS, pursuant to the Conversion Documents, AMD Saxonia has changed its legal form to a Kommanditgesellschaft (a limited partnership organised under the laws of the Federal Republic of Germany) with AMD Holding and AMD Admin as its sole limited partners (Kommanditisten) and AMD Saxony LLC as its sole general partner (Komplementar);

WHEREAS, the Sponsors and Additional Partner Companies are entering this Agreement with the Agent and the Security Agent for the benefit of the Banks and the Paying Agent (hereinafter collectively called the "Secured Parties" and individually called a "Secured Party"), for the purpose, among other things, of providing (i) certain assurances with respect to the completion of the Project, and (ii) certain undertakings to and for the benefit of the Secured Parties; and

WHEREAS, in extending or continuing to extend credit to AMD Saxonia under the Loan Agreement, the Banks are relying on the undertakings of the Sponsors and Additional Partner Companies contained herein;

NOW, THEREFORE, the Sponsors, the Additional Partner Companies, the Agent (for itself and on behalf of and the Banks), and the Security Agent (on behalf of the Secured Parties), agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, terms used herein have the meanings assigned to such terms in the Sponsors' Support Agreement. In addition, the following terms (whether or not underlined) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Additional Partner Companies" has the meaning assigned to such term in the introduction to this Agreement.

"Agent" has the meaning assigned to such term in the introduction to this Agreement.

"Agreement" means this AMD Inc. Subordination Agreement, as the same may at any time be amended or modified in accordance with the terms hereof and in effect.

"AMD Admin" has the meaning assigned to such term in the introduction to this Agreement.

"AMD Holding" has the meaning assigned to such term in the introduction to this Agreement.

"AMD Inc." has the meaning assigned to such term in the introduction to this Agreement.

"AMD Saxonia" has the meaning assigned to such term in the first recital of this Agreement.

"AMD Saxony LLC" has the meaning assigned to such term in the introduction to this Agreement.

"Bank" and "Banks" have the respective meanings assigned to such term in the second recital of this Agreement.

"Dresdner" has the meaning assigned to such term in the introduction to this Agreement.

"Junior Liabilities" means all obligations and liabilities of AMD Holding and the Additional Partner Companies to AMD Inc., howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent or now or hereafter existing, or due or to become due.

"Loan Agreement" has the meaning assigned to such term in the second recital of this Agreement.

"Loan Agreement Termination Date" means the first date on or as of which (i) all Primary Secured Obligations under the Loan Agreement have been paid in full, and (ii) the Banks have no commitments under or in connection with the Loan Agreement.

"Paying Agent" has the meaning assigned to that term in the second recital of this Agreement.

"Project" has the meaning assigned to such term in the first recital to this Agreement.

"Security Agent" has the meaning assigned to such term in the introduction to this Agreement.

"Secured Parties" and "Secured Party" have the respective meanings assigned to such terms in the fourth recital of this Agreement.

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"Senior Liabilities" means all obligations and liabilities of AMD Holding or any Additional Partner Company to the Agent, the Security Agent, any Bank, the Paying Agent, or either Guarantor under or arising out of any Financing Document, howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent or now or hereafter existing, or due or to become due, it being expressly understood and agreed that the term "Senior Liabilities" shall include, without limitation, any and all interest accruing on any of the Senior Liabilities after the commencement of any proceedings referred to in Section 4 hereof, notwithstanding any provision or rule of law which might restrict the rights of the Security Agent, as against AMD Holding, any Additional Partner Company, or any other Person, to collect such interest.

"Sponsors" has the meaning assigned to such term in the introduction to this Agreement.

"Sponsors' Support Agreement" means the Sponsors' Support Agreement between the Sponsors, the Additional Partner Companies, the Agent and the Security Agent dated 11 March 1997, as amended by the First Amendment to Sponsors' Support Agreement dated 6 February 1998, the Second Amendment to

Sponsors' Support Agreement dated 29 June 1999, the Third Amendment to Sponsors' Support Agreement dated 20 February 2001 and the Accession Agreement and Fourth Amendment to Sponsors' Support Agreement dated of even date herewith, and as the same may at any time be amended or modified in accordance with the terms thereof and in effect.

In this Agreement, unless the context requires otherwise, any reference to an Operative Document or a Project Agreement (including, in each case, any reference thereto as being in the form set out in a Schedule to the Loan Agreement) shall be a reference to such Document or Agreement as it shall have been, or from time to time be, amended, varied, re-issued, replaced, novated or supplemented, in each case, in accordance with its terms and this Agreement. For the avoidance of doubt, any reference in the Agreement to stated capital (Stammkapital), capital reserves or any other similar term relating to the capital structure of a German limited liability company shall, following the Conversion Effective Date (as defined in the Sponsors' Support Agreement), be deemed to be a reference to the capital (Haftsummen and Pflichteinlagen) or capital reserves of a limited partnership under German law, save to the extent the context requires otherwise.

In this Agreement, unless the context requires otherwise, (i) any statutory provisions shall be construed as references to those provisions as amended, modified, re-enacted, or replaced from time to time; (ii) words importing a gender include every gender; (iii) references to Sections and Schedules are to Sections of and Schedules to this Agreement; and (iv) references to this Agreement include its Schedules. Section headings are inserted for reference only and shall be ignored in construing this Agreement. A time of day, unless otherwise specified, shall be construed as a reference to Frankfurt am Main time.

SECTION 2. Obligations of AMD Inc. AMD Inc. will, from time to time, promptly notify the Security Agent of the creation of any Junior Liabilities pursuant to the Sponsors' Loan Agreement.

SECTION 3. Subordination. Except as expressly provided in this Agreement, or as the Agent (acting on the instructions of an Instructing Group) may hereafter otherwise expressly consent in writing, the payment of all Junior Liabilities shall be postponed and subordinated to the payment in full of all Senior Liabilities, and no payments or other distributions whatsoever in respect of any Junior Liabilities shall be made, nor shall any property or assets of AMD Holding or any Additional Partner Company be applied to the purchase or other acquisition or retirement of any Junior Liabilities; provided, however, that as long as no Event of Default nor any Unmatured Event of Default nor with respect to AMD Inc. any event which is of the type described in Section 11.1 (e), (f), (g) or (h) of the AMD Inc. 1999 Loan and Security Agreement has occurred and is continuing, there are excepted from the terms of the provisions of this Section 3 (without duplication):

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- (i) those payments to AMD Inc. made by AMD Holding pursuant to Article II of the Management Service Agreement or pursuant to Article IV of the AMD Holding Wafer Purchase Agreement, in either case without duplication and to the extent not paid by AMD Saxonia pursuant thereto;
- (ii) [intentionally left blank]; and
- (iii) those payments to AMD Inc. made by AMD Holding in accordance with Section 6.3 of the Sponsors' Support Agreement;

and provided, further, that there are excepted from the terms of the foregoing provisions of this Section 3:

- (A) distributions in respect of the Junior Liabilities to the extent such distributions constitute non cash credits expressly permitted to be made under the Management Service Agreement or the AMD Holding Wafer Purchase Agreement; and
- (B) performance by AMD Holding of its obligations (other than payment obligations, if any) under the AMD Holding Wafer Purchase Agreement, the AMD Holding Research Agreement, or the License Agreement.

Moreover, if the AMD Holding Wafer Purchase Agreement or the Management Service Agreement terminates for any reason whatsoever, AMD Holding shall be entitled to credit the amounts payable thereunder against the amounts receivable by it thereunder strictly in accordance with the terms and provisions of each such Operative Document.

SECTION 4. Bankruptcy, Insolvency, etc. In the event of any dissolution, winding up, liquidation, reorganization, or other similar proceedings relating to AMD Holding or an Additional Partner Company, or to their respective creditors, as such, or to their respective property (whether voluntary or involuntary, partial

or complete, and whether in bankruptcy, insolvency, compromise proceedings or any other marshalling of the assets and liabilities of AMD Holding or an Additional Partner Company, or any sale of all or substantially all of the assets of AMD Holding or an Additional Partner Company or otherwise), the Senior Liabilities shall first be paid in full before AMD Inc. shall be entitled to receive and to retain any payment or distribution in respect of the Junior Liabilities, and in order to implement the foregoing, (a) AMD Inc. hereby irrevocably agrees that in such event all payments and distributions of any kind or character in respect of the Junior Liabilities to which AMD Inc. would be entitled if the Junior Liabilities were not subordinated pursuant to this Agreement, shall be made directly to the Security Agent; (b) upon the commencement and during the continuance of any proceedings referred to in this Section 4, the Security Agent shall have the right to require AMD Inc. to claim, enforce, prove, or vote in respect of the Junior Liabilities in such manner as is directed by the Security Agent and is permitted by applicable law, including, without limitation, to direct that all payments and distributions of any kind or character in respect of the Junior Liabilities to which AMD Inc. would be entitled if the Junior Liabilities were not subordinated pursuant to this Agreement, shall be made directly to the Security Agent; provided, that if the Security Agent shall not have required AMD Inc. to claim, enforce, prove, or vote in respect of any of the Junior Liabilities on or before the day which is 10 Business Days before a date on which the failure to so claim, enforce, prove, or vote would invalidate or otherwise materially adversely affect the rights of AMD Inc., AMD Inc. shall have the right to claim, enforce, prove, or vote in respect of such Junior Liabilities in AMD Inc.'s sole discretion; and (c) AMD Inc. hereby irrevocably agrees that, for purposes hereof, the Security Agent may, at its sole discretion for purposes hereof, in the name of AMD Inc. or otherwise, demand, sue for, collect, receive, and receipt for any and all such payments or distributions, and file, prove, and vote, or consent in any such proceedings with respect to, any and all claims of AMD Inc. relating to the Junior Liabilities. Notwithstanding anything to the contrary in the foregoing, this Section 4 shall not apply with respect to Junior Liabilities of AMD Saxony LLC to AMD Inc. which arise following a Substitution.

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SECTION 5. Payments Not to be Commingled. In the event that AMD Inc. receives any payment or other distribution of any kind or character from AMD Holding, or an Additional Partner Company, or from any other source whatsoever in respect of any of the Junior Liabilities, other than as expressly permitted by the terms of this Agreement, such payment or other distribution shall not be commingled with other assets of AMD Inc. and shall be promptly turned over by AMD Inc. to the Security Agent. AMD Inc. will mark its books and records, and cause AMD Holding or the applicable Additional Partner Company, as the case may be, to mark its books and records, as to clearly indicate that the Junior Liabilities are subordinated in accordance with the terms of this Agreement, and will cause to be clearly inserted in any instrument which at any time evidences any of the Junior Liabilities a statement to the effect that the payment thereof is subordinated in accordance with the terms of this Agreement. AMD Inc. will execute such further documents or instruments and take such further action as the Security Agent may reasonably request from time to time to carry out the intent of this Agreement.

SECTION 6. Application of Payments; No Subrogation. All payments and distributions received by the Security Agent in respect of the Junior Liabilities in accordance with the terms thereof, to the extent received in or converted into cash, may be applied by the Security Agent first to the payment of any and all expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Security Agent in enforcing this Agreement or in endeavouring to collect or realize upon any of the Junior Liabilities or any security therefor in accordance with the terms hereof, and any balance thereof shall, solely as between AMD Inc. and the Security Agent, be applied by the Security Agent, in the manner provided by the Loan Agreement, toward the payment of the Senior Liabilities remaining unpaid; but, as between AMD Holding and its creditors or an Additional Partner Company and its creditors, no such payments or distributions of any kind or character shall be deemed to be payments or distributions in respect of the Senior Liabilities; and, notwithstanding any such payments or distributions received by the Security Agent in respect of the Junior Liabilities and so applied by the Security Agent toward the payment of the Senior Liabilities, AMD Inc. shall be subrogated to the then-existing rights of the Agent, the Security Agent, and the Banks, if any, in respect of the Senior Liabilities only at such time as the Agent, the Security Agent, and the Banks, shall have received payment of the full amount of the Senior Liabilities, as provided for in Section 9, or (ii) this Agreement shall terminate pursuant to Section 15. Each Secured Party shall, at AMD Inc.'s request and expense made after such time, execute and deliver to AMD Inc. appropriate documents (without recourse or warranty whatsoever) to evidence the transfer by subrogation to AMD Inc. of an interest in the Senior Liabilities resulting from the application of payments in the manner contemplated by this Section 6. The obligations of the Secured Parties under the preceding sentence shall survive any termination of this Agreement.

SECTION 7. Waivers by AMD Inc. AMD Inc. hereby waives: (a) notice of acceptance by the Agent, the Security Agent, or any Bank, of this Agreement; (b) notice of

the existence or creation or non-payment of all or any of the Senior Liabilities; and (c) all diligence in collection or protection of or realization upon the Senior Liabilities or any thereof or any security therefor.

SECTION 8. Obligations of AMD Inc. AMD Inc. will not, without the prior written consent of the Security Agent: (a) transfer or assign, or attempt to enforce or collect, any Junior Liabilities or any rights in respect thereof except as expressly permitted to be paid pursuant to Section 3 above; provided, that nothing in this Agreement shall be deemed to prevent AMD Inc. from seeking damages, equitable relief, or otherwise enforcing any rights it may have against AMD Holding or any Additional Partner Company arising out of (x) any tort or infringement of AMD Inc. tangible or intangible property rights (including without limitation rights under applicable patent, copyright and trade secret laws and similar principles) to the extent, but only to the extent, such tort or infringement arises after the date of termination of the AMD Holding Wafer Purchase Agreement or (y) any breach by AMD Holding of its obligations under the License Agreement to the extent, but only to the extent, that such breach arises after the date of termination of the AMD Holding Wafer Purchase Agreement; (b) take any collateral security for any Junior Liabilities or (c) commence, or join with any other

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creditor commencing, any bankruptcy, reorganisation, or insolvency proceedings with respect to AMD Holding or any Additional Partner Company. Nothing in this Agreement shall prevent AMD Inc. from forgiving all or any portion of the Junior Liabilities or from converting all or any portion of such Junior Liabilities into, or exchanging such Junior Liabilities for, equity of AMD Holding or equity of AMD Saxony LLC, and any such equity shall not be deemed to be a distribution or payment on such Junior Liabilities for purposes of this Agreement.

SECTION 9. Continuing Subordination. This Agreement shall in all respects be a continuing agreement and shall remain in full force and effect (notwithstanding, without limitation, the dissolution of AMD Inc. or that at any time or from time to time all Senior Liabilities may have been paid in full), but shall automatically terminate on the Loan Agreement Termination Date.

SECTION 10. Rights of the Agent, the Security Agent, and the Banks. The Agent, the Security Agent, and each Bank may, from time to time, at its sole discretion and without notice to AMD Inc., take any or all of the following actions without affecting its or their rights under this Agreement: (a) retain or obtain a security interest in any property of any Person to secure any of the Senior Liabilities; (b) retain or obtain the primary or secondary obligations of any other obligor or obligors with respect to any of the Senior Liabilities; (c) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Senior Liabilities, or release or compromise any obligation of any nature of any obligor with respect to any of the Senior Liabilities; (d) compromise, settle, release, renew, extend, indulge, amend, change, waive, modify, or supplement in any respect any of the terms or conditions of any of the Operative Documents; and (e) release its lien on or security interest in, or surrender, release, or permit any substitution or exchange for, all or any part of any property securing any of the Senior Liabilities, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter, or exchange any obligations of any nature of any obligor with respect to any such property.

SECTION 11. Transfer of Obligations; Enforcement. The Security Agent, the Agent, or any Bank may, from time to time, without notice to AMD Inc., but subject however, to the provisions of Section 26 of the Loan Agreement, assign or transfer any or all of the Senior Liabilities or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein, shall, to the extent of the interest of any such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor. The rights of the Secured Parties hereunder shall be exercisable solely by the Security Agent on behalf of the Secured Parties, unless either the Security Agent is not able pursuant to applicable law to realize the practical benefits of such rights on behalf of the Secured Parties or the limitations set forth in this sentence would otherwise materially adversely affect the rights of the Secured Parties hereunder.

SECTION 12. Additional Provisions. None of the Agent, the Security Agent, or the Banks shall be prejudiced in its rights under this Agreement by any act or failure to act of any of AMD Holding, any Additional Partner Company, or AMD Inc., or any noncompliance of AMD Holding, any Additional Partner Company, or AMD Inc. with any agreement or obligation, regardless of any knowledge thereof which the Agent, the Security Agent, or such Bank may have or with which the Agent, the Security Agent, or such Bank may be charged; and no action of the Agent, the Security Agent, or any Bank permitted hereunder shall in any way affect or impair the rights of the Agent, the Security Agent, or any Bank, and the obligations of AMD Inc., under this Agreement. For the purposes of this subordination, Senior Liabilities shall include all obligations of AMD Holding

and the Additional Partner Companies under or in connection with any of the Operative Documents to the Agent, the Security Agent, and each Bank, notwithstanding any right or power of any AMD Holding, any Additional Partner Company, or anyone else to assert any claim or defence as to the invalidity or unenforceability of any such obligation, and no such claim or defence shall affect or impair the agreements and obligations of AMD Inc. hereunder; provided, however, that Senior Liabilities shall

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not include any obligations or liabilities of AMD Holding or any Additional Partner Company which a court of competent jurisdiction shall have determined (which determination shall be final and unappealable) are invalid or unenforceable.

SECTION 13. Cumulative Remedies; Modifications in Writing. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Agent or the Security Agent at law, in equity, or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Agreement, or consent to any departure by AMD Inc., an Additional Partner Company, or AMD Holding therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Agent and the Security Agent.

SECTION 14. Severability of Provisions. In case any provision of this Agreement is invalid or unenforceable, the validity or enforceability of the remaining provisions hereof shall remain unaffected. The parties hereto shall have an obligation to replace any invalid provision by a valid provision which approximates best the economic purpose of the invalid provision.

SECTION 15. Termination. This Agreement and the obligations of the parties hereunder shall terminate on the Loan Agreement Termination Date; provided, that such obligations shall automatically revive and be reinstated if and to the extent that AMD Holding or any Additional Partner Company shall subsequently have obligations to any of the Secured Parties under or arising out of any of the Financing Documents.

SECTION 16. Assignment. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns; provided, however, that the Security Agent, the Agent, and the Banks may transfer their rights under this Agreement, subject, however, to the provisions of Section 26 of the Loan Agreement; provided, further, that none of AMD Inc., an Additional Partner Company or AMD Holding shall have the right to transfer or assign its rights under this Agreement without the prior written consent of the Agent and the Security Agent; and provided, further, that AMD Holding or an Additional Partner Company may assign this Agreement to the Security Agent as security for the obligations of AMD Holding under the Loan Agreement and the other Operative Documents. Notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, Senior Liabilities shall be and remain Senior Liabilities for the purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor, subject, however, to the provisions of Section 11; provided, however, that, in addition to its rights under Section 11, unless the Security Agent (acting on the instructions of an Instructing Group) shall otherwise consent in writing, the Security Agent shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement for the benefit of the Secured Parties as to those of the Senior Liabilities which have not been so assigned or transferred.

SECTION 17. Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 17. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 17, notices, demands, instructions, and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

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To the Security Agent:

Dresdner Bank AG, as Security Agent  
Ostra Allee 9  
01067 Dresden

Attention: Betreuung Unternehmenskunden  
Facsimile No.: (49) 351 489-1300

To the Agent:

Dresdner Bank Luxembourg S.A., as Agent  
26, rue du Marche-aux-Herbes  
L-2097 Luxembourg  
Attention: Direktion  
Facsimile No.: (352) 4760-824

To AMD Inc.:

Advanced Micro Devices, Inc.  
One AMD Place  
Sunnyvale, California 94088  
Attention: General Counsel  
Facsimile No.: (1) (408) 774 7399

To AMD Holding:

AMD Saxony Holding GmbH  
Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: (49) 351 277 91300

To AMD Saxony LLC:

One AMD Place  
Mailstop 150  
Sunnyvale, CA 94088  
Attention: Manager  
Facsimile No.: (408) 774 7399

To AMD Admin:

Wilschdorfer Landstrasse 101  
01109 Dresden  
Attention: Geschäftsführer  
Facsimile No.: (49) 351 277 91300

SECTION 18. Relationship to Other Agreements. The rights of the Agent and the Security Agent pursuant to this Agreement are in addition to any other rights or remedies which the Agent and the

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Security Agent may have under statutory law or other agreements between one or more of the Agent, the Security Agent, the Banks, AMD Inc., AMD Holding, and the Additional Partner Companies. Where such rights and remedies are in conflict with the provision of this Agreement, the provision of this Agreement shall prevail.

SECTION 19. Governing Law. The form and execution of this Agreement and all rights and obligations of the parties arising hereunder shall be governed by the Laws of the Federal Republic of Germany.

SECTION 20. Jurisdiction. AMD Inc., AMD Holding and the Additional Partner Companies hereby submit to the exclusive jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Agreement. AMD Inc. and AMD Saxony LLC state that Advanced Micro Devices GmbH, Rosenheimerstrasse 143b, 81671 Munich, Germany, Tel.: +49 89 450 530, Fax: +49 89 906 490, is their accredited agent for service of process and hereby undertakes to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent or the Security Agent to take suits, actions, or proceedings against a Sponsor or an Additional Partner Company to enforce any judgment rendered by the courts in Frankfurt am Main in any other court or entity of competent jurisdiction where such Sponsor or Additional Partner Company has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

SECTION 21. Use of English Language. This Agreement has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Agreement shall be in the English language and, if reasonably requested by the Agent, a certified German translation thereof shall be furnished promptly thereafter. In the event of any inconsistency, the English language version of any such document shall control.

SECTION 22. Operative Document. This Agreement is an Operative Document executed pursuant to the Loan Agreement.

[Remainder of this page intentionally left blank]

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IN WITNESS WHEREOF, each of the parties set out below has caused this Agreement to be duly executed and delivered by its respective officer or agent thereunto duly authorised as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By: \_\_\_\_\_

Its \_\_\_\_\_

AMD SAXONY HOLDING GMBH

By: \_\_\_\_\_

Its Managing Director

AMD SAXONY LLC

By: \_\_\_\_\_

Its Manager

AMD SAXONY ADMIN GMBH

By: \_\_\_\_\_

Its Managing Director

DRESDNER BANK LUXEMBOURG S.A.

as Agent

By: \_\_\_\_\_

Its \_\_\_\_\_

DRESDNER BANK AG  
as Security Agent

By: \_\_\_\_\_

Its \_\_\_\_\_

[Signature page to the AMD Inc. Subordination Agreement]

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