SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 1, 1995

OR

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

For the transition period from _____ to _____

Commission File Number 1-7882

ADVANCED MICRO DEVICES, INC

(Exact name of registrant as specified in its charter)

Delaware	94-1692300
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
One AMD Place P. O. Box 3453 Sunnyvale, California	94088-3453
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares of $0.01 par value common stock outstanding as of October 27, 1995: 104,269,884

ADVANCED MICRO DEVICES, INC.

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I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)
(Thousands except per share amounts)

<TABLE>
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	Quarter Ended		Nine Months Ended	
	October 1, 1995	September 25, 1994	October 1, 1995	September 25, 1994
<S>	<C>	<C>	<C>	<C>
Net sales	$ 590,385	$ 543,114	$ 1,836,695	$ 1,589,491
Expenses:				
Cost of sales	344,344	252,409	936,075	718,469
Research and development	100,014	67,759	293,546	203,869
Marketing, general, and administrative	95,525	87,369	289,835	271,994
	539,883	407,537	1,519,456	1,194,332
Operating income	50,502	135,577	317,239	395,159
Interest income and other, net	9,867	394	23,237	10,942
Interest expense	-	(205)	(1)	(1,843)
Income before income taxes and equity in joint venture	60,369	135,766	340,475	404,258
Provision for income taxes	16,517	44,803	108,952	132,155
Income before equity in joint venture	43,852	90,963	231,523	272,103
Equity in net income (loss) of joint venture	12,311	(4,277)	13,426	(7,596)
Net income	56,163	86,686	244,949	264,507
Preferred stock dividends	-	2,587	10	7,762
Net income applicable to common stockholders	$ 56,163	$ 84,099	$ 244,939	$ 256,745
Net income per common share:				
Primary	$ .52	$ .86	$ 2.33	$ 2.64
Fully diluted	$ .52	$ .83	$ 2.29	$ 2.54
Shares used in per share calculation:				
Primary	107,318	97,778	105,167	97,135
Fully diluted	107,319	104,872	107,114	104,264

</TABLE>

See accompanying notes

<TABLE>

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ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Thousands)

	October 1, 1995 (Unaudited)	December 25, 1994 (Audited)
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	$ 178,428	$ 121,343
Short-term investments	314,495	256,511
Total cash, cash equivalents, and short-term investments	492,923	377,854
Accounts receivable, net	344,047	337,107
Inventories:		
Raw materials	31,958	21,604
Work-in-process	68,148	72,632
Finished goods	53,024	34,454
Total inventories	153,130	128,690
Deferred income taxes	98,675	98,675
Prepaid expenses and other current assets	42,887	44,293
Total current assets	1,131,662	986,619
Property, plant, and equipment, at cost	2,844,558	2,464,929
Accumulated depreciation and amortization	(1,258,973)	(1,200,718)
Property, plant, and equipment, net	1,585,585	1,264,211
Investment in joint venture	162,949	124,588
Other assets	87,211	70,284
	$ 2,967,407	$ 2,445,702
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to banks	$ 24,980	$ 32,459
Accounts payable	210,065	149,122
Accrued compensation and benefits	91,487	104,526
Accrued liabilities	101,378	82,570
Litigation settlement	20,000	58,000
Income tax payable	106,034	53,795
Deferred income on shipments to distributors	102,191	83,800
Current portion of long-term debt and capital lease obligations	31,921	27,895
Total current liabilities	688,056	592,167
Deferred income taxes	42,518	42,518
Long-term debt and capital lease obligations, less current portion	216,378	75,752
Commitments and contingencies	--	--
Stockholders' equity:		
Capital stock:		
Serial preferred stock, par value	--	34
Common stock, par value	1,044	956
Capital in excess of par value	727,308	698,673
Retained earnings	1,292,103	1,035,602
Total stockholders' equity	2,020,455	1,735,265
	$ 2,967,407	$ 2,445,702

</TABLE>

See accompanying notes

<TABLE>
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(Thousands)

	Nine Months Ended	
	October 1, 1995	September 25, 1994
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 244,949	$ 264,507
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	179,112	158,560
Net (gain) loss on sale of property, plant, and equipment	(348)	713
Write-down of property, plant, and equipment	513	2,331
Gain realized on available-for-sale securities	(2,707)	--
Compensation recognized under employee stock plans	1,863	1,209
Undistributed (income) loss of joint venture	(13,426)	7,596
Net increase in deferred income taxes	--	(183)
Changes in operating assets and liabilities:		
Net increase in receivables, inventories, prepaid expenses, and other assets	(50,954)	(106,259)
Increase in income tax payable	56,260	53,930
Net increase in payables and accrued liabilities	85,103	17,863
Litigation settlement	(20,000)	--
Net cash provided by operating activities	480,365	400,267
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(487,368)	(292,888)
Proceeds from sale of property, plant, and equipment	3,046	1,244
Purchase of held-to-maturity debt securities	(566,619)	(546,269)
Maturities of held-to-maturity debt securities	508,635	585,646
Proceeds from available-for-sale securities	4,000	--
Investment in joint venture	(18,019)	(75,186)
Net cash used in investing activities	(556,325)	(327,453)
Cash flows from financing activities:		
Proceeds from borrowings	217,465	35,666
Payments on capital lease obligations and other debt	(99,982)	(53,150)
Net proceeds from issuance of stock	18,073	22,596
Redemption of preferred stock	(2,501)	--
Payments of preferred stock dividends	(10)	(7,762)
Net cash provided by (used in) financing activities	133,045	(2,650)
Net increase in cash and cash equivalents	57,085	70,164
Cash and cash equivalents at beginning of period	121,343	60,423
Cash and cash equivalents at end of period	$ 178,428	$ 130,587
Supplemental disclosures of cash flow information:		
Cash paid during the first nine months for:		
Interest (net of amounts capitalized)	$ --	$ 1,983
Income taxes	$ 53,291	$ 77,960
Non-cash financing activities:		
Equipment purchased under capital leases	$ 19,690	$ 30,818
Conversion of preferred stock to common stock	$ 164,127	$ --

</TABLE>
See accompanying notes

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The results of operations for the interim periods shown in this report

are not necessarily indicative of results to be expected for the fiscal year. In the opinion of 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 company uses a 52 to 53 week fiscal year ending on the Sunday closest to December 31. The quarters ended October 1, 1995 and September 25, 1994 included 13 weeks. The nine months ended October 1, 1995 and September 25, 1994 included 40 and 39 weeks, respectively.

Certain prior year amounts on the Condensed Consolidated Financial Statements have been reclassified to conform to the 1995 presentation.

2. AMD has three groundwater contamination sites that are on the Federal Superfund list. The company is in the process of continuing clean-up of its sites.

3. The income tax rates used for the three months and nine months ended October 1, 1995 were 27 percent and 32 percent, respectively. For the same periods in 1994 the company's income tax rate was approximately 33 percent. The lower rate in the third quarter of 1995 resulted from the company's change in its estimated income tax rate for the year from 33 percent to 32 percent.

4. In 1993, the company and Fujitsu Limited established a joint venture, "Fujitsu AMD Semiconductor Limited (FASL)." AMD's share of FASL is 49.95 percent, and this investment is being accounted for under the equity method. For the third quarter of 1995, the company's share of FASL's income was $12.3 million, net of an estimated income tax provision of approximately $6.6 million. For the nine months ended October 1, 1995, the company's share of FASL's income was $13.4 million, net of an estimated income tax provision of approximately $7.2 million. In the third quarter of 1995, FASL approved construction of a second flash memory fab, FASL II, at a site contiguous to the existing FASL facility in Aizu-Wakamatsu, Japan. Ground-breaking on FASL II will be in the first quarter of 1996.

5. The following is a summary of held-to-maturity securities as of October 1, 1995 (in thousands):

<TABLE>

<S>	<C>
Cash and cash equivalents	
Money market preferreds	$ 84,747
Commercial paper	16,928
Security repurchase agreements	20,700
Other	379
Total cash equivalents	122,754
Cash	55,674
Total cash and cash equivalents	$178,428
Short-term investments	
Commercial paper	$ 75,787
Certificates of deposit	115,558
Corporate notes	28,907
Other	94,243
Total short-term investments	$314,495

</TABLE>

Since the company's held-to-maturity securities are short-term in nature, changes in market interest rates would not have a significant impact on the fair value of these securities. These securities are carried at amortized cost which approximates fair value.

As of October 1, 1995, the company held $14.5 million of available-for-sale equity securities with a fair value of $44.9 million which are included in other assets. The net unrealized gain on these equity securities is included in retained earnings.

6. The primary net income per common share computation is based on the weighted average number of common shares outstanding plus dilutive common share equivalents. The fully diluted computation also includes other dilutive convertible securities. In the first quarter of 1995, the company called for redemption all outstanding shares of its Convertible Preferred Stock. As a result, all of its outstanding Preferred Stock was either redeemed or converted to the company's

common stock. Shares used in the per share computations are as follows:

<TABLE>
<CAPTION>

	Quarter Ended		Nine Months Ended	
	October 1, 1995	September 25, 1994	October 1, 1995	September 25, 1994
	(Thousands)		(Thousands)	
<S>	<C>	<C>	<C>	<C>
Primary:				
Common shares outstanding	103,958	94,182	101,582	93,458
Employee stock plans	3,360	3,596	3,585	3,677
	107,318	97,778	105,167	97,135
Fully diluted:				
Common shares outstanding	103,958	94,182	101,582	93,458
Employee stock plans	3,361	3,837	3,741	3,951
Preferred stock	-	6,853	1,791	6,855
	107,319	104,872	107,114	104,264

</TABLE>

7. On October 20, 1995, AMD and NexGen, Inc. (NexGen) signed a definitive agreement under which AMD would acquire NexGen in an all-stock transaction. In accordance with the agreement NexGen shareholders will receive eight-tenths of a share of AMD common stock for each of NexGen's approximately 42 million shares of common stock outstanding, common stock equivalents, and other potentially dilutive securities. The transaction is expected to be accounted for as a pooling of interests and structured as a tax free exchange. The transaction is expected to close in the first quarter of 1996.

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

The following discussion should be read in conjunction with the attached condensed consolidated financial statements and notes thereto, and with the company's audited financial statements and notes thereto for the fiscal year ended December 25, 1994.

RESULTS OF OPERATIONS

Net sales for the third quarter and first nine months of 1995, rose by 9 percent and 16 percent, respectively, from the corresponding periods of 1994. These increases were primarily attributable to growth in flash memory sales and secondarily due to an increase in sales of communication products. Net sales for the third quarter of 1995 decreased 6 percent from the immediate prior quarter. This decrease was primarily attributable to a decline in Am486(R) sales caused by significantly lower average selling prices.

In the first nine months of 1995 compared to the same period of 1994, Am486 microprocessor sales increased slightly due to a significant increase in unit shipments, offset by declines in average selling prices. In the third quarter of 1995 compared to the same quarter of 1994, Am486 microprocessor sales decreased significantly due to average selling price declines, partially offset by increases in unit sales. Am486 microprocessor sales also declined significantly from the second quarter of 1995 to the third quarter of 1995 due to decreases in average selling prices while unit shipments remained relatively flat. Price declines are anticipated to continue.

Am486 microprocessor products contributed a significant portion of the company's revenues and profits in 1994 and 1995. However, the company expects Am486 microprocessor revenues, margins, and profits in 1996 to be below those of 1995. AMD's microprocessor product revenues and profits will depend on the timing of new product introductions, market acceptance of new products, market demand, pricing pressures and the company's ability to meet demand.

Flash memory was the company's highest revenue producing product line for the first time in the third quarter of 1995. Sales of flash memory devices for the third quarter and first nine months of 1995 increased significantly as compared to the same periods in the prior year primarily due to increased unit shipments. The company plans to meet projected long-term

demand for flash memory devices primarily through a manufacturing joint venture, Fujitsu AMD Semiconductor Limited (FASL).

Am486 is a registered trademark of Advanced Micro Devices, Inc.
K86, K86 RISC SUPERSCALAR, AMD-K5, and AMD-K6 are trademarks of Advanced Micro Devices, Inc.
Nx686 is a trademark of NexGen, Inc.

Revenues from communication products for the third quarter and first nine months of 1995 increased as compared to the same periods a year ago primarily due to growth in the Ethernet family of products. Sales of CMOS programmable logic devices in the third quarter and first nine months of 1995 increased from comparable periods in 1994 primarily due to increased unit shipments. For the third quarter and first nine months of 1995, EPROM sales decreased as compared to the same periods in 1994 primarily due to declines in market demand.

Gross margins of 42 percent and 49 percent for the third quarter and first nine months of 1995 declined approximately 12 percent and 6 percent, respectively, from comparable periods in 1994. The decreases in gross margin were attributable primarily to Am486 price decreases and secondarily to the purchase price of FASL products, which are higher than the costs of similar products manufactured internally. The impact of gross margin declines caused by purchase of FASL products was partially offset by the company's share of FASL income. Pricing pressures on Am486 microprocessors are expected to continue. Gross margin is also anticipated to decline further through 1995 due to increasing purchases from FASL and the transition of Fab 25 costs from research and development to cost of sales as production volumes increase.

Research and development expenses increased in the third quarter and first nine months of 1995 from the corresponding periods in the prior year. These increases were primarily due to higher Fab 25 spending and secondarily due to increased microprocessor development cost. Research and development expenses remained relatively flat compared to the immediate prior quarter. Research and development expenses may decline for the remainder of 1995 as compared to the first nine months of 1995, as the allocation of Fab 25 costs shifts from research and development to cost of sales.

Marketing, general, and administrative expenses remained relatively flat in the third quarter and first nine months of 1995 from the corresponding periods a year ago.

The income tax rates used for the three months and nine months ended October 1, 1995 were 27 percent and 32 percent, respectively. For the same periods in 1994 the company's income tax rate was approximately 33 percent. The lower rate in the third quarter of 1995 resulted from the company's change in its estimated income tax rate for the year from 33 percent to 32 percent.

International sales were 56 percent of total sales for the third quarter and 57 percent of total sales for the first nine months of 1995 as compared to 55 percent and 54 percent, respectively, for the comparable periods in 1994.

For the first three quarters of 1995, approximately 13 percent of the company's net sales were denominated in foreign currencies. The company does not have sales denominated in local currencies in those countries which have highly inflationary economies. The impact on the company's operating results from changes in foreign currency rates individually and in the aggregate has not been material.

The company enters into foreign exchange forward contracts to buy and sell currencies as economic hedges of the company's foreign net monetary asset position. In the third quarter of 1995, these hedging transactions were denominated in lira, yen, French franc, deutsche mark, and pound sterling. The maturities of these contracts are generally short-term in nature. The company believes its foreign exchange contracts do not subject the company to material risk from exchange rate movements because gains and losses on these contracts are designed to offset losses and gains on the net monetary asset position being hedged. Net foreign currency gains and losses have not been material. As of October 1, 1995, the company had approximately $54.7 million (notional amount) of foreign exchange forward contracts.

The company has engaged in interest rate swaps primarily to reduce its interest rate exposure by changing a portion of the company's interest rate obligation from a floating rate to a fixed rate basis. At the end of the third quarter of 1995, the net outstanding notional amount of interest rate swaps was $190 million, of which $150 million will mature in 1996 and $40

million will mature in 1997. Gains and losses related to these interest rate swaps have been immaterial.

The company primarily addresses market risk by participating as an end-user in various derivative markets to manage its exposure to interest and foreign currency exchange rate fluctuations. The counterparties to the company's foreign exchange forward contracts, and interest rate swaps consist of a number of major, high credit quality, international financial institutions. The company does not believe that there is significant risk of nonperformance by these counterparties because the company continually monitors the credit ratings of such counterparties, and reduces the financial exposure by limiting the amount of agreements entered into with any one financial institution.

FINANCIAL CONDITION

Cash, cash equivalents, and short-term investments increased by $115.1 million from the end of 1994 to October 1, 1995. This increase was primarily attributable to a $150 million term loan obtained in January of 1995. Cash generated from operating activities in the first three quarters of 1995 was offset by investments in property, plant and equipment to expand manufacturing capacity primarily related to Fab 25. The company plans to continue to make significant capital investments throughout 1995 and 1996, including an estimated $400 million for Fab 25 through the end of 1996.

Working capital increased by $49.1 million from $394.5 million at the end of 1994 to $443.6 million in the third quarter of 1995. This increase was primarily due to higher cash, cash equivalents, and short-term investments.

At the end of the third quarter of 1995, the company's total cash investment in FASL was $160.4 million as compared to $142.4 million at the end of 1994. No additional cash investment is currently planned for the remainder of 1995. In the first quarter of 1996, ground-breaking will begin on FASL II, a second flash memory fab planned for Aizu-Wakamatsu, Japan. The planned $1.1 billion in capital expenditures for FASL II construction is expected to be funded by the anticipated income from FASL operations and bank borrowings by FASL. However, in the event that FASL is unable to secure the necessary funds for FASL II, AMD is required to contribute cash or guarantee third-party loans in proportion to its percentage of interest in FASL. The planned FASL II costs are denominated in yen and therefore are subject to change due to foreign exchange rate fluctuations.

As of the end of the third quarter of 1995, the company had the following financing arrangements: unsecured committed bank lines of credit of $250 million, unutilized; long-term secured equipment lease lines of $125 million, which were fully utilized; short-term, unsecured uncommitted bank credit in the amount of $128 million, of which $25 million was utilized; and an outstanding $150 million four-year term loan.

The company's current capital plan and requirements are based on various product-mix, selling-price and unit-demand assumptions and are, therefore, subject to revision due to future market conditions.

On May 25, 1994, the Securities and Exchange Commission declared effective the company's shelf registration statement covering up to $400 million of its securities, which may be either debt securities, preferred stock, depositary shares representing fractions of shares of preferred stock, common stock, warrants to purchase common stock, or any combination of the foregoing which the company may offer from time to time in the future. To date, the company has not offered or sold any securities registered under the $400 million registration statement. The nature and terms of the securities will be established at the time of their sale. The company may offer the securities through underwriters to be named in the future, through agents or otherwise. It is presently expected that the net proceeds of any offering would be used for general corporate purposes including but not limited to the reduction of outstanding indebtedness, working capital increases and capital expenditures.

The company believes that cash flows from operations and current cash balances, together with current and anticipated available long-term financing, will be sufficient to fund operations and capital investments currently planned for the remainder of 1995 and 1996.

FACTORS THAT MAY AFFECT FUTURE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The semiconductor industry is generally characterized by a highly competitive and rapidly changing environment in which operating results are often subject to the effects of new product introductions, manufacturing

technology innovations, rapid fluctuations in product demand, the availability of manufacturing capacity, and the ability to secure and maintain intellectual property rights. While the company attempts to identify and respond to rapidly changing events and conditions as soon as possible, the anticipation of and reaction to such events are an ongoing challenge.

The company believes that its future results of operations and financial condition could be impacted by any of the following factors: market acceptance and timing of new products; continued market acceptance of personal computer industry standards applicable to the company's products; trends in the personal computer marketplace; capacity constraints; intense price competition; interruption in procuring needed manufacturing materials; disruption of manufacturing facilities; the company's ability to access financing in the debt and equity markets; and changes in domestic and international economic conditions.

Although Am486 microprocessors have significantly contributed to the company's revenues and profits, there can be no assurance that there will be continued market acceptance of Am486 microprocessors. A gap in time between the cessation of market demand for Am486 microprocessors and volume availability of AMD's next generation of microprocessors could have a material adverse effect on the company's financial results. The company's next generation K86 RISC SUPERSCALAR(TM) products are being designed to be Microsoft(R) Windows(R)-compatible and to compete with Intel's post-486 generations of X86 microprocessors, including the Pentium and the Pentium Pro. Volume production of the initial K86(TM) products, a 75 MHz device tentatively known as the SSA/5-75, is anticipated to begin in the first half of 1996. K86 products designed to achieve a performance advantage over existing Pentium microprocessors are expected to be in volume production in the second half of 1996. There can be no assurance that the company will be able to introduce its K86 products in a timely manner to meet competition, that these microprocessors will not face severe price competition, that these microprocessors will achieve planned design performance, or that superior competitive products will not be introduced. There can be no assurance that the K86 products will achieve market acceptance or desired financial results. Any such failure could materially adversely affect the company's future operating results.

The substantial resources which the company has devoted to the development of the AMD-K5(TM) in the third quarter of 1995 has impacted the company's efforts to develop successive generation products, such as those designed to compete with the Pentium Pro and Intel's subsequent generation products. To the extent that the

introduction of each generation of K86 products is delayed, the company's revenues, margins and profits will be materially adversely affected.

Compaq Computer Corporation ("Compaq") has advised the company that it is reviewing its practice of purchasing microprocessors from suppliers other than Intel, and is in the process of determining whether it will purchase microprocessors from suppliers other than Intel in the near term. The company believes that Compaq will consider the purchase of the company's K86 microprocessors when they become available, but no assurance can be given that any purchases will be made by Compaq or, if they are, that they will not be terminated by Compaq due to the availability of competing microprocessor products.

On October 20, 1995, the company and NexGen, Inc. ("NexGen") executed an Agreement and Plan of Merger (the "Merger Agreement", a copy of which is attached to this report). A more complete discussion concerning the Merger Agreement is set forth in item 5 of this Report. The company has announced its intention to bring to production status NexGen's sixth-generation Nx686(TM) design in order to market the product as the AMD-K6(TM) microprocessor, the next generation of the AMD K86 SUPERSCALAR series. The company has also announced its intention to cease activity on its own sixth-generation design project in order to devote its related resources to future microprocessor generations. As a result, if the transaction provided for in the Merger Agreement were not to occur, the company would experience significant delays in bringing its own sixth-generation microprocessor product to production status.

The company has entered into a number of licenses and cross-licenses relating to several of the company's products. As is common in the semiconductor industry, from time to time the company has been notified that it may be infringing other parties' patents or copyrights. While patent and copyright owners in such instances often express a willingness to resolve the dispute or grant a license, no assurance can be given that all necessary licenses will be honored or obtained on satisfactory terms, nor that the ultimate resolution of any material dispute concerning the company's present or future products will not have an adverse impact on the company's future results of operations or financial condition.

Due to the factors noted above, the company's future operations, financial condition, and stock price may be subject to volatility. In addition, an actual or anticipated shortfall in revenue, gross margins, or earnings from securities analysts' expectations could have an immediate adverse effect on the trading price of the company's common stock in any given period.

II. OTHER INFORMATION

Item 5. Other Information

On October 20, 1995, the company and NexGen, Inc. ("NexGen") executed an Agreement and Plan of Merger (the "Merger Agreement"). Under the terms of the Merger Agreement, a wholly owned subsidiary of the company would be merged into NexGen (the "Merger"), and NexGen would become a wholly owned subsidiary of the company. Upon consummation of the Merger, each issued and outstanding share of the Common Stock of NexGen would be converted into the right to receive eight-tenths (0.8) of a share of the Common Stock of the Company. NexGen has approximately 42 million shares of common stock outstanding, common stock equivalents, and other potentially dilutive securities. The transaction is intended to be a tax free exchange for NexGen's stockholders.

If approved, the transaction is expected to close in the first quarter of calendar 1996. There can be no assurance, however, that the transaction will be consummated. The consummation of the transaction is subject to customary conditions, including shareholders' approval and clearance by governmental agencies.

Stockholders of NexGen holding approximately 38% of its outstanding Common Stock have executed Voting Agreements pursuant to which they have agreed to vote their shares in favor of the Merger.

Concurrently with the execution of the Merger Agreement, the company and NexGen also executed a Secured Credit Agreement (the "Credit Agreement") pursuant to which the company has agreed to provide NexGen with a revolving line of credit in the aggregate principal amount of up to $30,000,000 until December 31, 1995, up to $50,000,000 from January 1, 1996, until March 31, 1996, and up to $60,000,000 from April 1, 1996, until June 30, 1996. Borrowings under the Credit Agreement will bear interest at prime plus 3.5% and will be secured by all tangible and intangible assets of NexGen, but will be subordinated to the existing senior indebtedness of NexGen. All outstanding principal and accrued interest on borrowings under the Credit Agreement are due 12 months after the termination of the Merger Agreement for any reason, or earlier if and when any person other than the company acquires more than 50% of NexGen's outstanding Common Stock but in any event not later than June 30, 1997.

ITEM 6. EXHIBITS AND REPORT ON FORM 8-K

A. Exhibits

2.	Agreement and Plan of Merger dated October 20, 1995 among the company, AMD Merger Corporation and NexGen, Inc.
3.4	Bylaws, as amended
10.17(c)	Letter Agreement dated August 4, 1995, between the company and Anthony Holbrook (amending that certain Letter Agreement filed as exhibit 10.17(b) to the company's annual report on Form 10-K for the fiscal year ended December 25, 1994).
10.28(a)	First Amendment to Credit Agreement, dated as of April 7, 1995, amending the Credit Agreement dated as of September 21, 1994, by and among the company, Bank of America National Trust and Savings Association, as Agent, and the lenders named therein which was filed as Exhibit 10.1 to the company's Quarterly Report on Form 10-Q for the period ended September 25, 1994 and incorporated by reference in the company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994 as Exhibit 10.28.
10.28(b)	Second Amendment to Amended and Restated Credit Agreement, dated as of October 20, 1995, amending the Credit Agreement dated as of September 21, 1994 (as amended by the First Amendment to Credit Agreement dated as of April 7, 1995, filed herein as Exhibit 10.28(a)), by and among the company, Bank of America National Trust and Savings Association, as Agent, and the lenders named

therein.

10.29(a) Third Amended and Restated Guaranty dated August 21, 1995 by the company in favor of CIBC, Inc. (replacing in entirety the Amended and Restated Guaranty and the First Amendment thereto filed as exhibits 10.29(a) and 10.29(b), respectively, to the company's annual report on Form 10-K for the fiscal year ended December 25, 1994).

10.29(b) Third Amendment to Building Lease dated August 21, 1995, by and between CIBC, Inc. and AMD International Sales and Service, Inc. (amending the Building Lease filed as exhibit 10.29(c) to the company's annual report on Form 10-K for the fiscal year ended December 25, 1994).

10.29(c) Third Amendment to Land Lease dated August 21, 1995, by and between CIBC, Inc. and AMD International Sales and Service, Inc. (amending the Land Lease filed as exhibit 10.29(f) to the company's annual report on Form 10-K for the fiscal year ended December 25, 1994).

10.29(d) First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, amending the Third Amended and Restated Guaranty dated August 21, 1995, made by the company in favor of CIBC Inc. and filed herein as Exhibit 10.29(a).

10.39(a) First Amendment to Term Loan Agreement, dated as of October 20, 1995, amending the Term Loan Agreement dated as of January 5, 1995, by and among the company, ABN AMRO Bank N. V., as Administrative Agent, and the lenders named therein which was filed as Exhibit 10.39 to the company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994.

10.40 Secured Credit Agreement dated October 20, 1995, between the company and NexGen, Inc., and First Amendment to Secured Credit Agreement dated as of October 30, 1995 (incorporated by reference to Annex 1 of the Agreement and Plan of Merger attached as Exhibit 2 to this report).

27.1 Financial Data Schedule

B. Report on Form 8-K

The following report on Form 8-K was filed during the quarter for which this report is filed:

1. Current Report on Form 8-K, dated September 25, 1995, filed on September 29, 1995, reporting under Item 5, the information contained in the company's press release dated September 25, 1995, which is attached as an exhibit to the report.

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: November 1, 1995 By: /s/ Geoffrey Ribar

Geoffrey Ribar
Vice President and
Corporate Controller

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

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Exhibits

2.	Agreement and Plan of Merger dated October 20, 1995 among the company, AMD Merger Corporation and NexGen, Inc.
3.4	Bylaws, as amended
10.17(c)	Letter Agreement dated August 4, 1995, between the company and Anthony Holbrook (amending that certain Letter Agreement filed as exhibit 10.17(b) to the company's annual report on Form 10-K for the fiscal year ended December 25, 1994).
10.28(a)	First Amendment to Credit Agreement, dated as of April 7, 1995, amending the Credit Agreement dated as of September 21, 1994, by and among the company, Bank of America National Trust and Savings Association, as Agent, and the lenders named therein which was filed as Exhibit 10.1 to the company's Quarterly Report on Form 10-Q for the period ended September 25, 1994 and incorporated by reference in the company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994 as Exhibit 10.28.
10.28(b)	Second Amendment to Amended and Restated Credit Agreement, dated as of October 20, 1995, amending the Credit Agreement dated as of September 21, 1994 (as amended by the First Amendment to Credit Agreement dated as of April 7, 1995, filed herein as Exhibit 10.28(a)), by and among the company, Bank of America National Trust and Savings Association, as Agent, and the lenders named therein.
10.29(a)	Third Amended and Restated Guaranty dated August 21, 1995 by the company in favor of CIBC, Inc. (replacing in entirety the Amended and Restated Guaranty and the First Amendment thereto filed as exhibits 10.29(a) and 10.29(b), respectively, to the company's annual report on Form 10-K for the fiscal year ended December 25, 1994).
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10.40	Secured Credit Agreement dated October 20, 1995, between the company and NexGen, Inc. and First Amendment to Secured Credit Agreement dated as of October 30, 1995 (incorporated by reference to Annex 1 of the Agreement and Plan of Merger attached as Exhibit 2 to this report).
27.1	Financial Data Schedule

EXHIBIT 2

AGREEMENT AND PLAN OF MERGER

DATED OCTOBER 20, 1995

AMONG

ADVANCED MICRO DEVICES, INC.,

AMD MERGER CORPORATION

AND

NEXGEN, INC.

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (the "Agreement") dated as of October 20, 1995, by and among ADVANCED MICRO DEVICES, INC., a Delaware corporation (hereinafter referred to as "AMD"), AMD MERGER CORPORATION, a Delaware corporation (hereinafter referred to as "AMD Merger"), and NEXGEN, INC., a Delaware corporation (hereinafter referred to as "NexGen").

A. AMD has formed AMD Merger as a wholly-owned subsidiary in order to effect the merger of AMD Merger with and into NexGen (the "Merger") in accordance with the laws of the State of Delaware and in accordance with this Agreement so that upon consummation of the Merger, NexGen will be a wholly-owned subsidiary of AMD and AMD Merger will cease to exist; and

B. This Agreement has been approved by the Boards of Directors of AMD, AMD Merger and NexGen, by AMD in its capacity as the sole stockholder of AMD Merger, and will be submitted for approval by the stockholders of AMD and NexGen; and

C. The Merger is intended to qualify as a tax-free reorganization within the meaning of the provisions of Section 368 of the Internal Revenue Code of 1986, as it may be amended from time to time (the "Code"); and

D. AMD and NexGen have entered into a Credit Agreement, dated as of the date hereof, in the form attached hereto as Annex 1 and forming an integral part of this Agreement (the "Credit Agreement").

NOW, THEREFORE, in consideration of their mutual covenants, promises and obligations contained in this Agreement and the Credit Agreement, the parties hereto agree as follows:

SECTION 1

THE MERGER

1.1 Merger. At the Effective Time (as hereinafter defined) AMD Merger shall be merged with and into NexGen, whereupon the separate existence of AMD Merger shall cease, and NexGen shall be the surviving corporation. The above notwithstanding, at the election of AMD, the Merger shall be restructured such that either (i) NexGen shall be merged with and into AMD, whereupon the separate existence of NexGen shall cease, AMD shall be the surviving corporation, and AMD Merger shall not be a constituent corporation of the Merger, or (ii) NexGen shall be merged with and into AMD Merger, whereupon the separate existence of NexGen shall cease, and AMD Merger shall be the surviving corporation; provided, however, that in each case, AMD's right to elect an alternative structure shall be subject to the condition that the

Merger will qualify as a tax-free reorganization within the meaning of the provisions of Section 368 of the Code.

1.2 Closing. The transactions contemplated by this Agreement shall be consummated at a closing (the "Closing") which will take place at the offices of Bronson, Bronson & McKinnon, 505 Montgomery Street, San Francisco, California as soon as practicable after the respective stockholders of AMD and NexGen shall have approved the Merger, as provided in Section 1.9 of this Agreement; provided, however, that if any condition of Closing specified in Sections 7 through 9 has not been satisfied, NexGen or AMD, as the case may be, may postpone the Closing until a date which is promptly after the satisfaction of such condition, but in no event shall such postponement extend beyond June 30,

1996. Notwithstanding the foregoing, the Closing may take place at such other place, time or date as may be agreed upon by NexGen and AMD. The date of the Closing is referred to in this Agreement as the "Closing Date."

1.3 Consummation of Transactions. If, at the Closing, no condition exists which would permit any of the parties to terminate this Agreement or a condition then exists and the party entitled to terminate because of that condition elects not to do so, then the Merger shall be consummated, and then and thereupon AMD Merger and NexGen will each carry out the procedures specified under the applicable provisions of the Delaware General Corporation Law, as amended (the "DGCL"), including filing a Certificate of Merger with the Secretary of State of the State of Delaware, whereupon the Merger shall become effective. The time that the Merger shall become effective is referred to in this Agreement as the "Effective Time."

1.4 Effect of Transactions. The Merger shall have the effects set forth in Section 259 of the DGCL.

1.5 Conversion of NexGen Common Stock. (a) At the Effective Time, (i) each issued and outstanding share of NexGen common stock, par value $.0001 per share ("NexGen Common Stock") shall cease to be an existing and issued share and shall become and be converted into, by virtue of the Merger and without any action on the part of the holder thereof, the right to receive, upon surrender of the certificate representing such share and in exchange therefor, 8/10th's of a share (the "Exchange Ratio") of AMD common stock, $.01 par value ("AMD Common Stock"); such shares shall be fully paid and nonassessable; and (ii) each issued and outstanding share of AMD Merger Common Stock, par value $.01 per share, shall be converted into one (1) issued and outstanding share of NexGen Common Stock.

(b) In the case of any consolidation or merger of AMD with or into another corporation other than a merger with another corporation in which AMD is a continuing corporation and which

does not result in any reclassification or change of AMD Common Stock, at the Effective Time, (i) each issued and outstanding share of NexGen Common Stock shall cease to be an existing and issued share and shall become and be converted into, by virtue of the Merger and without any action on the part of the holder thereof, the right to receive, upon surrender of the certificate representing such share and in exchange therefor, 8/10th's of the kind and amount of shares of stock or other securities receivable upon such consolidation or merger by a holder of one (1) share of AMD Common Stock; such securities shall be fully paid and nonassessable; and (ii) each issued and outstanding share of AMD Merger Common Stock, par value $0.01 per share, shall be converted into one (1) issued and outstanding share of NexGen Common Stock. Upon any such consolidation or merger, to the extent reasonably deemed necessary by NexGen, AMD or the successor corporation shall execute appropriate documentation to insure the result provided for in this Section 1.5(b).

1.6 Surrender and Payment. (a) Prior to the Effective Time, AMD shall appoint an agent reasonably satisfactory to NexGen (the "Exchange Agent") for the purpose of exchanging certificates representing shares of NexGen Common Stock as provided in Section 1.5. At the Effective Time, AMD will deposit with the Exchange Agent certificates representing the aggregate number of shares of AMD Common Stock to be issued in respect of shares of NexGen Common Stock. Promptly after the Effective Time, AMD will send, or will cause the Exchange Agent to send, to each holder of shares of NexGen Common Stock at the Effective Time a letter of transmittal for use in such exchange (which shall specify that the delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the certificates representing shares of NexGen Common Stock to the Exchange Agent.

(b) Each holder of shares of NexGen Common Stock that have been converted into a right to receive shares of AMD Common Stock upon surrender to the Exchange Agent of a certificate or certificates representing such shares of NexGen Common Stock, together with a properly completed letter of transmittal covering such shares, will be entitled to receive the shares of AMD Common Stock issuable in respect of such shares. Until so surrendered, each such certificate shall, after the Effective Time, represent for all purposes only the right to receive such shares of AMD Common Stock.

(c) If any shares of AMD Common Stock are to be paid to a person other than the registered holder of the shares of NexGen Common Stock represented by the certificate or certificates surrendered in exchange therefor, it shall be a condition to such payment that the certificate or certificates so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such payment shall pay to the

Exchange Agent any transfer or other taxes required as a result of such payment to a person other than the registered holder of such shares of NexGen Common Stock or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(d) After the Effective Time, there shall be no further registration of transfers of shares of NexGen Common Stock. If, after the Effective Time, certificates representing shares of NexGen Common Stock are presented to NexGen or AMD, they shall be canceled and exchanged for shares of AMD Common Stock in accordance with the procedures set forth herein.

(e) Any shares of AMD Common Stock deposited with the Exchange Agent pursuant to Section 1.6(a) that remain unclaimed by the holders of shares of NexGen Common Stock twelve months after the Effective Time shall be returned to AMD upon demand, and any such holder who has not exchanged his shares of NexGen Common Stock for AMD in accordance with this Section 1.6 prior to that time shall thereafter look only to AMD for his claim for AMD Common Stock, any cash in lieu of fractional shares of AMD Common Stock and any dividends or distributions with respect to AMD Common Stock. Notwithstanding the foregoing, AMD shall not be liable to any holder of shares of AMD Common Stock for any amount paid to a public official pursuant to applicable abandoned property laws.

(f) No dividends or other distributions with respect to the AMD Common Stock to be issued in the Merger shall be paid to the holder of any unsurrendered certificates representing shares of NexGen Common Stock until such certificates are surrendered as provided in this Section 1.6. Upon such surrender, there shall be paid, without interest, to the holder of the AMD Common Stock into which such shares of NexGen Common Stock were converted, (1) all dividends and other distributions in respect of AMD Common Stock that are payable on a date subsequent to, and the record date for which occurs after, the Effective Time, and (2) all dividends or other distributions in respect of shares of NexGen Common Stock that are payable on a date subsequent to, and the record date for which occurs before, the Effective Time.

1.7 Fractional Shares. No fractional shares of AMD Common Stock will be issued in connection with the Merger and no certificate therefor will be issued. In lieu of such fractional shares, any holder of NexGen Common Stock who would otherwise be entitled to a fraction of a share of AMD Common Stock shall, upon surrender of his certificate or certificates representing NexGen Common Stock, be paid an amount in cash (without interest) determined by multiplying such fraction by the average of the last reported sales price, regular way, of AMD Common Stock on the New York Stock Exchange (the "NYSE") for the twenty trading days immediately preceding the Closing. The Exchange Agent will,

subject to any applicable abandoned property or similar law, until one year after the Effective Time, pay to such holders, upon surrender of their certificates, representing NexGen Common Stock outstanding immediately prior to the Effective Time, the cash value of such fractions so determined, without interest. This obligation shall be assumed by AMD one year after the Effective Time subject to any applicable statute of limitations or any abandoned property or similar law.

1.8 Assumption of Stock Options and Warrants. At the Effective Time, all options or rights to purchase NexGen Common Stock then outstanding under the NexGen 1995 Employee Stock Purchase Plan, the NexGen 1987 Stock Plan, and the NexGen 1995 Stock Plan (the "NexGen Options"), all outstanding warrants to purchase NexGen Common Stock (the "NexGen Warrants") and the option of ASCII to acquire NexGen Common Stock under the ASCII Notes described in Section 2.2(b) shall be assumed by AMD in accordance with the provisions of Section 5.3 hereof.

1.9 Stockholders' Approvals. AMD and NexGen shall each call a meeting of their respective stockholders to consider and vote upon the approval of this Agreement and the Merger contemplated hereby (the "AMD Stockholders' Meeting" and the "NexGen Stockholders' Meeting"), all in accordance with the provisions of the DGCL and the Securities Exchange Act of 1934, as amended ("the Exchange Act"), as soon as practicable after AMD's registration statement on Form S-4 relating to the shares of AMD Common Stock to be issued in connection with the Merger (the "S-4") shall have been declared effective by the Securities and Exchange Commission (the "SEC") and the Proxy Statement, as defined in Section 4.2(c), has been cleared by the SEC.

1.10 Certificate of Incorporation, By-laws, Directors and Officers of Surviving Corporation. At the Effective Time of the Merger, (i) the Certificate of Incorporation and By-laws of NexGen, as in effect immediately prior thereto,

shall be and remain the Certificate of Incorporation and By-laws of the surviving corporation until thereafter amended in accordance with applicable law and (ii) the officers and directors of NexGen shall be as set forth below:

<TABLE>
<S>	<C>
Directors:	W.J. Sanders III Richard Previte S. Atiq Raza
Officers:	S. Atiq Raza, President and Secretary Anthony S.S. Chan, Treasurer
</TABLE>

1.11 Accounting Treatment. The parties intend that the Merger will be treated as a pooling-of-interests for accounting purposes by AMD.

1.12 Tax Consequences. For federal income tax purposes, the Merger is intended to constitute a tax-free reorganization within the meaning of Section 368(a) of the Code.

1.13 Stock Subject to Conditions of Forfeiture. All shares of AMD Common Stock which are received in the Merger in exchange for shares of NexGen Common Stock which, under agreements with NexGen or its subsidiaries, are unvested or subject to a repurchase option or other condition of forfeiture which, by its terms, does not terminate due to the Merger will also be unvested or subject to the same repurchase option or other condition, as the case may be, and the certificates evidencing such shares will be marked with appropriate legends.

SECTION 2

REPRESENTATIONS AND WARRANTIES OF NEXGEN

Except as set forth in the schedule of disclosures and exceptions delivered to AMD contemporaneously with the execution of this Agreement and initialled by an officer of NexGen (the "NexGen Disclosure Schedule"), the sections of which are numbered to correspond to the section numbers of this Agreement, NexGen represents and warrants to AMD and AMD Merger as follows:

2.1 Organization; Qualification. NexGen is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. NexGen has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted and is duly qualified and in good standing to do business as a foreign corporation in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to have such power and authority or to be so duly qualified and in good standing would not, in the aggregate, have a material adverse effect on the business, operations or financial condition of NexGen. NexGen has previously delivered to AMD complete and correct copies of NexGen's Certificate of Incorporation and Bylaws.

2.2 Capitalization.

(a) NexGen's authorized capital stock consists of 125,000,000 shares of NexGen Common Stock, $0.0001 par value per share, and 5,000,000 shares of Preferred Stock, $0.0001 par value per share. As of September 30, 1995, 33,212,010 shares of NexGen Common Stock were issued and outstanding and were designated for quotation on the Nasdaq National Market, no shares of Preferred Stock were issued and outstanding, and no shares of NexGen Common Stock or Preferred Stock were issued and held in the treasury. As of

September 30, 1995, NexGen had reserved 8,590,588 shares of NexGen Common Stock for issuance pursuant to the NexGen employee benefit programs described in Section 2.2 of the NexGen Disclosure Schedule and pursuant to outstanding warrants and convertible securities.

(b) All outstanding shares of NexGen Common Stock are validly issued, fully paid, nonassessable and free of preemptive rights. Section 2.2 of the NexGen Disclosure Schedule contains a true and complete list of all employee benefit programs and warrants which obligate or permit NexGen to issue its capital stock to its directors, officers, employees, outside independent sales representatives or other parties. Except for the options and warrants issued pursuant to any of the employee benefit programs and

warrants described in Section 2.2 of the NexGen Disclosure Schedule, and the option held by ASCII Corporation and ASCII of America, Inc. (collectively "ASCII") pursuant to promissory notes between NexGen and ASCII (the "ASCII Notes") which permit ASCII to convert all or a portion of the ASCII Notes into shares of NexGen Common Stock, there are no outstanding subscriptions, options, warrants, calls, rights, agreements or commitments obligating NexGen to issue, sell, deliver or transfer (including any right of conversion or exchange under any outstanding security or other instrument) any shares of NexGen's capital stock.

(c) Except for this Agreement, the Section 2.23 Documents as defined below, the employee benefit programs described in the NexGen Disclosure Schedule and outstanding warrants, there are no agreements, restrictions or understandings to which NexGen is a party, with respect to the sale, transfer or voting of any shares of NexGen Common Stock.

2.3 Subsidiaries. Section 2.3 of the NexGen Disclosure Schedule contains a true and complete list of all of NexGen's subsidiaries (each such subsidiary shall hereinafter separately be called a "NexGen Subsidiary" and all such subsidiaries shall collectively be called the "NexGen Subsidiaries") and their jurisdictions of incorporation. All of the shares of capital stock of each of the NexGen Subsidiaries are owned directly or indirectly by NexGen, are validly issued, fully paid and nonassessable and are owned free and clear of any liens, claims, charges or encumbrances. There are no existing options, warrants, calls or commitments of any character relating to the issued or unissued capital stock of any of the NexGen Subsidiaries. NexGen has, and the NexGen Subsidiaries have, no material investment in any subsidiary or any material investment in any partnership, joint venture or similar entity, except as disclosed in Section 2.3 of the NexGen Disclosure Schedule, all

of which investments are owned free and clear of any liens, claims, charges or encumbrances. Each of the NexGen Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. Each of the NexGen Subsidiaries has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted and is duly qualified and in good standing to do business as a foreign corporation in each jurisdiction in which the nature of its business or the owning or leasing of its properties makes such qualification necessary, except where the failure to have such power and authority or to be so qualified would not, in the aggregate, have a material adverse effect on the assets, properties, business or financial condition of NexGen and the NexGen Subsidiaries taken as a whole.

2.4 Authority Relative to Agreements. NexGen has full corporate power and authority to execute and deliver this Agreement and the Credit Agreement and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Credit Agreement and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the Board of Directors of NexGen, and no other corporate proceedings on the part of NexGen are necessary for NexGen to authorize this Agreement and the Credit Agreement or, other than approval of this Agreement by NexGen's stockholders, to consummate the transactions contemplated hereby and thereby. This Agreement and the Credit Agreement have been duly and validly executed and delivered by NexGen and constitute valid and binding agreements of NexGen, enforceable against NexGen in accordance with their terms.

2.5 Consents and Approvals; No Violation. Except as may be required by the Exchange Act, the Securities Act of 1933, as amended (the "Securities Act"), Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), state securities laws and the DGCL, there is no requirement applicable to NexGen or any of the NexGen Subsidiaries to make any filing with, or to obtain any permit, authorization, consent or approval of, any governmental or regulatory authority as a condition to the lawful consummation by NexGen of the transactions contemplated by this Agreement. NexGen does not know of any reason why any required permit, authorization, consent or approval will not be obtained. Neither the execution and delivery of this Agreement or the Credit Agreement by NexGen nor the consummation by NexGen of the transactions contemplated by this Agreement or the Credit Agreement will (a) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of NexGen, (b) result in a breach of or constitute a default (or an event that with notice or lapse of time or both would become a default), or impair NexGen's or any of the NexGen Subsidiaries' rights or alter the rights or

obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material contract, note, bond, mortgage, indenture, contract, agreement, lease, license, permit,

franchise or other instrument or obligation to which NexGen or any of the NexGen Subsidiaries is a party or by which NexGen or any of the NexGen Subsidiaries or its or any of their respective properties is bound or affected, (c) violate in any material respects any statute, rule, regulation, order, writ, injunction or decree applicable to NexGen, any NexGen Subsidiary or any of their respective assets where the consequences of such violation would, in the aggregate, have a material and adverse effect on NexGen and the NexGen Subsidiaries taken as a whole, or (d) result in the creation of any material, individually or in the aggregate, liens, charges or encumbrances on any of the assets of NexGen or the NexGen Subsidiaries.

2.6 SEC Reports and Financial Statements.

(a) NexGen has previously furnished to AMD complete and correct copies, including exhibits, of: (i) its prospectus dated May 24, 1995, filed with the SEC on May 26, 1995, pursuant to Rule 424(b)(4) under the Act (the "NexGen Prospectus"); (ii) its Annual Report (the "NexGen Annual Report") on Form 10-K for the fiscal year ended June 30, 1995; (iii) all reports or filings, other than the NexGen Annual Report, filed by NexGen with the SEC (the "NexGen Other Reports"); and (iv) a draft of its Quarterly Report (the "NexGen Draft Quarterly Report") on Form 10-Q for the quarter ended September 30, 1995.

(b) As of their respective dates, the NexGen Prospectus, the NexGen Annual Report, the NexGen Other Reports, and the NexGen Draft Quarterly Report did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) NexGen has filed with the SEC all reports and registration statements and other filings required to be filed with the SEC under the rules and regulations of the SEC.

(d) The audited consolidated financial statements and unaudited interim financial statements included in the reports or other filings referred to in Section 2.6(a) were prepared in conformity with generally accepted accounting principles applied on a consistent basis (except as may be indicated therein or in the notes thereto, and except that the unaudited interim financial statements do not include complete footnote disclosure), fairly present the

consolidated financial position of NexGen and the NexGen Subsidiaries as of the dates thereof and the consolidated results of operations and changes in financial position of NexGen and the NexGen Subsidiaries for the periods shown therein, subject, in the case of unaudited interim financial statements, to normal year-end audit adjustments.

2.7 Undisclosed Liabilities. Neither NexGen nor any NexGen Subsidiary has any material liability or obligation, secured or unsecured (whether absolute, accrued, contingent or otherwise, and whether due or to become due), except for any such material liability and obligation which (a) is accrued or reserved against in the balance sheet as of June 30, 1995, contained in the NexGen Annual Report for the period ended June 30, 1995, (the "NexGen Audited Balance Sheet"), or disclosed in the notes included in the audited financial statements of NexGen for the fiscal year ended June 30, 1995, contained in the NexGen Annual Report (the "NexGen Audited Financial Statements"), (b) is of a normally recurring nature and was incurred after June 30, 1995, in the ordinary course of business consistent with past practice, or (c) was incurred in the ordinary course of business and is not required to be disclosed in financial statements or the notes thereto under generally accepted accounting principles.

2.8 Absence of Certain Changes or Events. Since June 30, 1995, there has not been:

(a) any material adverse change in the business, assets, liabilities, financial condition or results of operations of NexGen and the NexGen Subsidiaries taken as a whole or any event which could, so far as can reasonably be foreseen, have such an effect;

(b) any damage, destruction or casualty loss, whether or not covered by insurance, materially and adversely affecting, or which could materially and adversely affect, the assets, properties, business, results of operations or financial condition of NexGen and the NexGen Subsidiaries taken as a whole;

(c) any material increase in the compensation payable or to become payable by NexGen or any NexGen Subsidiary to its directors, officers or employees or any material increase in any bonus, insurance, pension or

other employee benefit plan or program, payment or arrangement made to, for or with any such directors, officers or employees, other than in the ordinary course of business;

(d) any labor dispute, other than routine matters none of which is, or so far as can reasonably be foreseen could be, materially adverse to the assets, properties, business, results of operations or financial condition of NexGen and

the NexGen Subsidiaries taken as a whole;

(e) any entry by NexGen or the NexGen Subsidiaries into any material commitment or transaction (including, without limitation, any borrowing or capital expenditure), other than in the ordinary course of business;

(f) any change by NexGen or the NexGen Subsidiaries in accounting methods, principles or practices, except as required by generally accepted accounting principles or concurred with by NexGen's independent certified public accountants;

(g) any declaration, payment or setting aside for payment of any dividend (whether in cash, stock or property) with respect to the capital stock of NexGen; or

(h) any material agreement, whether in writing or otherwise, to take any action described in this Section 2.8.

2.9 Proxy Statement. None of the information relating to NexGen which is furnished to AMD by NexGen for the purpose of inclusion in or the preparation of (i) the Proxy Statement (as defined in Section 4.2(c)) at the time the Proxy Statement is mailed, at the time of the meeting of NexGen's stockholders to vote on the Merger or at the Effective Time of the Merger, as then amended or supplemented, or (ii) the S-4 to be filed by AMD with the SEC pursuant to Section 5.2(d) at the time the S-4 becomes effective or at the Effective Time of the Merger, as then amended or supplemented, will contain any statement which, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading or necessary to correct any statement which has become false or misleading in any earlier communication with respect to the solicitation of proxies for the NexGen Stockholders' Meeting. The Proxy Statement as it relates to NexGen will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder in effect at the time the Proxy Statement is mailed.

2.10 Certain Contracts and Arrangements. Except for agreements listed as exhibits to the NexGen Annual Report, none of NexGen or any Of the NexGen Subsidiaries is a party to any material: (a) employment agreement; (b) collective bargaining agreement; (c) license agreement or arrangement; (d) indenture, mortgage, note, installment obligation, agreement or other instrument relating to the borrowing of money in excess of $50,000 by NexGen or any NexGen Subsidiary or the guaranty of any obligation for the borrowing of money by NexGen or any NexGen Subsidiary in excess of such amount; or (e) agreement (other than

contracts for insurance) which (i) is not terminable by NexGen, or a NexGen Subsidiary, as applicable, on ninety (90) or fewer days notice at any time without penalty and involves the receipt or payment by NexGen or a NexGen Subsidiary of more than $50,000 in any 12 month period, (ii) any joint venture, partnership or similar arrangement extending beyond six (6) months or involving equity or investments of more than $50,000, or (iii) is otherwise material to NexGen or the NexGen Subsidiaries taken as a whole. There is not, under any of the aforesaid agreements or obligations, any material default or event of default by NexGen or other event which (with or without notice, lapse of time or both) would constitute a material default or event of default by NexGen or any NexGen Subsidiary. Except as disclosed in the NexGen Prospectus, no director or officer of NexGen or any NexGen Subsidiary, and to the knowledge of the executive officers of NexGen, no person who is an affiliate of any such director or officer has any material contractual relationship with NexGen or any NexGen Subsidiary.

2.11 Legal Proceedings. Except as disclosed in the footnotes to the NexGen Audited Financial Statements or the NexGen Annual Report there are no pending or, to the knowledge of NexGen, threatened legal, administrative, arbitration or other proceedings or governmental investigations or reviews against NexGen or any NexGen Subsidiary which could, individually or in the

aggregate, have a material adverse effect on the business, results of operations or financial condition of NexGen and the NexGen Subsidiaries taken as a whole or on the ability of NexGen to carry out the transactions contemplated in this Agreement. Neither NexGen nor any NexGen Subsidiary is in default with respect to any order, writ, award, judgment, injunction or decree of any court or governmental or administrative body or agency applicable to it which could have a materially adverse effect on the consolidated assets, properties, business or financial condition of NexGen and the NexGen Subsidiaries taken as a whole.

2.12 No Violation. Except as disclosed in the NexGen Annual Report,

NexGen and the NexGen Subsidiaries have substantially complied with all applicable laws, ordinances, regulations, judgments, decrees, injunctions or orders of any court or other governmental entity, except for violations which, individually or in the aggregate, do not and are not expected to have a material adverse effect on the operations, business or financial condition of NexGen and the NexGen Subsidiaries taken as a whole.

2.13 Taxes and Tax Returns.

(a) General Tax Representations. NexGen represents and warrants, on

behalf of itself and each of the NexGen Subsidiaries, that (i) each of NexGen and the NexGen Subsidiaries has timely filed (or will timely file prior to

the Closing) all federal, state, local and foreign tax returns required to be filed by it prior to the Closing, (ii) each of NexGen and the NexGen Subsidiaries has timely paid (or will do so prior to the Closing) or made adequate provision for the payment of all taxes (which are separately or in the aggregate material), as defined below, due and payable by it (without regard to whether or not such taxes have been assessed); (iii) all material information contained in or provided in connection with the tax returns filed by (or to be filed by) NexGen or any of the NexGen Subsidiaries is (or will be) true, complete and accurate; (iv) NexGen and each of the NexGen Subsidiaries has no liability for unpaid taxes (which are separately or in the aggregate material), whether or not disputed, accrued or applicable for the period ended June 30, 1995, and for all years and periods ended prior thereto, except for amounts reserved on the NexGen Audited Balance Sheet; (v) the California Bank and Corporation Franchise and Corporation Income tax returns of NexGen and of each of the NexGen Subsidiaries have been audited by the Franchise Tax Board ("FTB") or the statutes of limitations with respect to California Bank and Corporation Franchise and Corporation Income taxes have all expired, for all fiscal years to and including the fiscal year ended June 30, 1988; (vi) the federal income tax returns of NexGen and each of the NexGen Subsidiaries have been audited by the Internal Revenue Service ("IRS"), or the statutes of limitations with respect to federal income taxes have all expired, for all fiscal years to and including the fiscal year ended June 30, 1988; (vii) all deficiencies asserted as a result of all foreign, if any, U.S. federal, state and local tax examinations have been paid, fully settled or adequately provided for as a tax liability in the NexGen Audited Balance Sheet; (viii) there are no audits, investigations, examinations or tax litigation matters threatened or pending, nor have any claims been made or asserted, for or with respect to taxes (which are separately or in the aggregate material) of NexGen or any of the NexGen Subsidiaries; (ix) there are no outstanding agreements or waivers extending the statutory period of limitation on assessment or collection applicable to any tax return or tax period of NexGen or any of the NexGen Subsidiaries; (x) neither NexGen nor any of the NexGen Subsidiaries has filed a consent to the application of Section 341(f) of the Code; and (xi) to the best of NexGen's knowledge, NexGen's stockholders do not have, and as of the Closing will not have, any present intention, plan or arrangement to sell, transfer or otherwise dispose of, in the aggregate, that number of the shares of AMD Common Stock to be received by them pursuant to the terms of this Agreement which would result, after all such transfers are made, in such stockholders retaining and holding, after the Closing, shares of AMD common stock having an aggregate

value of less than fifty percent (50%) of the aggregate value of the NexGen Common Stock held by all of NexGen's shareholders immediately prior to the Closing.

(b) Withholding. NexGen and each of the NexGen Subsidiaries has

withheld from its employees, customers and any other applicable payees (and timely paid to the appropriate governmental entity) proper and accurate amounts for all periods through the date hereof in compliance with all tax

withholding laws (including, without limitation, income, social security and employment tax withholding for all types of compensation, back-up withholding and withholding on payments to non-United States persons).

(c) Tax Sharing Agreements. There is no contract, agreement or intercompany account system in existence pursuant to which NexGen or any of the NexGen Subsidiaries has, or may at any time in the future have, an obligation to contribute to the payment of any portion of a tax (or pay any amount calculated with reference to any portion of a tax) determined on a consolidated, combined or unitary basis with respect to an affiliated group or other group of corporations of which NexGen or any NexGen Subsidiary is or was a member.

(d) Taxes Since June 30, 1995. Since June 30, 1995, NexGen and the NexGen Subsidiaries have not incurred any material tax liability other than taxes incurred (i) in the ordinary course of their business, (ii) pursuant to a change set forth in Section 2.8(f) of the NexGen Disclosure Schedule, or (iii) pursuant to a transaction permitted under Section 4.1 of this Agreement.

(e) Tax Methods. Since June 30, 1995, NexGen and the NexGen Subsidiaries have used tax accounting methods, practices and elections consistent with past practices.

(f) Definitions. (i) The term "tax" or "taxes" shall mean all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, ad valorem, value added, alternative or add-on minimum, capital stock, registration, net worth, severance, stamp, windfall profits, environmental (including taxes under Section 59A of the Code), excise, property, sales, use, license, payroll, employment, disability, social security, workers' compensation, franchise, duties, business or other occupation, withholding, transfer or recording taxes, fees, charges and obligations, imposed by the United States, or any state, local or other political subdivision or agency thereof, as well as any foreign government or other political subdivision or agency thereof, whether computed on a consolidated, unitary, combined or any other basis; and

such term shall include any and all interest, penalties and additions to tax, as well as any primary or secondary liability for taxes. (ii) The term "tax return" shall mean any report, election, claim, information statement, filing, return or other document or information required by law to be supplied to a taxing authority in connection with taxes, including any schedules, supplements or attachments thereto.

2.14 Employee Benefit Plans.

(a) Section 2.14(a) of the NexGen Disclosure Schedule lists each employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA") and hereinafter referred to as "Employee Benefit Plan(s)," which NexGen or any of the NexGen Subsidiaries maintains or administers, or to which NexGen or any of the NexGen Subsidiaries contributes or is required to contribute, or with respect to which NexGen has or may incur any present or future obligation. True and correct copies of all Employee Benefit Plans, and all related trust agreements, annuity contracts and any other funding instruments have been furnished to AMD, together with (i) the most recent annual report (Form 5500 series, including, if applicable, Schedule B thereto), (ii) the most recent actuarial valuations, if any, and (iii) all "summary plan descriptions" and "summaries of material modifications" (as defined in Section 102 of ERISA and the regulations thereunder) prepared in connection with each Employee Benefit Plan. Neither NexGen nor any of the NexGen Subsidiaries is a participant in any "multi-employer plan" within the meaning of Section 4001(a)(3) of ERISA.

(b) Section 2.14(b) of the NexGen Disclosure Schedule lists all plans, agreements or arrangements, exclusive of any Employee Benefit Plan, relating to any form of current or deferred compensation (exclusive of base salary and base wages), bonus, stock option, stock purchase, incentive, vacation, health, dental, disability and death benefits which NexGen or any of the NexGen Subsidiaries maintains or administers, or to which NexGen or any of the NexGen Subsidiaries contributes or is required to contribute, or with respect to which NexGen has or may incur any present or future obligation. True and correct copies of all such plans, agreements or arrangements (hereinafter referred to collectively as "NexGen Benefit Arrangements") have been furnished to AMD.

(c) Each Employee Benefit Plan (and any related trust agreements,

annuity contracts and other funding instruments) has been and is being administered and operated in accordance with its terms and has complied, and complies currently, in all material respects, with the provisions of

ERISA and of the Code and all other applicable laws, rules and regulations. Each NexGen Benefit Arrangement has been and is being administered and operated in accordance with its terms and has complied, and currently complies, with the provisions of all applicable laws, rules and regulations. All reports required by any governmental agencies have been timely filed with respect to all Employee Benefit Plans and all NexGen Benefit Arrangements.

Each Employee Benefit Plan which is intended to be tax qualified under Section 401(a) or Section 403 of the Code is so qualified and has received a favorable determination letter, covering all amendments thereto, from the IRS indicating that it is so qualified. Each trust which is intended to be tax-exempt--under Section 501(a) of the Code is exempt from taxation.

(d) No "prohibited transaction," as defined in Section 406 of ERISA and Section 4975 of the Code, has occurred with respect to any Employee Benefit Plan which could subject any person or entity (other than a person or entity for whom NexGen or any of the NexGen Subsidiaries is not directly or indirectly responsible) to liability under Title I of ERISA or to the imposition of any tax under Section 4975 of the Code.

(e) Other than for claims in the ordinary course for benefits under any and all Employee Benefit Plans or NexGen Benefit Arrangements, there are no actions, suits, claims or proceedings pending or, to the best knowledge of NexGen, threatened, nor does there exist any basis therefor, which could result in any material liability on the part of NexGen or any NexGen Subsidiary with respect to any Employee Benefit Plan or NexGen Benefit Arrangement.

(f) Neither NexGen nor any NexGen Subsidiary maintains any Employee Benefit Plan subject to Title IV of ERISA.

(g) There has been no amendment to, or changes in the actuarial assumptions or funding of, any Employee Benefit Plan or NexGen Benefit Arrangement which would materially increase the annual expense associated with such plan or arrangement above the level of the expense set forth in the NexGen Consolidated Statement of Operations for the fiscal year ended June 30, 1995.

2.15 Intellectual Property.

(a) NexGen owns, or is licensed or otherwise possesses legally sufficient rights to use, all patents, trademarks, trade names, service marks, copyrights, maskworks and any applications therefor, technology, know-how, computer

software programs or applications (in both source code and object code form) and tangible or intangible proprietary information or material that are used or proposed to be used in the business of NexGen as currently conducted in any material respect. Section 2.15(a) of the NexGen Disclosure Schedule lists all current and past (lapsed, expired, abandoned or cancelled) patents, registered and material unregistered copyrights, maskworks, trade names and any applications therefor owned by NexGen (the "NexGen Intellectual Property Rights"), and specifies the jurisdictions in which each such Intellectual Property Right has been issued or registered or in which an application for such issuance and registration has been filed, including the respective registration or application numbers and the names of all registered owners, together with a list of all of NexGen's currently marketed software products and an indication as to which, if any, of such software products have been registered for copyright protection with the United States Copyright Office and any foreign offices and by whom such items have been registered. Section 2.15(a) of the NexGen Disclosure Schedule includes and specifically identifies all third-party patents, trademarks, copyrights (including software) and maskworks (the "Third Party Intellectual Property Rights"), to the knowledge of NexGen, which are incorporated in, are, or form a part of, any NexGen product. Section 2.15(a) of the NexGen Disclosure Schedule lists (i) any requests NexGen has received to make any registration of the type referred to in the penultimate sentence prior hereto, including the identity of the requestor and the item requested to be so registered, and the jurisdiction for which such request has been made; (ii) all material licenses, sublicenses and other agreements as to which the Company is a party and pursuant to which any person is authorized to use NexGen Intellectual Property Right, or any trade secret material to NexGen; and (iii) all material licenses,

sublicenses and other agreements as to which NexGen is a party and pursuant to which NexGen is authorized to use any Third Party Intellectual Property Rights, or other trade secret of a third party in or as any product, and includes the identity of all parties thereto, a description of the nature and subject matter thereof, the applicable royalty and the term thereof.

(b) NexGen is not, nor will it be as a result of the execution and delivery of this Agreement or the performance of its obligations hereunder, in violation of any license, sublicense or agreement described in Section 2.15(a) of the NexGen Disclosure Schedule. No claims with respect to the NexGen Intellectual Property Rights, any trade secret material to NexGen, or Third Party Intellectual Property Rights to the extent arising out of any use, reproduction or distribution of such Third Party Intellectual Property

Rights by or through NexGen, are currently pending or, to the knowledge of NexGen, are threatened by any person, nor does NexGen know of any valid grounds for any bona fide claims (i) to the effect that the manufacture, sale, licensing or use of any product as now used, sold or licensed or proposed for use, sale or license by NexGen infringes on any copyright, maskwork, patent, trademark, service mark or trade secret; (ii) against the use by NexGen of any trademarks, trade names, trade secrets, copyrights, maskworks, patents, technology, know-how or computer software programs and applications used in NexGen's business as currently conducted or as proposed to be conducted by NexGen; (iii) challenging the ownership, validity or effectiveness of any of NexGen's Intellectual Property Rights or other trade secret material to NexGen, or (iv) challenging NexGen's license or legally enforceable right to use of the Third Party Intellectual Rights. To NexGen's knowledge, after reasonable investigation, all patents, registered trademarks, maskworks and copyrights held by NexGen are valid and subsisting. To NexGen's knowledge, there is no material unauthorized use, infringement or misappropriation of any of the NexGen Intellectual Property by any third party, including any employee or former employee of NexGen or any of the NexGen Subsidiaries. Neither NexGen nor any of the NexGen Subsidiaries (i) has been sued or charged in writing as a defendant in any claim, suit, action or proceeding which involves a claim or infringement of trade secrets, any patents, trademarks, service marks, maskworks or copyrights and which has not been finally terminated prior to the date hereof or been informed or notified by any third party that NexGen may be engaged in such infringement or (ii) has knowledge of any infringement liability with respect to, or infringement by, NexGen or any of the NexGen Subsidiaries of any trade secret, patent, trademark, service mark, maskwork or copyright of another.

(c) Neither the execution and delivery of this Agreement or the Credit Agreement by NexGen nor the consummation by NexGen of the transactions contemplated by this Agreement or the Credit Agreement will result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default), or impair NexGen's or any of the NexGen Subsidiaries' rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of, any license agreement, contract or other arrangement of any nature relating to NexGen Intellectual Property Rights or Third Party Intellectual Property Rights.

(d) Each employee of NexGen has executed a

confidentiality, invention and copyright agreement with NexGen in the forms previously delivered to AMD.

2.16 Title to Properties. NexGen or a NexGen Subsidiary has good and marketable title to all properties and assets reflected on the NexGen Audited Balance Sheet as owned by it and to properties or assets acquired by it or a NexGen Subsidiary after the date thereof (except for equipment which is subject to capital leases and properties sold or otherwise disposed of in the ordinary course of business since the date of the NexGen Audited Balance sheet), free and clear of all title defects and all liens, mortgages, pledges, claims, charges, security interests or other encumbrances of any nature whatsoever except as stated in the NexGen Annual Report or which alone or in the aggregate do not materially detract from the value, or materially interfere with the present use, of any material asset or property or of the assets or properties of NexGen and the NexGen Subsidiaries as a whole or otherwise materially impair the business of NexGen and the NexGen Subsidiaries as a whole.

2.17 Insurance. NexGen and each of the NexGen Subsidiaries has insurance on its officers, directors, employees, business operations and property, in such amounts as are reasonable and deemed adequate by its Board of Directors or

management, against all risks usually insured against by persons operating similar properties or businesses in the localities where such properties are located, under, to the best of NexGen's knowledge, valid and enforceable policies issued by insurers of recognized responsibility, and such policies shall not, pursuant to their terms, in any way be affected by, or terminate or lapse by reason of, the Merger. Section 2.17 of the NexGen Disclosure Schedule contains a list of the policies of fire, casualty, liability, title, workers' compensation and other forms of insurance held by NexGen, a list of all liability policies and self-insured retentions (including the names of insurers and the limits of liability for each policy) for the past nine years, as well as a description of general liability loss details for the past five years and any exposure ordinarily covered by commercial insurance which is self-insured. NexGen has not done anything, either by way of action or inaction, that might invalidate such policies in whole or in part.

2.18 Transactions with Management. Except as disclosed in the documents described in Section 2.6(a), no executive officer, director or, stockholder of NexGen or any of the NexGen Subsidiaries has, since June 30, 1995, engaged in any business dealings with NexGen or any of the NexGen Subsidiaries other than such business dealings as would not be required to be disclosed in such documents or reports pursuant to the Securities Act and the rules and regulations promulgated thereunder. No executive officer or director of NexGen or any of the NexGen Subsidiaries (except in his capacity as such) has any direct or indirect

material interest in (i) any property or assets of NexGen or that of any of the NexGen Subsidiaries (except as a stockholder), (ii) any competitor, customer, supplier or agent of NexGen or any of the NexGen Subsidiaries, or (iii) any person which is a party to any contract or agreement which is material to NexGen or any of the NexGen Subsidiaries.

2.19 Disclosure. No representations or warranties by NexGen in this Agreement or the NexGen Disclosure Schedule and no statement by NexGen or, to the best knowledge of NexGen, any other person, contained in any document, certificate or other writing furnished by NexGen to AMD in connection with the preparation of the Proxy Statement or the S-4, contains any untrue statement of a material fact or omits any material fact necessary to make the statements made herein or therein, in light of the circumstances under which they were made, not misleading.

2.20 Brokerage and Finders' Fees. NexGen has not incurred and will not incur any liability for brokerage or finders' fees or agents commissions in connection with this Agreement or the Merger other than fees agreed to be paid to PaineWebber Incorporated in consideration for investment banking advice and the rendering of a fairness opinion with respect to the Merger. NexGen has provided AMD with a true copy of the agreement between NexGen and PaineWebber Incorporated regarding the services to be rendered by such firm in connection with the Merger. The fees to be paid to PaineWebber Incorporated and will be equal to 0.45% of the fair market value as of the Effective Time of the AMD Common Stock to issued in the Merger plus expenses. NexGen has received a fairness opinion rendered by PaineWebber Incorporated and a copy of such opinion is attached to the NexGen Disclosure Schedule.

2.21 Actions Affecting Pooling. Aside from any actions contemplated by this Agreement, NexGen has not taken or permitted any action relating to NexGen which would prevent the Merger from qualifying for pooling-of-interests accounting treatment in accordance with generally accepted accounting principles and all rules, regulations and policies of the SEC.

2.22 Takeover Statutes. No "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute or regulation enacted under state or federal laws in the United States (each a "Takeover Statute"), including, without limitation, Section 203 of the DGCL, applicable to NexGen or any of the NexGen Subsidiaries, is applicable to the Merger or the other transactions contemplated hereby.

2.23 Agreements of Affiliates and Others. As evidenced by the executed Voting Agreements in the form of Exhibit A, which have been delivered to AMD, the persons listed in Section 2.23 of the NexGen Disclosure Schedule have agreed to vote all shares of

NexGen Common Stock held by such persons in favor of the Agreement and the Merger as more fully set forth in such agreement. All persons who are believed

by NexGen or its counsel to be affiliates, as defined in the Securities Act and in the rules promulgated thereunder, of NexGen, which determination shall be reasonably satisfactory to counsel for AMD, have executed Affiliate Agreements in the form attached hereto as Exhibit B, which have been delivered to AMD. The documents executed by the stockholders of NexGen referred to in this Section 2.23 are referred to hereinafter and after as the "Section 2.23 Documents."

2.24 Employee Relations. NexGen has excellent relations with its key employees and has no reason to believe that any of its key employees will not continue in the employment of NexGen following the execution hereof.

2.25 Environmental Matters. Except with respect to matters which in the aggregate have not had and could not reasonably be expected to have a material adverse effect on NexGen, NexGen and each of the NexGen Subsidiaries to the best of NexGen's knowledge (i) have obtained all applicable permits, licenses and other authorizations which are required under federal, state, provincial or local laws relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants or hazardous or toxic materials or wastes into ambient air, surface water, ground water or land or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants or hazardous or toxic materials or wastes by NexGen or the NexGen Subsidiaries (or their respective agents); (ii) are in compliance with all the terms and conditions of such required permits, licenses and authorization, and also are in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder; (iii) as of the date hereof, are not aware of nor have received notice of any event, condition, circumstance, activity, practice, incident, action or plan which is reasonable likely to interfere with or prevent continued compliance with or which would give rise to any common law or statutory liability, or otherwise form the basis of any claim, action, suit or proceeding, based on or resulting from NexGen's or any NexGen Subsidiary's (or any of their respective agents) manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge or release into the environment, of any pollutant, contaminant or hazardous or toxic material or waste; and (iv) have taken all actions necessary under applicable requirements of federal, state or

local laws, rules or regulations to register any products or materials required to be registered by NexGen or the NexGen Subsidiaries (or any of their respective agents) thereunder.

2.26 Commercial Relationships. NexGen has no reason to believe that either IBM or VLSI will elect not to continue their relationships with NexGen following the Effective Time.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF AMD AND AMD MERGER

Except as set forth in the schedule of disclosures and exceptions delivered to NexGen contemporaneously with the execution of this Agreement and initialled by an officer of AMD (the "AMD Disclosure Schedule"), the sections of which are numbered to correspond to the section numbers of this Agreement, AMD and AMD Merger represent and warrant to NexGen as follows:

3.1 Organization; Qualification. Each of AMD and AMD Merger is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. AMD has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted and is duly qualified and in good standing to do business as a foreign corporation in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to have such power and authority or to be so duly qualified and in good standing would not, in the aggregate, have a material adverse effect on the business, operations or financial condition of AMD. AMD has previously delivered to NexGen complete and correct copies of the Certificate of Incorporation and Bylaws of each of AMD and AMD Merger.

3.2 Capitalization.

(a) The authorized common stock of AMD consists of 250,000,000 shares, $.01 par value. As of October 18, 1995, 104,510,668 of such shares

were issued and outstanding and listed on the New York Stock Exchange (the "NYSE"), and 245,021 of such shares were issued and held as treasury shares. The authorized preferred stock of AMD consists of 1,000,000 shares of serial preferred stock, $0.10 par value, of which no shares are issued and outstanding. AMD has reserved 14,973,925 shares of common stock for issuance pursuant to employee benefit plans described in Section 3.2 of the AMD Disclosure Schedule.

(b) All outstanding shares of AMD Common Stock are, and the shares of AMD Common Stock issuable in the Merger,

when issued in accordance with the terms of this Agreement, will be, validly issued, fully paid, nonassessable and free of preemptive rights. Section 3.2 of the AMD Disclosure Schedule contains a true and complete list of all employee benefit plans which obligate or permit AMD to issue its capital stock to its directors, officer, employees or other parties. Except for the options issued pursuant to any of the employee benefit plans described in Section 3.2 of the AMD Disclosure Schedule, there are no outstanding subscriptions, options, warrants, calls, rights, agreements or commitments obligating AMD or any of its subsidiaries to issue, sell, deliver or transfer (including any right of conversion or exchange under any outstanding security or other instrument) any shares of AMD capital stock.

(c) Except for this Agreement or as set forth in the AMD Annual Reports or the AMD 1995 Proxy Statement (as defined in Section 3.6(a)), there are no agreements, restrictions or understandings to which AMD is a party, with respect to the sale, transfer or voting of any shares of AMD Common Stock.

3.3 Subsidiaries. Section 3.3 of the AMD Disclosure Schedule contains a true and complete list of all of AMD's subsidiaries (each such subsidiary shall hereinafter separately be called an "AMD Subsidiary" and all of such subsidiaries shall collectively be called the "AMD Subsidiaries") and their jurisdictions of incorporation. All of the shares of capital stock of each of the AMD Subsidiaries are owned directly or indirectly by AMD, are validly issued, fully paid and nonassessable and are owned free and clear of any liens, claims, charges or encumbrances. There are no existing options, warrants, calls or commitments of any character relating to the issued or unissued capital stock of any of the AMD Subsidiaries. AMD has, and the AMD Subsidiaries have, no material investment in any subsidiary or any material investment in any partnership, joint venture or similar entity, except as disclosed in Section 3.3 of the AMD Disclosure Schedule, all of which investments are owned free and clear of any liens, claims, charges or encumbrances. Each of the AMD Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. Each of the AMD Subsidiaries has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted and is duly qualified and in good standing to do business as a foreign corporation in each jurisdiction in which the nature of its business or the owning or leasing of its properties makes such qualification necessary, except where the failure to have such power and authority or to be so qualified would not, in the aggregate, have a material adverse effect on the assets, properties, business or financial condition of AMD and the AMD Subsidiaries taken as a whole.

3.4 Authority Relative to this Agreement. Each of AMD and AMD Merger has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of AMD and AMD Merger and by AMD as the sole stockholder of AMD Merger, and no other corporate proceedings on the part of AMD or AMD Merger are necessary to authorize this Agreement, other than approval of this Agreement by AMD's stockholders, or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by AMD and AMD Merger and constitutes the valid and binding agreement of each of AMD and AMD Merger, enforceable against AMD and AMD Merger in accordance with its terms.

3.5 Consents and Approvals; No Violation. Except for applicable requirements of the HSR Act, the Exchange Act, the Securities Act, state securities laws, the NYSE and the DGCL, there is no requirement applicable to AMD or AMD Merger to make any filing with, or to obtain any permit, authorization, consent or approval of any governmental or regulatory authority as a condition to the lawful consummation by AMD and AMD Merger of the transactions contemplated by this Agreement. AMD does not know of any reason

why any required permit, authorization, consent or approval will not be obtained. Except as set forth in Section 3.5 of the AMD Disclosure Statement, neither the execution and delivery of this Agreement by AMD and AMD Merger nor the consummation by AMD and AMD Merger of the transactions contemplated by this Agreement will (a) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of AMD or AMD Merger, (b) result in a breach of or constitute a default (or any event that with notice or lapse of time or both would become a default), or impair AMD's or any of the AMD Subsidiaries' rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material contract, note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which AMD or any of the AMD Subsidiaries is a party or by which AMD or any of the AMD Subsidiaries or its or any of their respective properties is bound or affected, (c) violate, in any material respects any statute, rule, regulation, order, writ, injunction or decree applicable to AMD, any Subsidiary or any of their respective assets, where the consequences of such violation would, in the aggregate, have a material and adverse effect on AMD and the AMD Subsidiaries taken as a whole, or (d) result in the creation of any material, individually or in the aggregate, liens, charges or encumbrances on any of the assets of AMD or the AMD Subsidiaries.

3.6 SEC Reports and Financial Statement.

(a) AMD has previously furnished to NexGen complete and correct copies, including exhibits, of: (i) its Annual Reports on Form 10-K for the years ended December 27, 1992, December 26, 1993, and December 25, 1994 (the "AMD Annual Reports"); (ii) its Quarterly Reports on Form 10-Q for the quarters ended April 2, 1995, and July 2, 1995 (the "AMD Quarterly Reports"); (iii) its proxy statement relating to its most recent annual meeting of stockholders held on May 9, 1995 (the "AMD 1995 Proxy Statement"); and (iv) all reports or filings other than the AMD Annual Reports, the AMD Quarterly Reports and the AMD 1995 Proxy Statement filed by AMD with the SEC since December 28, 1992 (the "AMD Other Reports").

(b) As of their respective dates, the AMD Annual Reports, the AMD Quarterly Reports, the AMD 1995 Proxy Statement and the AMD Other Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) Since December 25, 1994, AMD has filed with the SEC all reports and registration statements and all other filings required to be filed with the SEC under the rules and regulations of the SEC.

(d) The audited consolidated financial statements unaudited interim financial statements included in reports or other filings referred to in Section 3.6(a) were prepared in conformity with generally accepted accounting principles applied on a consistent basis (except as may be indicated therein or in the notes thereto, and except that the unaudited interim financial statements do not include complete footnote disclosures) and fairly present the consolidated financial position of AMD and the AMD Subsidiaries as of the dates thereof and the consolidated results of operations and changes in financial position of AMD and the AMD Subsidiaries for the periods shown therein, subject, in the case of unaudited interim financial statements, to normal year-end audit adjustments.

3.7 Undisclosed Liabilities. Neither AMD nor any AMD Subsidiary has any material liability or obligation, secured or unsecured (whether absolute, accrued, contingent or otherwise, and whether due or to become due), except for any such material liability and obligation which (a) is accrued or reserved against in the consolidated balance sheet as of July 2, 1995, contained in the AMD Quarterly Report for the period ended July 2, 1995 (the "AMD Unaudited Balance Sheet"), or disclosed in the notes

included in the audited financial statement of AMD for the fiscal year ended December 25, 1994, contained in the AMD Annual Report for the period ended December 25, 1994 (the "AMD Audited Financial Statements"), (b) is of a normally recurring nature and was incurred after December 25, 1994, in the ordinary course of business and consistent with past practice, or (c) was incurred in the ordinary course of business and is not required to be disclosed in financial statements or the notes thereto under generally accepted accounting principles.

3.8 Absence of Certain Changes or Events. Except as set forth in Section

3.8 of the AMD Disclosure Schedule, since July 2, 1995, there has not been:

(a) any material adverse change in the business, assets, liabilities, financial condition or results of operations of AMD and the AMD Subsidiaries taken as a whole or any event which could, so far as can reasonably be foreseen, have such an effect;

(b) any damage, destruction or casualty loss, whether or not covered by insurance, materially and adversely affecting, or which could materially and adversely affect, the assets, properties, business, results of operations or financial condition of AMD and the AMD Subsidiaries taken as a whole;

(c) any material increase in the compensation payable or to become payable by AMD or any AMD Subsidiary to its directors, officers or employees or any material increase in any bonus, insurance, pension or other employee benefit plan, payment or arrangement made to, for or with any such directors, officers or employees, other than in the ordinary course of business;

(d) any labor dispute, other than routine matters none of which is, or so far as can reasonably be foreseen could be, materially adverse to the assets, properties, business, results of operations or financial condition of AMD and the AMD Subsidiaries taken as a whole;

(e) any entry by AMD or the AMD Subsidiaries into any material commitment or transaction (including, without limitation, any borrowing or capital expenditure), other than in the ordinary course of business;

(f) any change by AMD or the AMD Subsidiaries in accounting methods, principles or practices, except as required by generally accepted accounting principles or concurred with by AMD's independent certified public accountants;

(g) any declaration, payment or setting aside for payment of any dividend (whether in cash, stock or property) with respect to the capital stock of AMD; or

(h) any material agreement, whether in writing or otherwise, to take any action described in this Section 3.8.

3.9 Proxy Statement. None of the information relating to AMD included in
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(i) the Proxy Statement (as defined in Section 4.2(c)) at the time the Proxy Statement is mailed, at the time of the meeting of AMD's stockholders to vote on the Merger or at the Effective Time of the Merger, as then amended or supplemented, or (ii) the S-4 to be filed by AMD with the SEC pursuant to Section 5.2(d) at the time the S-4 becomes effective or at the Effective Time of the Merger, as then amended or supplemented, will contain any statement which, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading or necessary to correct any statement which has become false or misleading in any earlier communication with respect to the solicitation of proxies for the AMD Stockholders' Meeting. The Proxy Statement as it relates to AMD will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder in effect at the time the Proxy Statement is mailed.

3.10 Material Contracts. There is no material default or event of default
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by AMD or any AMD Subsidiary, or other event which (with or without notice, lapse of time or both) would constitute a material default or event of default, by AMD or any AMD Subsidiary, under any agreement which is material to AMD and to which either AMD or any AMD Subsidiary is a party. Except as disclosed in the AMD Annual Report, no director or officer of AMD or any AMD Subsidiary, and to the knowledge of the executive officers of AMD, no person who is an affiliate of any such director or officer has any material contractual relationship with AMD or any AMD Subsidiary.

3.11 Legal Proceedings. Except as disclosed in the footnotes to the AMD

Audited Financial Statements or in the AMD Annual Reports or the AMD Quarterly Reports there are no pending or, to the knowledge of AMD, threatened legal, administrative, arbitration or other proceedings or governmental investigations or reviews against AMD or any AMD Subsidiary which could, individually or in the aggregate, have a material adverse effect on the business, results of operations or financial condition of AMD and the AMD Subsidiaries taken as a whole or on the ability of AMD to carry out the transactions contemplated in this Agreement. Neither AMD nor any AMD Subsidiary is in default with respect to any order, writ, award, judgment, injunction or decree of any court or governmental or administrative body or agency

applicable to it which could have a materially adverse effect on the consolidated assets, properties, business or financial condition of AMD and the AMD Subsidiaries taken as a whole.

3.12 No Violation. Except as disclosed in the AMD Annual Reports or the AMD Quarterly Reports, AMD and the AMD Subsidiaries have substantially complied with all applicable laws, ordinances, regulations, judgments, decrees, injunctions or orders of any court or other governmental entity, except for violations which, individually or in the aggregate, do not and are not expected to have a material adverse effect on the operations, business or financial condition of AMD and the AMD Subsidiaries taken as a whole.

3.13 Taxes and Tax Returns.

(a) General Tax Representations. AMD represents and warrants, on behalf of itself and each of the AMD Subsidiaries, that (i) each of AMD and the AMD Subsidiaries has timely filed (or will timely file prior to the Closing) all federal, state, local and foreign tax returns required to be filed by it prior to the Closing, (ii) each of AMD and the AMD Subsidiaries has timely paid (or will do so prior to the Closing) or made adequate provision for the payment of all taxes (which are separately or in the aggregate material), as defined below, due and payable by it (without regard to whether or not such taxes have been assessed); (iii) all material information contained in or provided in connection with the tax returns filed by (or to be filed by) AMD or any of the AMD Subsidiaries is (or will be) true, complete and accurate; (iv) the liability for taxes reflected in the AMD Audited Balance Sheet is sufficient for the payment for all unpaid taxes, whether or not disputed, accrued or applicable for the period ended December 25, 1994 and for all years and periods ended prior thereto; (v) the California Bank and Corporation Franchise and Corporation Income tax returns of AMD and of each of the AMD Subsidiaries have been audited by the Franchise Tax Board ("FTB") or the statutes of limitations with respect to California Bank and Corporation Franchise and Corporation Income taxes have all expired, for all fiscal years to and including the fiscal year ended December, 1988; (vi) the federal income tax returns of AMD and each of the AMD Subsidiaries have been audited by the Internal Revenue Service ("IRS"), or the statutes of limitations with respect to federal income taxes have all expired, for all fiscal years to and including the fiscal year ended December, 1990; (vii) all deficiencies asserted as a result of all foreign, if any, U.S. federal, state and local tax examinations have been paid, fully settled or adequately provided for as a tax liability in the AMD Audited Balance Sheet; (viii) there are no audits, investigations, examinations or tax litigation matters

threatened or pending, nor have any claims been made or asserted, for or with respect to taxes (which are separately or in the aggregate material) of AMD or any of the AMD Subsidiaries; (ix) there are no outstanding agreements or waivers extending the statutory period of limitation on assessment or collection applicable to any tax return or tax period of AMD or any of the AMD Subsidiaries; and (x) neither AMD nor any of the AMD Subsidiaries has filed a consent to the application of Section 341(f) of the Code.

(b) Withholding. AMD and each of the AMD Subsidiaries has withheld from its employees, customers and any other applicable payees (and timely paid to the appropriate governmental entity) proper and accurate amounts for all periods through the date hereof in compliance with all tax withholding laws (including, without limitation, income, social security and employment tax withholding for all types of compensation, back-up withholding and withholding on payments to non-United States persons).

(c) Tax Sharing Agreements. There is no contract, agreement or intercompany account system in existence pursuant to which AMD or any of the AMD Subsidiaries has, or may at any time in the future have, an obligation to contribute to the payment of any portion of a tax (or pay any amount calculated with reference to any portion of a tax) determined on a consolidated, combined or unitary basis with respect to an affiliated group or other group of corporations of which AMD or any AMD Subsidiary is or was a member.

(d) Taxes Since July 2, 1995. Since July 2, 1995, AMD and the AMD Subsidiaries have not incurred any material tax liability other than taxes incurred (i) in the ordinary course of their business, (ii) pursuant a

change set forth in Section 3.8(f) of the AMD Disclosure Schedule, or (iii) pursuant to a transaction not prohibited by Section 5.1 of this Agreement.

(e) Tax Methods. Since July 2, 1995, AMD and the AMD Subsidiaries have used tax accounting methods, practices and elections consistent with past practices.

(f) Definitions. (i) The term "tax" or "taxes" shall mean all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, ad valorem, value added, alternative or add-on minimum, capital stock, registration, net worth, severance, stamp, windfall profits, environmental (including taxes under Section 59A of the Code), excise, property, sales, use, license, payroll, employment, disability, social security, workers' compensation, franchise, duties, business or other

occupation, withholding, transfer or recording taxes, fees, charges and obligations, imposed by the United States, or any state, local or other political subdivision or agency thereof, as well as any foreign government or other political subdivision or agency thereof, whether computed on a consolidated, unitary, combined or any other basis; and such term shall include any and all interest, penalties and additions to tax, as well as any primary or secondary liability for taxes. (ii) The term "tax return" shall mean any report, election, claim, information statement, filing, return or other document or information required by law to be supplied to a taxing authority in connection with taxes, including any schedules, supplements or attachments thereto.

3.14 Employee Benefit Plans.

(a) As used in this Section 3.14, the term "Employee Benefit Plan(s)" means an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA") which AMD or any of the AMD Subsidiaries maintains or administers, or to which AMD or any of the AMD Subsidiaries contributes or is required to contribute, or with respect to which AMD has or may incur any present or future obligation. Neither AMD nor any of the AMD Subsidiaries is a participant in any "multi-employer plan" within the meaning of Section 4001(a)(3) of ERISA.

(b) All plans, agreements or arrangements, exclusive of any Employee Benefit Plan, relating to any form of current or deferred compensation (exclusive of base salary and base wages), bonus, stock option, stock purchase, incentive, vacation, health, dental, disability and death benefits which AMD or any of the AMD Subsidiaries maintains or administers, or to which AMD or any of the AMD Subsidiaries contributes or is required to contribute, or with respect to which AMD has or may incur any present or future obligation, referred to collectively in this Section 3.14 as "AMD Benefit Arrangements".

(c) Each Employee Benefit Plan (and any related trust agreements, annuity contracts and other funding instruments) has been and is being administered and operated in accordance with its terms and has complied, and complies currently, in all material respects, with the provisions of ERISA and of the Code and all other applicable laws, rules and regulations. Each AMD Benefit Arrangement has been and is being administered and operated in accordance with its terms and has complied, and currently complies, with the provisions of all applicable laws, rules and regulations. All reports required by any governmental agencies have been timely filed with respect to all Employee Benefit Plans and all AMD Benefit Arrangements.

Each Employee Benefit Plan which is intended to be tax qualified under Section 401(a) or Section 403 of the Code is so qualified and has received a favorable determination letter, covering all amendments thereto, from the IRS indicating that it is so qualified. Each trust which is intended to be tax-exempt--under Section 501(a) of the Code is exempt from taxation.

(d) No "prohibited transaction," as defined in Section 406 of ERISA and Section 4975 of the Code, has occurred with respect to any Employee Benefit Plan which could subject any person or entity (other than a person or entity for whom AMD or any of the AMD Subsidiaries is not directly or indirectly responsible) to liability under Title I of ERISA or to the imposition of any tax under Section 4975 of the Code.

(e) Other than for claims in the ordinary course for benefits under any and all Employee Benefit Plans or AMD Benefit Arrangements, there are

no actions, suits, claims or proceedings pending or, to the best knowledge of AMD, threatened, nor does there exist any basis therefor, which could result in any material liability on the part of AMD or any AMD Subsidiary with respect to any Employee Benefit Plan or AMD Benefit Arrangement.

(f) Neither AMD nor any AMD Subsidiary maintains any Employee Benefit Plan subject to Title IV of ERISA.

(g) There has been no amendment to, or changes in the actuarial assumptions or funding of, any Employee Benefit Plan or AMD Benefit Arrangement which would materially increase the annual expense associated with such plan or arrangement above the level of the expense set forth in the AMD Consolidated Statement of Operations for the fiscal year ended December 25, 1994.

3.15 Intellectual Property.

(a) AMD owns, or is licensed or otherwise possesses legally sufficient rights to use, all patents, trademarks, trade names, service marks, copyrights, maskworks and any applications therefor, technology, know-how, computer software programs or applications (in both source code and object code form) and tangible or intangible proprietary information or material that are used or proposed to be used in the business of AMD as currently conducted in any material respect. The term "AMD Intellectual Property Rights" as used in this Section 3.15 means all current and past (lapsed, expired, abandoned or cancelled) patents, registered and material unregistered copyrights, maskworks, trade names and any applications therefor owned by AMD. The term "Third Party Intellectual Property Rights" as used in

this Section 3.15 means all third-party patents, trademarks, copyrights (including software) or maskworks, to the knowledge of AMD, which are incorporated in, are, or form a part of, any AMD product.

(b) AMD is not, nor will it be as a result of the execution and delivery of this Agreement or the performance of its obligations hereunder, in violation of any license, sublicense or agreement, which relates to the AMD Intellectual Property Rights . No claims with respect to the AMD Intellectual Property Rights, any trade secret material to AMD, or Third Party Intellectual Property Rights to the extent arising out of any use, reproduction or distribution of such Third Party Intellectual Property Rights by or through AMD, are currently pending or, to the knowledge of AMD, are threatened by any person, nor does AMD know of any valid grounds for any bona fide claims (i) to the effect that the manufacture, sale, licensing or use of any product as now used, sold or licensed or proposed for use, sale or license by AMD infringes on any copyright, maskwork, patent, trademark, service mark or trade secret; (ii) against the use by AMD of any trademarks, trade names, trade secrets, copyrights, maskworks, patents, technology, know-how or computer software programs and applications used in AMD's business as currently conducted or as proposed to be conducted by AMD; (iii) challenging the ownership, validity or effectiveness of any of AMD's Intellectual Property Rights or other trade secret material to AMD, or (iv) challenging AMD's license or legally enforceable right to use of the Third Party Intellectual Rights. To AMD's knowledge, after reasonable investigation, all patents, registered trademarks, maskworks and copyrights held by AMD are valid and subsisting. To AMD's knowledge, there is no material unauthorized use, infringement or misappropriation of any of the AMD Intellectual Property by any third party, including any employee or former employee of AMD or any of the AMD Subsidiaries. Neither AMD nor any of the AMD Subsidiaries (i) has been sued or charged in writing as a defendant in any claim, suit, action or proceeding which involves a claim or infringement of trade secrets, any patents, trademarks, service marks, maskworks or copyrights and which has not been finally terminated prior to the date hereof or been informed or notified by any third party that AMD may be engaged in such infringement or (ii) has knowledge of any infringement liability with respect to, or infringement by, AMD or any of the AMD Subsidiaries of any trade secret, patent, trademark, service mark, maskwork or copyright of another.

(c) Neither the execution and delivery of this Agreement, the Warrant Purchase Agreement or the Credit Agreement by AMD nor the consummation by AMD of the

transactions contemplated by this Agreement, the Warrant Purchase Agreement or the Credit Agreement will result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default), or impair AMD's or any of the AMD Subsidiaries' rights or alter the rights or obligations of any third party under, or give to others any

rights of termination, amendment, acceleration or cancellation of, any license agreement, contract or other arrangement of any nature relating to AMD Intellectual Property Rights or Third Party Intellectual Property Rights.

(d) Each employee of AMD has executed a confidentiality and invention agreement.

3.16 Title to Properties. Either AMD or an AMD Subsidiary has good and marketable title to all properties and assets reflected on the AMD Unaudited Balance Sheet as owned by AMD and to properties or assets acquired by AMD or any AMD Subsidiary after the date thereof (except for equipment which is subject to capital leases and properties sold or otherwise disposed of in the ordinary course of business since the date of the AMD Unaudited Balance sheet), free and clear of all title defects and all liens, mortgages, pledges, claims, charges, security interests or other encumbrances of any nature whatsoever except as stated in the AMD Annual Reports or the AMD Quarterly Reports, or which alone or in the aggregate do not materially detract from the value, or materially interfere with the present use, of any material asset or property or of the assets or properties of AMD and the AMD Subsidiaries as a whole or otherwise materially impair the business of AMD and the AMD Subsidiaries as a whole.

3.17 Insurance. AMD and each of the AMD Subsidiaries has insurance on its officers, directors, employees, business operations and property, in such amounts as are reasonable and deemed adequate by its Board of Directors or management, against all risks usually insured against by persons operating similar properties or businesses in the localities where such properties are located, under, to the best of AMD's knowledge, valid and enforceable policies issued by insurers of recognized responsibility, and such policies shall not, pursuant to their terms, in any way be affected by, or terminate or lapse by reason of, the Merger. AMD has not done anything, either by way of action or inaction, that might invalidate, in whole or in part, any of the material policies of fire, casualty, liability, title, workers' compensation and other forms of insurance held by AMD.

3.18 Transactions with Management. Except as disclosed in the documents described in Section 3.6(a), no executive officer, director or, stockholder of AMD or any of the AMD Subsidiaries has, since July 2, 1995, engaged in any business dealings with AMD or any of the AMD Subsidiaries other than such business dealings as would not be required to be disclosed in such

documents or reports pursuant to the Securities Act and the rules and regulations promulgated thereunder. No executive officer or director of AMD or any of the AMD Subsidiaries (except in his capacity as such) has any direct or indirect material interest in (i) any property or assets of AMD or that of any of the AMD Subsidiaries (except as a stockholder), (ii) any competitor, customer, supplier or agent of AMD or any of the AMD Subsidiaries, or (iii) any person which is a party to any contract or agreement which is material to AMD or any of the AMD Subsidiaries.

3.19 Disclosure. No representations or warranties by AMD in this Agreement or the AMD Disclosure Schedule and no statement by AMD or, to the best knowledge of AMD, any other person, contained in any document, certificate or other writing furnished by AMD to NexGen in connection with the preparation of the Proxy Statement or the S-4, contains any untrue statement of a material fact or omits any material fact necessary to make the statements made herein or therein, in light of the circumstances under which they were made, not misleading.

3.20 Brokerage and Finders' Fees. AMD has not incurred and will not incur any liability for brokerage or finders' fees or agents commissions in connection with this Agreement or the Merger other than fees agreed to be paid to Donaldson, Lufkin & Jenrette Securities Corporation in consideration for investment banking advice and the rendering of a fairness opinion with respect to the Merger. AMD has provided NexGen with a true copy of the agreement between AMD and Donaldson, Lufkin & Jenrette Securities Corporation regarding the services to be rendered by Donaldson, Lufkin & Jenrette Securities Corporation in connection with the Merger, and the fee to be paid to Donaldson, Lufkin & Jenrette Securities Corporation will not exceed $ 4,500,000 plus expenses. AMD has received the fairness opinion rendered by Donaldson, Lufkin & Jenrette Securities Corporation, and a copy of such opinion is attached to the AMD Disclosure Schedule.

3.21 Actions Affecting Pooling. Aside from any actions contemplated this Agreement, AMD has not taken or permitted any action relating to AMD which would prevent the Merger from qualifying for pooling-of-interests accounting treatment in accordance with generally accepted accounting principles and all rules,

regulations and policies of the SEC.

3.22 Takeover Statutes. No "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute or regulation enacted under state or federal laws in the United States (each a "Takeover Statute"), including, without limitation, Section 203 of the DGCL, applicable to AMD or any of the AMD Subsidiaries, is applicable to the Merger or the other transactions contemplated hereby.

3.23 Environmental Matters. Except with respect to matters which in the aggregate have not had and could not reasonably be expected to have a material adverse effect on AMD, AMD and each of the AMD Subsidiaries to the best of AMD's knowledge (i) have obtained all applicable permits, licenses and other authorizations which are required under federal, state, provincial or local laws relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants or hazardous or toxic materials or wastes into ambient air, surface water, ground water or land or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants or hazardous or toxic materials or wastes by AMD or the AMD Subsidiaries (or their respective agents); (ii) are in compliance with all the terms and conditions of such required permits, licenses and authorization, and also are in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder; (iii) as of the date hereof, are not aware of nor have received notice of any event, condition, circumstance, activity, practice, incident, action or plan which is reasonable likely to interfere with or prevent continued compliance with or which would give rise to any common law or statutory liability, or otherwise form the basis of any claim, action, suit or proceeding, based on or resulting from AMD's or any AMD Subsidiary's (or any of their respective agents) manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge or release into the environment, of any pollutant, contaminant or hazardous or toxic material or waste; and (iv) have taken all actions necessary under applicable requirements of federal, state or local laws, rules or regulations to register any products or materials required to be registered by AMD or the AMD Subsidiaries (or any of their respective agents) thereunder.

3.24 NexGen Commercial Relationships. AMD and AMD Merger have no reason to believe that either IBM or VLSI will elect not to continue their relationship with NexGen following the Effective Time.

SECTION 4

COVENANTS OF NEXGEN

NexGen hereby covenants and agrees as follows:

4.1 Negative Covenants. Between the date of this Agreement and the Effective Time, unless AMD shall otherwise consent in

writing, which consent AMD may not unreasonably withhold, neither NexGen nor any NexGen Subsidiary will do any of the following or commit to do so:

(a) Make any purchase, sale or disposition of any material asset or property or mortgage, pledge, subject to a lien or otherwise encumber any of its material properties or assets, other than in the ordinary course of business consistent with past practices;

(b) Except for obligations under existing contracts and agreements, incur any material contingent liability as a guarantor or otherwise with respect to the obligations of any person or entity other than NexGen Subsidiaries;

(c) Take or permit any action which would prevent the Merger from qualifying as a tax-free reorganization under Section 368 of the Code or from being eligible for pooling-of-interests accounting treatment in accordance with generally accepted accounting principles and all rules, regulations and policies of the SEC, and NexGen will use its best efforts to prevent any of its officers or directors from taking or permitting any such action;

(d) Amend or incur any obligation to amend its Certificate of

Incorporation or Bylaws, offer to issue or issue any shares of its capital stock (other than pursuant to presently outstanding options or warrants), effect any stock split, reverse stock split or stock dividend, or grant any options, warrants or rights to acquire any capital stock of NexGen (other than grants of options pursuant to existing employee benefit programs in a manner which is consistent with past practice), or accelerate the exercisability or vesting of options or warrants presently outstanding, except (i) acceleration which occurs automatically pursuant to the terms of an existing agreement between NexGen and a holder of NexGen Options or NexGen Warrants and (ii) to provide that any presently outstanding options or warrants shall not terminate merely by reason of the Merger;

(e) Declare, set aside or pay any dividend or make any other distribution in respect of its capital stock, or make any direct or indirect redemption, purchase or other acquisition of its capital stock (other than in connection with the repurchase of stock from terminated employees or the surrender of stock to NexGen for the purpose of a stock-for-stock exercise of an employee stock option);

(f) Make any change in the compensation payable or to become payable to any of its directors, officers or employees (other than increases in compensation called for by the terms of any outstanding employment agreement or

increases which are consistent with past practice) or enter into or amend any indemnity, employment or consulting agreements;

(g) Make any loans to any of its stockholders, officers, directors or employees or make any change in its borrowing arrangements;

(h) Enter into (i) any licensing or manufacturing contracts or agreements or (ii) any sales agent, distributor or OEM sales contracts or agreements not entered into in the ordinary course of business;

(i) Undertake any change in the capital structure of NexGen or of any NexGen Subsidiary or in the operational or management structure of NexGen and the NexGen Subsidiaries as a whole;

(j) Undertake a course of action inconsistent with this Agreement or which would prevent any conditions precedent to its obligations under this Agreement from being satisfied at or prior to the Effective Time;

(k) Provide or publish to its stockholders any material which might constitute an unauthorized "prospectus" within the meaning of the Securities Act;

(l) Violate the terms of the Credit Agreement;

(m) Issue any press release or any public disclosure, either written or oral, of the transactions contemplated by this Agreement or negotiations related thereto without the prior knowledge and written consent of AMD, which consent shall not be unreasonably withheld; provided, however, that no such consent shall be required if NexGen has determined in good faith upon written advice of counsel that it is required under applicable securities laws to make the disclosure; or

(n) Aside from any actions contemplated by this Agreement, take or permit any action relating to NexGen which would prevent the Merger from qualifying for pooling-of-interests accounting treatment in accordance with Generally Accepted Accounting Principles and all rules, regulations and policies of the SEC.

4.2 Affirmative Covenants. Prior to or on the Effective Time NexGen will do each of the following:

(a) Use its best efforts to perform and fulfill all conditions and obligations on its part to be performed and fulfilled under this Agreement to the end that the

transactions contemplated by this Agreement shall be fully carried out;

(b) Use its best efforts to obtain all authorizations, consents and permits of others required to permit the consummation by NexGen of the transactions contemplated by this Agreement and the Credit Agreement and the continuation of NexGen's business after consummation of the Merger, including, without limitation, using its best efforts through preparation, SEC clearance and distribution as promptly as possible of the Proxy Statement (as defined below) and otherwise to obtain the approval of

NexGen's stockholders sufficient for corporate and tax law purposes and pooling-of-interests accounting;

(c) Cooperate with AMD to the best of NexGen's ability in the preparation of (i) the joint proxy statement to be used in connection with the solicitation of proxies from the respective stockholders of AMD and NexGen with respect to approval of the Merger (the "Proxy Statement"); (ii) the S-4; and (iii) the S-8 (as defined below). (Collectively, the S-4 and S-8 are referred to herein as the "Registration Statements.") In this regard, NexGen from time to time will furnish to AMD, and be responsible for, all information regarding NexGen required for the proper preparation of such Proxy Statement and Registration Statements and shall promptly furnish AMD with information with respect to any event as a result of which the Registration Statements, if such information were not disclosed therein, would include an untrue statement of a material fact relating to NexGen or the NexGen Subsidiaries or omit a material fact necessary to make the statements therein relating to NexGen or the NexGen Subsidiaries not misleading;

(d) Promptly advise AMD in writing of (i) any materially adverse change in the financial condition, business, operations or key personnel of NexGen or the NexGen Subsidiaries; and (ii) the occurrence of any event which causes the representations and warranties made by NexGen in this Agreement or the information included in NexGen Disclosure Schedule to be incomplete or inaccurate in any material respect;

(e) Conduct its business only in the ordinary course and refrain from changing or introducing any method of management or operations except in the ordinary course of business and consistent with prior practices;

(f) Use its best efforts to keep intact its business organization to keep available its present officers, agents and employees as NexGen deems necessary or appropriate to continue its business as presently conducted and to preserve

the goodwill of all suppliers, customers and others having business relations with it;

(g) Permit AMD and its authorized representatives to have full access to all of its properties, assets, records, tax returns, contracts and documents and furnish to AMD and its authorized representatives such financial and other information with respect to its business and properties as AMD may from time to time reasonably request for purposes of making a review of the business of NexGen, which review may include an environmental assessment;

(h) Except as expressly permitted by Section 4.3(d), use its best efforts to obtain approval of this Agreement by the holders of outstanding shares of NexGen Common Stock entitled to vote (and to that end, will recommend approval of the Merger to NexGen's stockholders) and present evidence of such recommendation and approval to AMD in form and content satisfactory to AMD and its counsel;

(i) As promptly as reasonably practicable after the date of this Agreement, file with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice and any other governmental agencies or departments all notices, reports and other documents required by law with respect to this Agreement and the Merger and promptly submit any additional information or documentary material properly requested by any such governmental agency or department;

(j) In the event that between the date hereof and the Effective Time, any person, entity or federal, state, local or foreign governmental authority shall commence any examination, review, investigation, action, suit or proceeding against NexGen with respect to the Merger, NexGen shall give prompt notice thereof to AMD, shall keep AMD informed as to the status thereof, and shall (except as may be prohibited by such governmental authority or by any court order or decree in an action or suit instituted by a person other than NexGen or an affiliate of NexGen) permit AMD to observe and be present at each meeting, conference or other proceeding and have access to and be consulted in connection with any document filed or provided to such person, entity or governmental authority in connection with such examination, review, investigation, action, suit or proceeding;

(k) Deliver to AMD at the Closing the resignations of all directors of NexGen;

(l) Promptly provide AMD with (i) copies of all written materials and communications furnished by NexGen to

its stockholders after the date of this Agreement, and (ii) copies of all notices, reports or other documents filed with the Federal Trade Commission or the Antitrust Division of the United States Department of Justice pursuant to Section 4.2(i) hereof, and (iii) copies of all reports filed with the SEC;

(m) Promptly provide AMD copies of its consolidated balance sheet and related consolidated statements of income, changes in financial position and changes in stockholders' equity for all interim monthly and quarterly periods prior to the Closing. Such monthly and quarterly financial statements shall be prepared in conformity with generally accepted accounting principles applied on a consistent basis (subject to the absence of footnotes) and shall present (subject to normal year-end audit adjustments) the consolidated financial condition, results of operations and changes in consolidated financial position of NexGen and the NexGen Subsidiaries as of the dates and for the periods covered by such statements;

(n) As of the Effective Time, employees of NexGen and its Subsidiaries shall cease to accrue any additional benefits under all NexGen Benefit Arrangements and Employee Benefit Plans and any other plans or agreements for the benefit of the employees of NexGen or its Subsidiaries, except under plans, arrangements or agreements which AMD has elected to continue, which election will be in the sole discretion of AMD. At the request of AMD, NexGen and the NexGen Subsidiaries will take such action as may be requested by AMD to enter into, amend, or terminate any or all of the NexGen Benefit Arrangements, Employee Benefit Plans and any other benefit plans or agreements in connection therewith, with such amendments or terminations to be effective as of the Effective Time;

(o) Use its best efforts to deliver to AMD, and to cause its counsel to deliver to AMD, the closing documents referred to in this Agreement;

(p) Use its best efforts to provide to AMD No Sale Agreements, in the form of Exhibit C attached hereto, executed by NexGen's stockholders after the date on which a public announcement is made concerning the execution of this Agreement; and

(q) Promptly following the date of this Agreement, consider the adoption of a stockholders rights plan and adopt such a plan if the Board of Directors of NexGen concludes that such plan is in the best interests of NexGen and its stockholders.

4.3 No Solicitation.

(a) NexGen shall immediately cease and cause to be terminated any existing discussions or negotiations with regard to a business combination or similar transaction with any parties other than AMD and AMD Merger. NexGen agrees not to release any third party from any confidentiality or standstill agreement to which NexGen is a party.

(b) NexGen shall not, directly or indirectly, through any officer, director, employee, representative or agent of NexGen or any NexGen Subsidiaries, solicit or encourage (including by way of furnishing nonpublic information) the initiation of any inquiries or proposals regarding any merger, consolidation, sale of substantial assets, sale of shares of capital stock including without limitation by way of a tender offer or similar transactions involving NexGen or any NexGen Subsidiaries (any of the foregoing inquiries or proposals being referred to herein as an "Acquisition Proposal"). Notwithstanding the foregoing, if a corporation, partnership, person, or other entity or group (a "Third Party") after the date of this Agreement submits to the Board of Directors of NexGen an unsolicited bona fide, written Acquisition Proposal (i) which is not subject to any financing contingency, (ii) which the Board of Directors of NexGen determines may constitute a Superior Proposal (as that term is defined in Section 4.3(d) of this Agreement), and (iii) the Board of Directors of NexGen concludes, after receipt of advice from outside legal counsel to NexGen, that the failure to engage in discussions with the Third Party concerning such Acquisition Proposal would cause the Board of Directors to violate its fiduciary duties to NexGen and its stockholders, then in such case NexGen may (x) furnish information about its business, properties, or assets to the Third Party under protection of a confidentiality agreement substantially the same in its protections to NexGen as the Confidentiality and Standstill Agreement dated October 16, 1995, between NexGen and AMD, and (y) negotiate and participate in discussions and negotiations with such Third Party. Thereafter, if the Board of Directors of NexGen concludes, after receipt of advice from outside legal counsel to NexGen, that it is under a duty to take actions reasonably calculated to maximize present stockholder value, the Board of Directors may approve the solicitation of additional Acquisition Proposals

and furnish such information and have such negotiations as it deems advisable under the circumstances.

(c) NexGen shall immediately notify AMD after receipt of any Acquisition Proposal or any request for nonpublic information relating to NexGen or any NexGen Subsidiaries in connection with an Acquisition Proposal or for access to the

properties, books or records of NexGen or any subsidiary by any person or entity that informs the Board of Directors of NexGen or such NexGen Subsidiary that it is considering making, or has made, an Acquisition Proposal. Such notice to AMD shall be made orally and in writing and shall include a copy of any writing submitted by such person or entity and shall indicate in reasonable detail the identity of the offeror and the terms and conditions of such proposal, inquiry or contact.

(d) Notwithstanding the foregoing, in the event the Board of Directors of NexGen receives an Acquisition Proposal that based on the advice of outside counsel, the Board of Directors is required to consider in the exercise of its fiduciary obligations and that it determines to be a Superior Proposal, the Board of Directors may (subject to the following sentences) withdraw or adversely modify its approval or recommendation of the Merger and recommend any such Superior Proposal, or terminate the Agreement but such termination may occur only after the NexGen Stockholders' Meeting, in each case at any time after the fourth business day following delivery of written notice to AMD (a "Notice of Superior Proposal") advising AMD that the Board of Directors has received a Superior Proposal, specifying the material terms of the structure of such Superior Proposal. NexGen may take any of the foregoing actions pursuant to the preceding sentence only if an Acquisition Proposal that was a Superior Proposal continues to be a Superior Proposal in light of any improved transaction proposed by AMD prior to the expiration of the four business day period specified in the preceding sentence. For purposes of this Agreement, a "Superior Proposal" means any bona fide Acquisition Proposal to merge with NexGen or to acquire, directly or indirectly, a material equity interest in or a significant amount of voting securities or assets of NexGen for consideration consisting of cash and/or securities, and otherwise on terms which the Board of Directors of NexGen determines in the proper exercise of its fiduciary duties (based on the advice of a financial advisor of nationally recognized reputation including, without limitation, PaineWebber Incorporated) to provide greater value to NexGen and its stockholders than the Merger (or otherwise proposed by AMD as contemplated above). Nothing contained herein shall prohibit NexGen from taking and disclosing to its stockholders a position contemplated by Rule 14d-9(e) under the Exchange Act prior to the fourth business day following Purchaser's receipt of a Notice of Superior Proposal provided that NexGen does not withdraw or modify its position with respect to the Merger or approve or recommend an Acquisition Proposal.

(e) NexGen agrees to use its best efforts to ensure

that the officers, directors and employees of NexGen and the NexGen Subsidiaries and any investment banker or other advisor or representative retained by NexGen are aware of the restrictions described in this Section.

SECTION 5

COVENANTS OF AMD AND AMD MERGER

AMD and AMD Merger covenant and agree as follows:

5.1 Negative Covenants. Between the date of this Agreement and the Effective Time, unless NexGen shall otherwise consent in writing, which consent NexGen may not unreasonably withhold, neither AMD nor any AMD Subsidiary will do any of the following or commit to do so:

(a) Declare, set aside, or pay any dividend or make any other distribution in respect of its capital stock, whether payable in AMD Common Stock or otherwise, or effect a stock split of its capital stock;

(b) Undertake a sale, spinoff or other distribution of all or substantially all of the assets of AMD or all or substantially all of the assets of AMD associated with the production of any product or group of products of AMD which represented 10% or more of the gross revenues of AMD in the fiscal year ended December 25, 1994;

(c) Undertake any consolidation or merger of AMD with or into another corporation other than a merger with another corporation in which AMD is a

continuing corporation and which does not result in any reclassification or change of AMD Common Stock, unless at the time of any such consolidation or merger, to the extent reasonably deemed necessary by NexGen, AMD or the successor corporation shall execute appropriate documentation to insure the result provided for in Section 1.5(b).

(d) Aside from any actions contemplated by this Agreement, take or permit any action relating to AMD which would prevent the Merger from qualifying for pooling-of-interests accounting treatment in accordance with Generally Accepted Accounting Principles and all rules, regulations and policies of the SEC.

(e) Take or permit any action which would prevent the Merger from qualifying as a tax-free reorganization under Section 368 of the Code or from being eligible for pooling-of-interests accounting treatment in accordance with generally accepted accounting principles and all rules, regulations and policies of the SEC, and AMD will use its

best efforts to prevent any of its officers or directors from taking or permitting any such action;

(f) Undertake a course of action inconsistent with this Agreement or which would prevent any conditions precedent to its obligations under this Agreement from being satisfied at or prior to the Effective Time;

(g) Provide or publish to its stockholders any material which might constitute an unauthorized "prospectus" within the meaning of the Securities Act;

(h) Issue any press release or any public disclosure, either written or oral, of the transactions contemplated by this Agreement or negotiations related thereto without the prior knowledge and written consent of NexGen, which consent shall not be unreasonably withheld; provided, however, that no such consent shall be required if AMD has determined in good faith upon written advice of counsel that it is required under applicable securities laws to make the disclosure; or

(i) Violate the terms of the Credit Agreement.

5.2 Affirmative Covenants. Prior to or on the Effective Time AMD and/or AMD Merger will do the following:

(a) Use its best efforts to perform and fulfill all conditions and obligations on their part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement and the Credit Agreement shall be fully carried out;

(b) Use its best efforts to obtain all authorizations, consents and permits of others required to permit the consummation by AMD and AMD Merger of the transactions contemplated by this Agreement and the Credit Agreement, including, without limitation, using its best efforts through preparation, SEC clearance and distribution as promptly as possible of the Proxy Statement and otherwise to obtain the approval of AMD's stockholders sufficient for corporate law purposes and pooling-of-interests accounting;

(c) Cooperate with NexGen to the best of AMD's ability in the preparation of the Proxy Statement;

(d) File the S-4 with the SEC as promptly as practicable, which shall relate to the maximum number of shares of AMD Common Stock into which the shares of NexGen Common Stock will be converted on the Effective Time, and use its best efforts to cause the S-4 to become effective as soon after such filing as practicable. In this regard, AMD

will advise NexGen promptly as to the time at which the S-4 becomes effective and of the issuance by the SEC of any stop order suspending the effectiveness of the S-4 or the institution of any proceedings for such purpose and will use its best efforts to prevent the issuance of any stop order and to obtain as soon as possible the lifting thereof if issued. Until the Effective Time, AMD will advise NexGen promptly of any requirement of the SEC for any amendment or supplement to the S-4 or for additional information, and will not at any time file any amendment of or supplement to the prospectus contained therein (or to the prospectus filed pursuant to Rule 424(b) of the SEC) (the "Prospectus") which shall not have been previously submitted to NexGen a reasonable time prior to the proposed filing thereof or to which NexGen shall reasonably object or which is not in compliance in all material respects with the Securities Act and the rules and regulations issued by the SEC thereunder. When the S-4 becomes

effective, it will comply in all material respects with the provisions of the Securities Act and the rules and regulations thereunder. From and after the date the S-4 becomes effective and until the Effective Time, if any event occurs as a result of which the Prospectus would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading or if it is necessary at any time to amend the S-4 or the Prospectus to comply with the Securities Act, AMD will promptly notify NexGen and will prepare an amended or supplemented S-4 or Prospectus which will correct such statement or omission and will use its best efforts to cause any such amendment to become effective as promptly as possible. AMD will deliver to NexGen two signed copies of the S-4 and all amendments thereto, including all financial statements and exhibits filed therewith;

(e) If any shares of AMD Common Stock are listed on the NYSE or any other exchange as of the Closing Date, use its best efforts to list the AMD Common Stock to be issued pursuant to the Merger on the NYSE or such other exchange;

(f) Promptly advise NexGen in writing of (i) any materially adverse change in the financial condition, business, operations or key personnel of AMD or the AMD Subsidiaries; and (ii) the occurrence of any event which causes the representations and warranties made by AMD in this Agreement or the information included in AMD Disclosure Schedule to be incomplete or inaccurate in any material respect;

(g) Provide to NexGen such financial reports and other information as may be reasonably requested by NexGen for the purpose of monitoring the business of AMD;

(h) Use its best efforts to (i) qualify the Common Stock to be issued pursuant to the Merger under the securities or "blue sky" laws of every jurisdiction of the United States in which any registered stockholder of NexGen has an address on the records of NexGen's transfer agent on the record date for determining the NexGen stockholders entitled to notice of and to vote on the Merger, and (ii) qualify the NexGen Options and NexGen Warrants to be assumed by AMD pursuant to Section 5.3 under the securities or "blue sky" laws or every jurisdiction of the United States in which the records of NexGen, as of the Closing Date, indicate that a holder of such options or warrants resides, except in either case any such jurisdiction with respect to which counsel for AMD has determined that such qualification is not required under the securities or "blue sky" laws of such jurisdiction;

(i) Use its best efforts to obtain the approval of this Agreement by affirmative vote of the holders of the outstanding shares of AMD Common Stock entitled to vote (and to that end, will recommend approval of the Merger to AMD's stockholders) and shall present evidence of such recommendation and approval to NexGen in form and content satisfactory to NexGen and its counsel;

(j) As promptly as reasonably practicable after the date of this Agreement, file with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice and any other governmental agencies or departments all notices, reports and other documents required by law with respect to this Agreement and the Merger and promptly submit any additional information or documentary material properly requested by any such governmental agency;

(k) In the event that between the date hereof and the Effective Time, any person, entity or federal, state, local or foreign governmental authority shall commence any examination, review, investigation, action, suit or proceeding against AMD with respect to the Merger, AMD shall give prompt notice thereof to NexGen, shall keep NexGen informed as to the status thereof, and shall (except as may be prohibited by such governmental authority or by any court order or decree in an action or suit instituted by a person other than AMD or an affiliate of AMD) permit NexGen to observe and be present at each meeting, conference or other proceeding and have access to and be consulted in connection with any document filed or provided to such person, entity or governmental authority in connection with such examination, review, investigation, action, suit or proceeding;

(l) Cause AMD Merger to perform all of its agreements contained herein and in the Merger Agreement;

(m) Promptly provide NexGen with (i) copies of all written materials and communications furnished by AMD to its stockholders after the date of this Agreement, and (ii) copies of notices, reports or other documents filed with the Federal Trade Commission or the Antitrust Division of the

United States Justice Department pursuant to Section 5.2(j) hereof (iii) copies of all reports filed with the SEC;

(n) Promptly provide NexGen copies of its Consolidated Balance Sheet and related consolidated statements of income, changes in financial position and changes in stockholders' equity for all interim 4-week and quarterly periods prior to the Closing. Such 4-week and quarterly financial statements shall be prepared in conformity with Generally Accepted Accounting Principals applied on a consistent basis (subject to the absence of footnotes) and shall present (subject to normal year-end audit adjustments) the consolidated financial condition, results of operations and changes in financial position of AMD and the AMD Subsidiaries as of the dates and for the periods covered by such statements;

(o) Use its best efforts to deliver to NexGen, and to cause its counsel to deliver to NexGen, the closing documents referred to in this Agreement; and

(p) Appoint the Chairman of NexGen to the Board of Directors of AMD effective as of the Effective Time.

5.3 Stock Options, Warrants and Convertible Instruments.

(a) At the Effective Time, AMD shall assume the NexGen 1987 Stock Plan, the NexGen 1995 Stock Plan and the NexGen 1995 Employee Stock Purchase Plan; and each NexGen Option then outstanding under such plans shall remain outstanding and shall be deemed an option to purchase, in place of the purchase of NexGen Common Stock previously subject to such option, that number of shares of AMD Common Stock equal to the product of the number of shares subject to the NexGen Option, to the extent not exercised or terminated on or prior to the Effective Time, multiplied by the Exchange Ratio and rounded downward to the nearest whole share, at an exercise price per share equal to the exercise price per share under the NexGen Option divided by the Exchange Ratio and rounded upward to the nearest whole cent. The assumption of the NexGen Options which are incentive stock options as defined in Section 422(b) of the Code and of options outstanding under the NexGen Employee Stock Purchase Plan shall be accomplished in a transaction to which Section 424(a) of the Code applies. All the other terms and

conditions of the NexGen Options shall remain the same.

(b) As of the Effective Time, each NexGen Warrant then outstanding shall remain outstanding and shall be deemed to be a warrant to purchase, in place of the purchase of the shares of NexGen Common Stock previously subject to such Warrant, that number of shares of AMD Common Stock equal to the product of the number of shares of NexGen Common Stock subject to such Warrant, and not exercised prior to the Effective Time, multiplied by the Exchange Ratio and rounded downward to the nearest whole share. The exercise price per share shall be equal to the exercise price per share under the NexGen Warrant divided by the Exchange Ratio and rounded upward to the nearest one-hundredth of one (1) whole cent. As of the Effective Time, any existing right of ASCII Corporation to convert debt payable by NexGen into NexGen Common Stock shall remain effective and shall be deemed to be a right to convert such debt into that number of shares of AMD Common Stock as is equal to the product of the number of shares of NexGen Common Stock into which such debt could have been converted prior to the Effective Time, and was not so converted, multiplied by the Exchange Ratio and rounded downward to the nearest whole share.

(c) AMD will (i) file with the SEC a new registration statement on Form S-8 relating to such NexGen Options and the shares of AMD Common Stock to be issued upon their exercise or an amendment to its existing registration statement on Form S-8 to include such options and shares (such new or amended registration statement is referred to in this Agreement as the "S-8"), (ii) file with the SEC a registration statement on Form S-3 (or such other form as AMD deems appropriate) (the "S-3") relating to such NexGen Warrants and the shares of AMD Common Stock to be issued upon their exercise, (iii) use its best efforts to cause the S-8 and the S-3 to become effective prior to the Closing, and (iv) if the shares of AMD Common Stock issuable upon exercise of existing AMD stock option plans are listed on the NYSE or some other exchange as of the Closing Date, AMD will list the shares of AMD Common Stock to be issued pursuant to NexGen Options and NexGen Warrants assumed by AMD on the NYSE or such other exchange.

5.4 Employee Benefits. Consistent with AMD's employee benefit plans, all NexGen employees who become employees of AMD or a subsidiary of AMD as of the Effective Time shall receive the same or reasonably comparable benefits as such

NexGen employees currently receive and, to the extent not prohibited by law, shall receive service credit which includes their employment by NexGen prior to the Effective Time.

SECTION 6

INDEMNIFICATION

6.1 Indemnification by NexGen. NexGen will indemnify and hold harmless AMD and the AMD Subsidiaries and each of their officers, directors, employees and agents from and against any and all losses, claims, damages or liabilities (including expenses), joint and several, to which any of them may become subject under the Securities Act, the Exchange Act, common law, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of, or are based upon, any untrue statement or alleged untrue statement of any material fact contained in the S-4, the Prospectus or the Proxy Statement or arise out of, or based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each such party to be indemnified by it for any legal or other expenses reasonably incurred by such party in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the foregoing indemnification shall be limited to any loss, claim, damage or liability (including expenses) arising out of, or based upon, any untrue statement or alleged untrue statement in or omission or alleged omission from the S-4, the Prospectus or the Proxy Statement made in reliance upon and in conformity with information furnished by or on behalf of NexGen or any of the NexGen Subsidiaries specifically for use therein or in preparation thereof. The indemnity agreement in this section is in addition to any liability which NexGen may otherwise have.

6.2 Indemnification by AMD. AMD will indemnify and hold harmless NexGen and the NexGen Subsidiaries and each of their officers, directors, employees and agents from and against any and all losses, claims, damages or liabilities (including expenses), joint or several, to which any of them may become subject under the Securities Act, the Exchange Act, common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of, or are based upon, any untrue statement or alleged untrue statement of any material fact contained in the S-4, the Prospectus or the Proxy Statement or arise out of, or are based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each such party to be indemnified by it for any legal or other expenses reasonably incurred by such party in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that there shall be excluded from the foregoing indemnification any loss, claim, damage or liability (including expenses) arising out of, or based upon, any untrue statement or alleged untrue statement in or omission or alleged omission from the S-4, the

Prospectus or the Proxy Statement made in reliance upon and in conformity with information furnished by or on behalf of NexGen or any NexGen Subsidiary specifically for use therein or in preparation thereof. The indemnity agreement in this section is in addition to any liability which AMD may otherwise have.

6.3 Defense of Action. Promptly after receipt by an indemnified person under this Section 6 of notice of the commencement of any action, such indemnified person shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 6, notify the indemnifying party in writing of the commencement thereof, enclosing a copy of all papers served. The failure to notify the indemnifying party shall relieve it from any liability under this Section 6, but not from any liability the indemnifying party might otherwise have to the indemnified party. The party proposing to be indemnified shall cooperate fully with the indemnifying party in the defense of the action. If the indemnifying party agrees in writing to assume and undertake the defense of the claim or action, the indemnifying party shall have the right to select and retain counsel reasonably satisfactory to the indemnified person and the indemnified person, upon receipt of written notice of the agreement of the indemnifying party, shall have no right to indemnification of fees or expenses incurred subsequent to receipt of the notice. If, however, the indemnified party requires separate counsel because a conflict of interest would otherwise exist, the indemnifying party shall pay the reasonable legal fees and reasonable expenses of such separate counsel on a monthly basis. The identifying party shall not be liable for any settlement or compromise effected without its consent. The indemnifying party shall have the right to settle or otherwise

compromise the action in its sole discretion provided that it agrees to satisfy any and all settlement obligations from its own resources.

6.4 Additional Indemnification by AMD. AMD agrees that upon consummation of the Merger and at all times thereafter, AMD shall indemnify and hold harmless each person who was an officer or director of NexGen prior to the Effective Time upon the same terms and conditions as each such person was entitled to be indemnified by NexGen at the date hereof and as of the Effective Time pursuant to the Bylaws of NexGen or any agreement between NexGen and each such person or as provided by the DGCL.

SECTION 7

MUTUAL CONDITIONS

Neither AMD, AMD Merger nor NexGen will be obligated to complete or cause to be completed the transactions contemplated by this Agreement unless the following conditions have been satisfied prior to or at the Closing:

7.1 Absence of Restraint. No order to restrain, enjoin or otherwise prevent the consummation of this Agreement or the transactions contemplated herein shall have been entered and remain in effect by any court or administrative body.

7.2 Absence of Termination. The obligations to consummate the transactions contemplated hereby shall not have been terminated pursuant to Section 10 hereof.

7.3 Required Approvals. AMD, AMD Merger and NexGen shall have received all such material governmental approvals, consents, authorizations or modifications as may be required to permit the performance by AMD, AMD Merger and NexGen, of their respective obligations under this Agreement and the consummation of the transactions herein contemplated.

7.4 Securities Law Requirements. All permits, licenses, consents and approvals necessary under any laws relating to the sale of securities shall have been issued or given, and all registrations or registration statements filed under any laws relating to the sale of securities for the issuance of AMD Common Stock issuable pursuant to this Agreement, including the S-4, shall have become effective, and no such permit, license, consent approval, registration or registration statement shall have been revoked, cancelled, terminated, suspended or made the subject of any stop order or proceeding therefor.

7.5 Hart-Scott-Rodino Antitrust Improvements Act. AMD and NexGen shall have made all required filings under the Hart-Scott-Rodino Antitrust Improvements Act and the required statutory periods under such Act shall have expired.

7.6 NexGen Stockholders' Approval. The approval of this Agreement shall have been obtained by the requisite vote of the outstanding shares of NexGen entitled to vote, as required by and in accordance with the applicable provisions of the DGCL and the Certificate of Incorporation and Bylaws of NexGen; and NexGen shall have presented evidence of such approvals to AMD in form and content satisfactory to AMD and its counsel.

7.7 AMD Stockholders' Approval. The approval of this Agreement shall have been obtained by the requisite vote of the outstanding shares of AMD entitled to vote as required by the Rules of the NYSE; and AMD shall have presented evidence of such approvals to NexGen in form and content satisfactory to NexGen and its counsel.

7.8 New York Stock Exchange Listing. If any shares of AMD Common Stock are listed on the NYSE or another exchange on the Closing Date, the NYSE or such other exchange shall have authorized the listing, upon official notice of issuance, on the NYSE or such other exchange of the shares of AMD Common Stock to

be issued or delivered in connection with the Merger, and no order suspending trading in AMD's Common Stock shall be in effect as of the Closing Date.

SECTION 8

CONDITIONS PRECEDENT TO OBLIGATIONS OF AMD AND AMD MERGER

The obligations of AMD and AMD Merger to consummate the transactions contemplated in this Agreement are subject to the fulfillment, prior to or upon the Closing, of the following conditions precedent:

8.1 Compliance with Covenants; Representations and Warranties Correct.
NexGen shall have complied with and performed in all material respects all of the covenants contained in this Agreement to be performed by it at or prior to the Closing Date; the representations and warranties of NexGen contained in this Agreement shall, after taking into account any supplemental disclosures made by NexGen pursuant to Section 4.2(d)(ii) of this Agreement, be true and correct in all material respects as of the Closing Date with the same effect as though made on the Closing Date; and NexGen shall have delivered to AMD a certificate of the Chief Executive Officer of NexGen evidencing compliance with the conditions set forth in this Section 8.1.

8.2 No Material Adverse Change. From and after the date hereof, there
shall have been no material adverse change in the business or financial condition of NexGen and the NexGen Subsidiaries taken as a whole. For the purposes hereof, a material adverse change shall mean a material adverse change, other than a decrease in the reported stock price, which (from the perspective of AMD) results in a significant diminution of the value of the NexGen business enterprise as a whole, and which material adverse change shall cause Donaldson, Lufkin & Jenrette Securities Corporation to withdraw its written opinion to the Board of Directors or AMD delivered pursuant to Section 8.5 hereof.

8.3 Section 2.23 Documents. AMD shall have received the Section 2.23
Documents.

8.4 Key Employees. AMD shall be reasonably satisfied prior to the
Effective Time with the employment arrangements between NexGen and (i) those employees of NexGen whom AMD has identified to NexGen as key employees and (ii) any additional employees of NexGen whom AMD reasonably identifies as key employees to the business of NexGen as now being conducted or currently proposed to be conducted prior to the Effective Time.

8.5 Fairness Opinion. The Board of Directors of AMD shall have received a
written opinion from Donaldson, Lufkin and

Jenrette Securities Corporation, dated the date of this Agreement and dated on the date on which the Proxy Statement is first mailed to AMD stockholders, in form and substance satisfactory to AMD, stating that the consideration to be paid by AMD in the Merger is fair to the stockholders of AMD from a financial point of view and such opinion shall not have been withdrawn by the closing.

8.6 Comfort Letter. AMD shall have received a letter from Price
Waterhouse LLP, as independent certified public accountants for NexGen, dated (i) the effective date of the S-4, and (ii) the Closing Date, in each case substantially to the effect that:

(a) it is a firm of independent public accountants with respect to NexGen and its Subsidiaries within the meaning of the Securities Act and the rules and regulations of the SEC thereunder;

(b) in its opinion, the audited consolidated financial statements of NexGen and its Subsidiaries examined by it and included or incorporated by reference in the S-4 comply as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act and the applicable published rules and regulations of the SEC thereunder with respect to registration statements on Form S-4; and

(c) on the basis of specified procedures (which do not constitute an examination in accordance with generally accepted auditing standards), consisting of a reading of the unaudited consolidated financial statements of NexGen and its subsidiaries included or incorporated by reference in the S-4 and of the latest available unaudited consolidated financial statements of NexGen and its Subsidiaries, inquiries of officers of NexGen and its Subsidiaries responsible for financial and accounting matters, and a reading of the minutes of meetings of stockholders and the Board of Directors of NexGen and its Subsidiaries, nothing has come to its attention which causes it to believe: (1) that the unaudited consolidated financial statements of NexGen and its Subsidiaries included or incorporated by reference in the S-4 do not comply as to form in all material respects with

the applicable accounting requirements of the Securities Act and the published rules and regulations thereunder, (2) that the unaudited consolidated financial statements are not fairly presented in conformity with generally accepted accounting principles consistently applied and on a basis substantially consistent with that of the audited consolidated financial statements, or (3) that as of a date which is five (5) business days prior to the date of such letter there was any change in the capital stock, any increase in long-term debt or any

decrease in consolidated net assets of NexGen and its Subsidiaries as compared to the amounts shown in the NexGen Audited Balance Sheet, or that during the period from June 30, 1995, to the most recent month-end for which financial statements are available there was any decrease, as compared with the corresponding period in the preceding year, in consolidated net income of NexGen and its Subsidiaries, except in all instances for changes or decreases which are set forth in such letter or which the S-4 discloses have occurred or may occur;

and covering such other matters (including tables, statistics and other financial information and data included in the S-4) as AMD may reasonably request consistent with the Statement on Auditing Standards No. 49 issued by the American Institute of Certified Public Accountants.

8.7 Legal Opinion. AMD shall have received an opinion of Pillsbury, Madison & Sutro, counsel to NexGen, dated the Closing Date, in substantially the form attached hereto as Exhibit D.

8.8 Resignations. AMD shall have received written resignations, effective as of the Closing Date, of each director of NexGen.

8.9 Tax Opinion. AMD shall have received a written opinion of Bronson, Bronson & McKinnon, counsel for AMD, in form and substance reasonably satisfactory to it and substantially identical in form and substance to the opinion described in Section 9.3 of this Agreement to the effect that the Merger will constitute a reorganization within the meaning of Section 368(a)(1) of the Code. Counsel shall, in rendering such opinion, be entitled to rely on representations of AMD, AMD Merger and NexGen.

8.10 Pooling-of-Interests Accounting Treatment. AMD shall have received a letter from Ernst & Young LLP, AMD's independent public accountants, dated the Closing Date, in form and substance satisfactory to AMD, to the effect that the Merger will qualify for pooling-of-interests accounting treatment in accordance with generally accepted accounting principles and all applicable rules, regulations and policies of the SEC and the NYSE.

SECTION 9

CONDITIONS PRECEDENT TO NEXGEN'S OBLIGATIONS

The obligations of NexGen to consummate the transactions contemplated herein are subject to the fulfillment, prior to or upon the Closing, of the following conditions precedent:

9.1 Compliance with Covenants; Representations and Warranties Correct. AMD and AMD Merger shall have performed in all material respects all of the covenants contained in this Agreement to be performed by them at or prior to the Closing Date; the representations and warranties of AMD contained in this Agreement shall, after taking into account any supplemental disclosures made by AMD pursuant to Section 5.2(f)(ii) of this Agreement, be true and correct in all material respects as of the Closing Date with the same effect as though made on the Closing Date; and AMD shall have delivered to NexGen a certificate of the Chief Executive Officer of AMD evidencing compliance with the conditions set forth in this Section 9.1.

9.2 No Material Adverse Change. From and after the date hereof there shall have been no material adverse change in the business or financial condition of AMD and the AMD Subsidiaries taken as a whole. For the purposes hereof, a material adverse change shall mean a material adverse change, other than a decrease in the reported stock price, which (from the perspective of NexGen) results in a significant diminution of the value of the AMD business enterprise as a whole, and which material adverse change shall cause PaineWebber Incorporated to withdraw its written opinion to the Board of Directors of NexGen

delivered pursuant to Section 9.4 hereof.

9.3 Tax Opinion. NexGen shall have received a written opinion of Pillsbury, Madison & Sutro, counsel for NexGen, in form and substance reasonably satisfactory to it and substantially identical in form and substance to the opinion described in Section 8.9 of this Agreement to the effect that the Merger will constitute a reorganization within the meaning of Section 368(a)(1) of the Code. Counsel shall, in rendering such opinion, be entitled to rely on representations of AMD, AMD Merger and NexGen.

9.4 Fairness Opinion. The Board of Directors of NexGen shall have received a written opinion from PaineWebber Incorporated dated the date of this Agreement and updated on the date on which the Proxy Statement is first mailed to NexGen stockholders, in form and substance satisfactory to NexGen, stating that the terms of the Merger are fair to the stockholders of NexGen from a financial point of view, and such opinion shall not have been withdrawn by the Closing.

9.5 Legal Opinion. NexGen shall have received an opinion of Bronson, Bronson & McKinnon, counsel to AMD, dated the Closing Date, in substantially the form attached hereto as Exhibit E.

SECTION 10

TERMINATION OF AGREEMENT

10.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, notwithstanding approval thereof by the shareholders either of AMD or of NexGen or of both:

(a) by mutual written consent duly authorized by the Boards of Directors of AMD and NexGen; or

(b) by either AMD or NexGen if the Merger shall not have been consummated by June 30, 1996, provided, however, that the right to terminate this Agreement under this Section 10.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of or resulted in the failure of the Merger to occur on or before such date; or

(c) by either AMD or NexGen if a court of competent jurisdiction or governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action, in each case having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger; or

(d) by AMD or NexGen, if (i) at the NexGen Stockholders' Meeting (including any adjournment or postponement thereof), the requisite vote of the stockholders of NexGen shall not have been obtained and (ii) in the case of the termination of this Agreement under this Section 10.1(d) by NexGen, NexGen shall have paid to AMD all amounts owing by NexGen to AMD under Section 10.3; or

(e) By AMD or NexGen, if (i) at the AMD Stockholders' Meeting (including any adjournment or postponement thereof), the requisite vote of the stockholders of AMD shall not have been obtained and (ii) in the case of the termination of this Agreement under this Section 10.1(e) by AMD, AMD shall have paid to NexGen all amounts owing by AMD to NexGen under Section 10.3; or

(f) by AMD, if a tender offer or exchange offer for 20% or more of the outstanding shares of NexGen Common Stock is commenced (other than by AMD or an affiliate of AMD), and within ten (10) business days of such commencement the Board of Directors of NexGen shall not have recommended that the shareholders of NexGen not tender their shares in such tender or exchange offer; or

(g) by NexGen, upon a breach of any representation, warranty, covenant or agreement on the part of AMD set forth in this Agreement, or if any representation or warranty of AMD shall have become untrue, in either case such that the

conditions set forth in Section 9.1 would not be satisfied (a "Terminating AMD Breach"), provided, that, if (i) such Terminating AMD Breach is curable by AMD through the exercise of its reasonable best efforts and for so long

as AMD continues to exercise such reasonable best efforts, or (ii) such Terminating AMD Breach relates solely to representations and warranties and does not cause PaineWebber Incorporated to withdraw its written opinion to the Board of Directors of NexGen delivered pursuant to Section 9.4 hereof; then NexGen may not terminate this Agreement under this Section 10.1(g); or

(h) by AMD, upon breach of any representation, warranty, covenant or agreement on the part of NexGen set forth in this Agreement, or if any representation or warranty of NexGen shall have become untrue, in either case such that the conditions set forth in Section 8.1 would not be satisfied ("Terminating NexGen Breach"), provided, that, (i) if such Terminating NexGen Breach is curable by NexGen through the exercise of its reasonable best efforts and for so long as NexGen continues to exercise such reasonable best efforts, or (ii) such Terminating NexGen Breach relates solely to representations and warranties and does not cause Donaldson, Lufkin & Jenrette Securities Corporation to withdraw its written opinion to the Board of Directors of AMD delivered pursuant to Section 8.5 hereof; then AMD may not terminate this Agreement under this Section 10.1(h).

10.2 Effect of Termination. If this Agreement shall be terminated as provided in Section 10.1, this Agreement shall forthwith become void (except as otherwise provided in Section 10.4 and 11.2) and there shall be no liability on the part of any party hereto to any other party except for (i) payment of any amounts payable pursuant to Section 10.3, (ii) payment of any amounts payable pursuant to Section 11.4 and (iii) any damages for a material breach of this Agreement, but the foregoing shall be without prejudice to any other rights or remedies any party may have arising out of any prior breach of any material representation, warranty or covenant in this Agreement.

10.3 Fees and Expenses.

(a) Except as set forth in this Section 10.3, all fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, whether nor not the Merger is consummated; provided, however, that AMD and NexGen shall share equally all fees and expenses other than attorneys' fees, incurred in relation to the printing and filing of the Proxy Statement (including any preliminary materials related thereto) and the Registration Statement (including financial statements and exhibits) and any amendments or supplements

thereto.

(b) NexGen shall pay AMD a fee of $28,000,000 (subject to offset, for any amount paid pursuant to Section 10.3(e)), upon the earlier to occur of the following events:

(i) if NexGen's Board of Directors prior to the vote at the NexGen Stockholders' Meeting has withdrawn, modified or changed in any manner adverse to AMD its recommendation of the Merger or resolved to do so, provided, however, that disclosing to its stockholders in conformance with the securities laws information regarding a Superior Alternative Transaction without so withdrawing, changing or modifying its recommendation shall not be deemed to be a breach of this clause (i); or

(ii) the NexGen Board prior to the vote at the NexGen Stockholders' Meeting has resolved to accept, accepted or recommended to the stockholders of NexGen a Superior Alternative Transaction; or

(iii) the later to occur of both (A) the entering into an agreement contemplating a Superior Alternative Transaction or the consummation of a Superior Alternative Transaction on or before June 30, 1996 and (B) termination of this Agreement pursuant to Sections (f) or (h) of Section 10.1 of this Agreement; or

(iv) the later to occur of both (A) the entering into an agreement contemplating an Alternative Transaction or the consummation of an Alternative Transaction on or before June 30, 1996 and (B) termination of this Agreement pursuant to Section 10.1(d); or

(v) as a result of any material breach by NexGen of Section 4.3 of this Agreement as a result of any willful solicitation by NexGen's directors, executive officers, five other key employees identified by AMD in connection with Section 8.4(i), the financial advisor or counsel of NexGen;

provided, however, that no payment hereunder shall be due with respect to

any of such events which occurs after the earlier of June 30, 1996 or the termination of the Agreement by AMD and NexGen pursuant to Sections 10.1(a), or by NexGen pursuant to section 10.1(b), 10.1(c), 10.1(e) or 10.1(g).

(c) As used herein "Alternative Transaction" means: (i) a transaction pursuant to which any person other than

AMD or its affiliates (a "Third Party") acquires more than 20% of the outstanding shares of NexGen Common Stock, whether from NexGen or pursuant to a tender offer or exchange offer or otherwise, provided, however, that after termination of this Agreement, the issuance of new equity by NexGen where reasonably necessary to provide continued funding for NexGen's operations shall not be deemed an Alternative Transaction except as provided in clause (iii) of this paragraph (c); (ii) a merger or other business combination involving NexGen pursuant to which any Third Party acquires more than 20% of the outstanding equity securities of NexGen or the entity surviving such merger or business combination; or (iii) any other transaction pursuant to which any Third Party acquires control of assets (including for this purpose the outstanding equity securities of subsidiaries of NexGen, and the entity surviving any merger or business combination including any of them) of NexGen or any of the NexGen Subsidiaries having a fair market value (as determined by the Board of Directors of NexGen in good faith) equal to more than 20% of the fair market value of all the assets of NexGen, and the NexGen Subsidiaries, taken as a whole, immediately prior to such transaction. As used herein, a "Superior Alternative Transaction" means an Alternative Transaction in which consideration is received by NexGen or its stockholders for NexGen Common Stock and the consideration for each share of NexGen Common Stock has a greater value than the consideration for each share of NexGen Common Stock determined as of the date hereof to be received by Stockholders of NexGen pursuant to the Merger.

(d) If the Fee is payable pursuant to Section 10.3(b), then the Fee shall be paid within one business day after demand therefor by AMD unless payment is earlier due as provided in Section 10.1(d).

(e) NexGen shall pay AMD $15,000,000 upon the earliest to occur of the following events: (i) the termination of this Agreement by AMD pursuant to Section 10.1(d) as a result of the failure to receive the requisite vote for approval of this Agreement and the Merger by the stockholders of NexGen at the NexGen Stockholders' Meeting; or (ii) the termination of this Agreement by AMD pursuant to Section 10.1(f).

(f) AMD shall pay NexGen $15,000,000 upon the termination of this Agreement by NexGen pursuant to Section 10.1(e) as a result of the failure to receive the requisite vote for approval of this Agreement and the Merger by the stockholders of AMD at the AMD Stockholders' meeting.

10.4 Return of Information; Confidentiality. In the event

this Agreement is terminated or the Merger is not consummated for any reason, AMD, AMD Merger and NexGen agree that all written information and documents supplied by either AMD or AMD Merger to NexGen or by NexGen to either AMD or AMD Merger for their respective evaluations of the proposed Merger shall be promptly returned to the other party at its request, and AMD, AMD Merger and NexGen each will use its best efforts to cause confidential information to continue to be treated as confidential. The rights of AMD and NexGen with respect to information disclosed to the other are set forth in the Confidentiality and Standstill Agreement dated October 16, 1995, which agreement shall continue in full force and effect and not be affected by or merged with the terms of this Agreement.

10.5 Extension of Time; Waivers. At any time prior to the Closing Date:

(a) By AMD and AMD Merger. AMD and AMD Merger may (i) extend the time for the performance of any of the obligations or other acts of NexGen, and (ii) waive compliance with any of the agreements or conditions contained herein to be performed by NexGen. Any agreement on the part of AMD and AMD Merger to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of AMD and AMD Merger.

(b) By NexGen. NexGen may (i) extend the time for the performance of any of the obligations or other acts of AMD and/or AMD Merger, and (ii)

waive compliance with any of the agreements or conditions contained herein to be performed by AMD and/or AMD Merger. Any agreement on the part of NexGen to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of NexGen.

SECTION 11

MISCELLANEOUS

11.1 Amendment. This Agreement may be amended with the approval of the Boards of Directors of AMD, AMD Merger and NexGen at any time before or after approval hereof by the stockholders of NexGen or AMD, but, after any such stockholder approval, no amendment shall be made which would have a material adverse effect on the stockholders of either NexGen or AMD or which changes any of the principal terms of this Agreement, without the further approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

11.2 No Survival of Representations and Warranties. None of the representations, warranties and agreements in this

Agreement or in any instrument delivered pursuant to this Agreement shall survive the Merger, except for (i) the agreements of "Affiliates" of NexGen to be delivered pursuant to Section 2.23 of this Agreement, (ii) the provisions of Section 5.3 of this Agreement, (iii) the provisions of Section 6 of this Agreement to the extent they inure to the benefit of persons other than AMD, AMD Merger or NexGen, and (iv) the provisions of Section 10.3 of this Agreement.

11.3 Entire Agreement; Counterparts; Applicable Law. This Agreement together with the Confidentiality and Standstill Agreement, and the Credit Agreement and the agreements contemplated by the exhibits hereto (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, (b) may be executed in several counterparts each of which will be deemed an original and all of which shall constitute one and the same instrument and (c) shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Delaware, without regard to the principles of conflicts of laws thereof.

11.4 Attorneys' Fees. In any action at law or suit in equity in relation to this Agreement, the prevailing party in such action or suit shall be entitled to receive a reasonable sum for its attorneys' fees and all other reasonable costs and expenses incurred in such action or suit.

11.5 Assignability. This Agreement shall be binding upon, and shall be enforceable by and inure to the benefit of, the parties named herein and their respective successors; provided, however, that this Agreement may not be assigned by any party without the prior written consent of the other parties, and any attempted assignment without such consent shall be void and of no effect.

11.6 Notices. All notices, requests, demands and other communications hereunder shall be deemed to have been duly given if delivered by hand or mailed by certified or registered mail:

To NexGen:
NexGen, Inc.
1623 Buckeye Drive
Milpitas, CA 95035
Attention: S. Atiq Raza
Chairman

With a copy to:

Pillsbury, Madison & Sutro
2700 Sandhill Road
Menlo Park, California 95113
Attention: Jorge A. del Calvo, Esq.

To AMD:
Advanced Micro Devices, Inc.
Attention: General Counsel
P. O. Box 3453 M/S 150
Sunnyvale, CA 94088-3453

With a copy to:

Bronson, Bronson & McKinnon
505 Montgomery Street
San Francisco, California 94111-2514
Attention: Victor J. Bacigalupi, Esq.

Or to such other address at which any party may by registered mail notify the other party, and shall be deemed given on the date on which hand-delivered or on the third business day following the date on which mailed.

11.7 Titles. The titles and captions of the sections and paragraphs of this Agreement are included for convenience of reference only and shall have no effect on the construction or meaning of this Agreement.

11.8 Third Party Beneficiary. Section 6 of this Agreement shall be enforceable by, and shall inure to the benefit of, the persons entitled to be indemnified thereunder. Section 5.3 of this Agreement shall be enforceable by, and shall inure to the benefit of, the holders of NexGen Warrants and NexGen Options assumed by AMD. No other section of this Agreement shall be interpreted or construed as creating any right of enforcement or cause of action on the part of any person who is not a party to this Agreement.

11.9 Cooperation. AMD, AMD Merger and NexGen each agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate expeditiously or implement the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first set forth above.

ADVANCED MICRO DEVICES, INC.

By /s/ W. J. Sanders III
_____

AMD MERGER CORPORATION

By /s/ W. J. Sanders III
_____

NEXGEN, INC.

By /s/ S. Atiq Raza
_____

SECURED CREDIT AGREEMENT

BETWEEN

ADVANCED MICRO DEVICES, INC.

AND

NEXGEN, INC.

October 20, 1995

ANNEX 1

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SECURED CREDIT AGREEMENT

THIS SECURED CREDIT AGREEMENT (the "Agreement") is made and entered into as of October 20, 1995, by and between NEXGEN, INC., a Delaware corporation (the "Borrower"), and ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Lender").

RECITALS:

a. Concurrently herewith, the Borrower is entering into a certain Agreement and Plan of Merger (the "Merger Agreement") with the Lender and AMD Merger Corporation, a Delaware corporation and wholly owned subsidiary of the Lender.

b. The Borrower has requested that the Lender extend revolving credit facilities to the Borrower in the aggregate principal amount of up to Sixty Million Dollars ($60,000,000) and the Lender is willing to do so, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. For the purposes of this Agreement, the capitalized terms in the preamble and the recitals hereto shall have the meanings therein given them and the following terms shall have the respective meanings set forth below:

"Accounts" shall mean all rights to payment for goods sold or leased, or to be sold or leased, or for services rendered or to be rendered, whether or not earned by performance, no matter how evidenced and including without limitation accounts receivable, chattel paper, contract rights, drafts, instruments, notes, purchase orders, acceptances and all other forms of obligations and receivables.

"Advance" shall mean each and every advance of sums hereunder by the Lender to or for the account of the Borrower.

"Business Day" shall mean any day which is not a Saturday, Sunday or legal holiday in the State of California on which banks are open for business in the City of San Francisco.

"Chattel Paper," "Contracts," "Contract Rights," "Documents," "Equipment," "Fixtures," "General Intangibles," "Goods," "Instruments" and "Inventory" shall have the respective meanings as are given to those terms in the Uniform Commercial Code as adopted by the State of California (the "U.C.C.").

"Closing" shall mean the closing of the transactions contemplated under this Agreement.

"Closing Date" shall mean the date referred to in Section 3.1 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as the same may from time to time be amended.

"Collateral" shall mean all of the property in which a security interest is granted to the Lender pursuant to Section 5.2 hereof.

"Collateral Documents" shall mean all those certain documents specified in paragraphs (c) and (d) of Section 4.1 hereof and any additional documents executed and delivered by the Borrower pursuant to Section 5.4 hereof.

"Dollars" or "$" shall mean the lawful currency of the United States of America.

"Event of Default" shall mean the event specified in Section 7.1 hereof.

"Financial Statements" shall mean the consolidated balance sheet of the Borrower and its Subsidiaries, taken as a whole, as of June 30, 1995, the consolidated statement of operations, statement of stockholders' equity and statement of cash flows of the Borrower and its Subsidiaries, taken as a whole, for the fiscal year of the Borrower ended on such date, and the notes thereto.

"Indebtedness" shall mean, with respect to any person, all items of indebtedness, obligations and liabilities, whether matured or unmatured, liquidated or unliquidated, fixed or contingent, joint or several, including without limitation:

a. All indebtedness hereunder;

b. All indebtedness guaranteed in any manner, whether directly or indirectly, or endorsed (other than for collection or deposit in the ordinary course of business) or discounted with recourse;

c. All indebtedness in effect guaranteed, whether directly or indirectly, through agreements, contingent or

otherwise: (i) to repurchase such indebtedness; or (ii) to purchase, sell or lease (whether as lessee or lessor) property, products, materials or supplies, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such indebtedness or to assure the owner of the indebtedness against loss; or (iii) to supply funds to or in any other manner invest in the debtor; and

d. All indebtedness secured by (or for which the holder of such indebtedness has a right, contingent or otherwise, to be secured by) any mortgage, deed of trust, pledge, lien, security interest or other charge or

encumbrance upon property owned or acquired subject thereto, whether or not the liabilities secured thereby have been assumed.

"Index Base Rate" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next higher 1/16th of 1%) equal to the Index Rate in effect on such day plus three hundred fifty basis points (3.50). Any change in the Index Base Rate due to a change in the Index Rate shall be effective on the effective date of such change in the Index Rate.

"Index Rate" shall mean that rate established and published from time to time by Bank of America National Trust and Savings Association, San Francisco, California ("BofA"), as its prime, base or reference rate. The Index Rate is determined by BofA at its discretion based on various factors including its costs of funds and desired return, general economic conditions and other factors. BofA uses the Index Rate as a benchmark for pricing certain types of loans. Depending upon the circumstances, such as the amount and terms of a loan, the creditworthiness of a borrower or any guarantor, the presence and nature of collateral and other relationships between a borrower and BofA, loans may be priced at, above or below the Index Rate. The Borrower acknowledges that the use of the appellation "Index Rate" does not constitute a representation on the part of the Lender that no loans or for-bearances are made by BofA (or the Lender) at a lesser rate of interest. In the event that BofA shall cease to establish or publish an Index Rate, whether denominated as such or otherwise, the Index Rate shall be deemed to be the average "prime," "base" or "reference" interest rate for each calendar month, as of the first day of such calendar month, of the three largest (as determined by total assets) banking institutions in the State of California (other than BofA) then establishing or publishing a "prime," "base" or "reference" rate of interest; provided, however, that in the event any such banking institution publishes more than one such rate, the rate used with respect to such banking institution shall be the highest among those so published by it.

"Liabilities" shall mean all Indebtedness that should, in accordance with generally accepted accounting principles

consistently applied, be classified as liabilities on a balance sheet of the Borrower.

"Lien" shall mean, with respect to any asset: (i) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset; (ii) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset; or (iii) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Line of Credit" shall mean that certain line of credit described in Section 2.1 hereof.

"Loan" shall mean the aggregate of all Advances hereunder.

"Loan Documents" shall mean: (i) this Agreement; (ii) the note, agreements, financing statements, instruments and other documents referred to in Article IV hereof; and (iii) any amendment, supplement, modification, consent or waiver of, to or in respect of any of the foregoing.

"Material Adverse Effect" shall mean material impairment of the rights of or benefits available to the Lender under any of the Loan Documents.

"Maturity Date" shall mean the first to occur of the following dates: (i) the date which is twelve (12) months after the date of any termination of the Merger Agreement in accordance with the provisions of Section 10.1 of the Merger Agreement; and (ii) the date of the acquisition by any one person or group of persons (other than the Lender, AMD Merger Corporation or any other affiliate of the Lender) of, or of the right to acquire, more than fifty percent (50%) of any class or series of voting securities of the Borrower;

"Obligations" shall mean the obligations of the Borrower:

(i) To pay the principal of and interest on the Note (as defined herein) in accordance with the terms hereof and thereof and to perform all of its other obligations to or for the benefit of the Lender, whether hereunder or otherwise, now existing or hereafter incurred, matured or unmatured, fixed or contingent, joint or several, including any extensions, modifications or renewals thereof or substitutions therefor;

(ii) To repay to the Lender all amounts advanced by the Lender hereunder or otherwise to or on behalf of the Borrower, including without limitation all advances for principal or interest payments to prior secured parties or

mortgagees, or for liens, or for taxes, levies, insurance, rent, or repairs to or maintenance or storage of any of the property of the Borrower; and

(iii) To reimburse the Lender, on demand, for all of the Lender's expenses and costs, including the reasonable fees and expenses of its counsel, in connection with the enforcement of this Agreement and the documents required hereunder, including without limitation any proceeding brought or threatened to enforce payment of any of the obligations referred to in clauses (i) and (ii) of this definition.

"Permitted Liens" shall mean:

(i) Liens for taxes, assessments or similar charges incurred in the ordinary course of business that are not yet due and payable;

(ii) Pledges or deposits made in the ordinary course of business to secure payment of workers' compensation or to participate in any fund in connection with workers' compensation, insurance, old-age pensions or other social security programs;

(iii) Liens of mechanics, materialmen, warehousemen or carriers, and other like liens, securing obligations incurred in the ordinary course of business that are not yet due and payable;

(iv) Liens arising by operation of law;

(v) Good faith pledges or deposits made in the ordinary course of business to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or to secure statutory obligations or surety, appeal, indemnity, performance or other similar bonds required in the ordinary course of business;

(vi)Encumbrances consisting of zoning restrictions, easements or other restrictions on the use of real property, none of which materially impair the use of such property by the Borrower in the operation of its business, and none of which are violated in any material respect by existing or proposed structures or land use;

(vii)Liens in favor of the Lender;

(viii)Liens in favor of lessors of equipment under equipment lease agreements entered into by the Borrower, as lessee, in the ordinary course of business;

(ix) Existing Liens in favor of ASCII Corporation and ASCII of America, Inc. under the Security Agreement with the Borrower dated November 15, 1991, as amended;

(x) Existing Liens in favor of Phemus Corporation under the Security Agreement with Borrower dated July 22, 1993;

(xi) Liens with respect to the Accounts and Inventory of the Borrower, securing the Borrower's line of credit with a commercial bank or credit company;

(xii) Any Liens which are approved in writing by the Lender;

(xiii)Any Lien in favor of any supplier/manufacturer of inventory, including without limitation VLSI Technology, Inc. and IBM Corporation;

(xiv) Any of the following, if the validity or amount thereof is being contested in good faith by appropriate and lawful proceedings and levy and execution thereon have been stayed and continue to be stayed, and if they do not, in the aggregate, materially detract from the value of the property of the Borrower or materially impair the use thereof in the operation of the Borrower's business:

(A) Claims or Liens for tax assessments or charges due and payable and subject to interest or penalty;

(B) Claims, Liens and encumbrances upon, and defects of title to, real or personal property, including without limitation any attachment of personal or real property or other legal process prior to adjudication of a dispute on the merits;

(C) Claims or Liens of mechanics, materialmen, warehousemen or carriers, or other like liens; and

(D) Adverse judgments on appeal; and

(xv) Any Lien which is expressly made subordinate to the Liens in

favor of the Lender and which come into existence after any termination of the Merger Agreement.

"Security Agreement" shall mean that certain Security Agreement which is to be executed and delivered by the Borrower to the Bank with respect to those items set forth in Section 5.2 hereof.

"Subsidiary" shall mean any subsidiary of the Borrower.

"Term" shall mean the term of this Agreement, commencing on the Closing Date and expiring on the Maturity Date; provided, however, that in the event the Borrower fails to pay to the Lender all sums required hereunder on or before the Maturity Date, the Borrower shall continue to be bound by the terms of this Agreement until all such sums are paid in full but the Lender shall be under no further obligations hereunder after such date.

1.2 Accounting Terms. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall have the meanings given them under generally accepted accounting principles as in effect from time to time applied on a consistent basis over the time period in question.

1.3 Terms Generally. Except where the context requires otherwise, the definitions in Section 1.1 hereof shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." Unless otherwise stated, references to Sections, Articles, Schedules and Exhibits made herein are to Sections, Articles, Schedules or Exhibits, as the case may be, of this Agreement.

ARTICLE II

THE LOAN

2.1 The Line of Credit. Subject to the terms of this Agreement, the Borrower may at any time and from time to time before the Maturity Date, and so long as no Event of Default or event which with the giving of notice or the passage of time or both would become an Event of Default has occurred, borrow from the Lender pursuant to the revolving credit facility described in this Section 2.1 (the "Line of Credit"), and the Lender shall lend to the Borrower pursuant to the Line of Credit, such requested Advances, each in an amount of not less than One Million Dollars ($1,000,000), and not to exceed in the aggregate at any one time outstanding during the Term hereof the principal sum of Sixty Million Dollars ($60,000,000).

2.2 Availability of the Line of Credit. The Line of Credit shall be available for Advances to the Borrower during the Term in accordance with the following schedule:

a. On or before December 31, 1995: Advances in an aggregate principal amount not exceeding Thirty Million Dollars ($30,000,000);

b. On or before March 31, 1996: Advances in an aggregate principal amount not exceeding Fifty Million Dollars ($50,000,000); and

c. On or before June 30, 1996: Advances in an aggregate principal amount not exceeding Sixty Million Dollars ($60,000,000).

Any unused portion of the Line of Credit existing on June 30, 1996 shall be cancelled as of such date and no longer available.

2.3 Disbursements.

a. Advances. Upon satisfaction in full of the conditions precedent set forth in Article IV hereof, the Lender shall at the Closing and thereafter make Advances hereunder pursuant to the Line of Credit, in accordance with the availability schedule set forth in Section 2.2 hereof, upon receipt by the Lender of a request pursuant to paragraph (b) of this Section 2.3 from any one of the individuals whose names are set forth in Exhibit A attached hereto, acting alone. Notwithstanding anything to the contrary herein contained, any Advance shall be conclusively presumed to

have been made to or for the benefit of the Borrower so long as the Lender believes in good faith that the requests and directions received by the Lender in connection therewith have been made by a person authorized hereunder or where such Advance is deposited to the credit of the account of the Borrower with Bank of America National Trust and Savings Association, regardless of the fact that persons other than those authorized hereunder may have authority to draw against such account or to have made such requests.

b. Notice of Advances. In order to request an Advance (including but not limited to any Advance to be disbursed on the Closing Date), the Borrower shall give written notice (or telephonic notice promptly confirmed in writing or by facsimile transmission) to the Lender in the form of Exhibit B not later than 8:00 a.m., San Francisco time, on the day of the proposed Advance. Such notice shall be irrevocable and shall in each case refer to this Agreement and specify the date of such Advance (which shall be a Business Day) and the amount thereof.

c. Method of Disbursement. Unless otherwise specified by the Borrower and agreed to by the Lender, each Advance shall be credited by the Lender to the Borrower's deposit account number 12579-53309, FFC 10-10-435-7417910, with Bank of America National Trust and Savings Association, Account Administration

(South) [bank routing (ABA) number 121-000-358], subject to the terms and conditions set forth herein.

2.4 The Note. Concurrently with the execution of this Agreement, the Borrower shall execute and deliver to the Lender a secured promissory note, in the form of Exhibit C hereto, with respect to the Line of Credit; (the "Note"). The Note shall be secured, as provided in Article V hereof.

2.5 Repayment of Principal. The Borrower shall repay to the Lender the aggregate principal amount of any and all Advances under the Line of Credit on the Maturity Date.

2.6 Interest Rate and Payments of Interest.

a. Interest Rate. All Advances shall bear interest as follows:

(i) Each Advance shall bear interest at a rate per annum equal to the Index Base Rate, computed on the basis of the actual number of days elapsed over a year of 365 or 366 days (as the case may be). Interest on each Advance shall be due and payable on the Maturity Date. The Lender shall determine and advise the Borrower three (3) Business Days prior to the Maturity Date of the total interest then due, which determination shall be conclusive and binding on the Borrower, absent manifest error.

(ii) Interest on each Advance shall accrue from and including the date on which such Advance is made and to but excluding the date on which such Advance is repaid in full, unless the date of repayment is the same as the date on which such Advance is made, in which case such date shall be included.

b. Interest on Overdue Amounts; Alternative Rate of Interest.

Notwithstanding any provision of this Section 2.6 to the contrary, if the Borrower shall default in the payment of the principal of or interest on any Advance or any fees or other amounts becoming due hereunder, whether by scheduled maturity, notice of prepayment, acceleration or otherwise, the Borrower shall on demand from time to time from the Lender pay interest from and including the date of such default, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed as provided in paragraph (a) of this Section 2.6) equal to the Index Base Rate plus two percent (2.00%).

c. Usury Law. It is the intent of the Lender and the Borrower in the execution of this Agreement, the Note and the

Collateral Agreements and all other security agreements and financing

statements evidencing the Borrower's obligations hereunder, to contract in strict compliance with the usury laws of the State of California (the "Usury Law"). In furtherance thereof, the Lender and the Borrower stipulate and agree that none of the terms and provisions contained herein or in the Note or in any Collateral Agreement or in any other instrument executed in connection herewith or therewith, shall ever be construed to create a contract to pay for the use, forbearance or detention of money at a rate of interest in excess of the maximum interest rate permitted to be charged by the Lender in compliance with the Usury Law. Neither the Borrower nor any guarantors, endorsers or other parties now or hereafter becoming liable for payment hereunder or under the Note or any Collateral Agreement shall ever be required to pay interest thereon at a rate in excess of the maximum interest that may be lawfully charged by the Lender in compliance with the Usury Law, and the provisions of this paragraph 2.6(c) shall control over all other provisions hereof or of the Note or any Collateral Agreement, and of any other instruments now or hereafter executed in connection herewith or therewith, which may be in apparent conflict herewith. If the maturity of any Obligations shall be accelerated for any reason or if the principal of the Note is paid prior to the expiration of the term thereof, and as a result thereof the interest received for the actual period of existence of the Loan exceeds the applicable maximum lawful rate permitted to be charged by the Lender in compliance with the Usury Law, the Lender shall refund to the Borrower the amount of such excess or shall, at its option, credit the amount of such excess against the principal balance of the Loan then outstanding. In the event that the Lender shall collect monies which are deemed to constitute interest in excess of the lawful rate which the Lender may charge, for any reason whatsoever, such monies shall, upon such determination and at the option of the Lender, be immediately either returned to the Borrower or credited against the principal balance of the Loan then outstanding.

2.7 Prepayments. The Borrower shall have the right to make payments in reduction of the outstanding balance of the Line of Credit, in whole or in part, at any time; provided, however, that each such prepayment must be accompanied by payment of all interest accrued thereon, and provided further that such prepayment must be in the amount of One Million Dollars ($1,000,000) or integral multiples thereof, or the outstanding balance if less. Any amount of principal so repaid may be reborrowed by Borrower and shall be available for future Advances under the Line of Credit.

2.8 Payment to the Lender. All sums payable to the Lender hereunder shall be paid directly to the Lender (or to a bank account specified by the Lender) in immediately available funds. The Lender shall send the Borrower statements of all amounts due

hereunder, which statements shall be considered correct and conclusively binding upon the Borrower (absent manifest error) unless the Borrower notifies the Lender to the contrary within thirty (30) days of its receipt of any statement which the Borrower believes to be incorrect.

2.9 Other Secured Indebtedness. The Borrower covenants and agrees with the Lender that, so long as any of the Obligations shall remain outstanding, the Borrower shall not, and shall not cause or permit any of the Subsidiaries to, either directly or indirectly, create, incur, assume or permit to exist any indebtedness secured by a Lien on any of its properties or assets, except for Permitted Liens. The Borrower also covenants and agrees to furnish to the Lender promptly (and within any applicable cure period) notice of the occurrence of an event of default or any event which with notice or the passage of time (or both) would constitute an event of default under the Security Agreement dated November 15, 1991, as amended, with ASCII Corporation and ASCII of America, Inc. or the Security Agreement dated July 22, 1993 with Phemus Corporation.

2.10 Subordination. Lender agrees that the Obligations of Borrower hereunder, and the Liens granted to Lender pursuant to Article V hereof, are subordinate to the prior payment in full of the indebtedness owing to ASCII Corporation, ASCII of America, Inc. and Phemus Corporation (together the "Senior Lenders") and junior in priority to the existing Liens in favor of the Senior Lenders, as described in the security agreements referenced in Section 2.9 hereof, in each case whether such right of payment is in the ordinary course of business or in the event of any distribution of the assets of Borrower upon any dissolution, winding-up, liquidation or bankruptcy, insolvency or other similar proceedings. The Borrower will not make and the Lender will not demand, accept or receive any payment on the Line of Credit or any Advances hereunder until all amounts owing to the Senior Lenders shall have been paid in full. The Lender and the Borrower covenant to execute and deliver to the Senior Lenders such further instruments and to take such further action as the Senior Lenders may at any time or times reasonably request in order to carry out the provisions and intent of this Section 2.10.

ARTICLE III

THE CLOSING

3.1 Closing Date. The Closing shall be held on October 20, 1995, at 5:00 p.m., local time, in the offices of Bronson, Bronson & McKinnon at 10 Almaden Boulevard, Suite 600, San Jose, California, or at such other time and location as the parties hereto shall mutually agree. At or prior to the Closing, the Borrower shall deliver and execute all documents, reports, opinions and instruments required to be delivered and/or executed hereunder.

3.2 Failure to Meet Conditions. If, at the Closing, the conditions specified in Article IV of this Agreement have not been satisfied or waived in writing by the Lender, the Lender may thereupon elect to be relieved of all further obligations under this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

The obligation of the Lender to make any Advance hereunder is subject to the satisfaction of the following conditions precedent:

4.1 Documents Required Prior to Initial Disbursement. The Borrower shall have delivered to the Lender, prior to or at the Closing and prior to the initial disbursement of any Advance hereunder, the following documents in form and substance satisfactory to the Lender:

(a) This Agreement, duly executed by the Borrower;

(b) The Note, duly executed by the Borrower and in the form attached hereto as Exhibit C;

(c) The Security Agreement, duly executed by the Borrower and in the form attached hereto as Exhibit D;

(d) The UCC-1 Financing Statement and related notices of security interests (patents, patent applications and trademarks) required by Article V hereof;

(e) An opinion of Pillsbury Madison & Sutro, as counsel to the Borrower, dated as of the Closing Date, addressing the matters set forth in Exhibit E hereto and in form and substance acceptable to the Lender and its counsel; and

(f) A certificate of the Secretary of the Borrower, dated as of the Closing Date, certifying: (i) that attached thereto is a true and correct copy of the Certificate of Incorporation of the Borrower, accompanied by a certificate to that effect from the Secretary of State of the State of Delaware dated reasonably close to the Closing Date, which Certificate of Incorporation has not been amended since the date of said certificate of the Secretary of State; (ii) that attached thereto is a true, correct and complete copy of the Bylaws of the Borrower, as in effect on the date of such certificate; (iii) that attached thereto is a true, correct and complete copy of the resolutions duly adopted by the Board of Directors of the Borrower authorizing the execution, delivery and performance of this Agreement, the Note, the Security Agreement and all other Loan Documents by the Borrower and that

said resolutions have not been amended or revoked and are in full force and effect on the date of such certificate; and (iv) as to the incumbency and specimen signature of each officer of the Borrower executing this Agreement, the Note, the Security Agreement or any other instrument or document to be executed and delivered by the Borrower in connection herewith.

4.2 Conditions Precedent to Each Disbursement. At the time of each and every disbursement of an Advance hereunder:

a. No Event of Default shall have occurred and be continuing, nor shall any event have occurred and be continuing that with the giving of

notice or the passage of time, or both, would be an Event of Default;

b. No event shall have occurred which constitutes a Material Adverse Effect;

c. All of the Collateral Documents shall be and remain in full force and effect;

d. The Borrower shall have provided the Lender with an Advance request, in the form of Exhibit B hereto, pursuant to Section 2.3 hereof.

ARTICLE V

COLLATERAL SECURITY

5.1 Secured Obligations. The Collateral shall constitute collateral security for the Loan and all other Obligations and shall be general and continuing until all Obligations have been satisfied in full. The Collateral referred to in Section 5.2 hereof shall be the subject of the Security Agreement, which shall be executed by the Borrower and delivered to the Lender concurrently with the execution and delivery of this Agreement.

5.2 The Collateral. As security for the prompt satisfaction of all Obligations, the Borrower shall assign to the Lender, pursuant to the terms and conditions of the Security Agreement, all of its right, title and interest in and to, and grants to the Lender a Lien upon and security interest in, all of the following:

(a) all patents, patent applications, and like protection, including, without limitation, those patents and pending applications, U.S. and foreign, listed in Schedules (1) and (2) attached hereto, improvements, divisions, continuations, renewals, reissues and extensions thereof heretofore or hereafter filed, issued or acquired (collectively, "Patents");

(b) all inventions, whether or not any of said inventions are patentable, including, without limitation, those inventions disclosed or claimed in patents and patent applications (collectively, "Inventions");

(c) all trademarks and service marks (collectively, "Trademarks") registered or unregistered, including without limitation those marks listed in Schedule (3) attached hereto;

(d) all works of authorship, copyrights, copyright applications, copyright registrations, mask work applications, mask work registrations, and like protection, including, without limitation, renewals, rights of termination, continuations, divisions and extensions thereof, whether or not the underlying works of authorship have been published and whether said copyrights are statutory or arise under the common law (collectively, "Copyrights");

(e) all foreign rights corresponding to Patent, Invention, Trademark and Copyright rights, including, without limitation, those available by treaty and reciprocity;

(f) all computer programs and software, whether in source code or object code and in whatever medium created or acquired;

(g) all trade secrets, processes, confidential information, and all assets (including, without limitation, any General Intangibles) associated with the Patents, Inventions, Trademarks or Copyrights;

(h) any and all tangible or intangible assets, including without limitation all Chattel Paper, Instruments, Documents, Goods, Inventory, Contracts, Contract Rights, General Intangibles, Accounts, Equipment or other tangible property owned by the Borrower, excluding any assets subject to equipment lease arrangements or equipment which is subject to a security interest in favor of a lender providing financing for the purchase of such equipment;

(i) all proceeds of the foregoing and all accessions to , substitutions and replacements for, and royalties, profits, license fees and products of the foregoing; and

(j) all books and records pertaining to the foregoing.

5.3 Priority of Liens. The foregoing Liens are intended by the parties to be first and prior Liens on the Collateral, except

for Permitted Liens and subject to the provisions of Section 2.10 hereof.

5.4 Financing Statements and Perfection. The Borrower shall: (i) join with the Lender in executing such financing statements describing all or any part of the Collateral (including amendments thereto and continuation statements thereof) in form and substance satisfactory to the Lender as the Lender may specify and, at the Lender's sole discretion, at any time during the Term of this Agreement, to make such filings with the United States Patent and Trademark Office and the United States Copyright Office with respect to the Patents, Trademarks and Copyrights as are necessary to perfect the Lender's security interest therein; and (ii) take such other steps as the Lender may reasonably direct, including the noting of the Lender's lien on the Collateral and on any certificates of title therefor, all to perfect the Lender's interest in the Collateral. In addition to the foregoing and not in limitation thereof, a carbon, photographic or other reproduction of the Security Agreement shall be sufficient as a financing statement and may be filed in any appropriate office in lieu thereof.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower represents and warrants to the Bank as follows:

6.1 Organization. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has the corporate power to own its properties and to engage in the business it conducts, and is duly qualified and in good standing as a foreign corporation in all jurisdictions wherein the nature of the business transacted by it or property owned by it makes such qualification necessary, except where the failure to so qualify could not reasonably be expected to result in a Material Adverse Effect.

6.2 Authorization. The Borrower has the power and authority to enter into and perform its obligations under this Agreement, the Note and the Collateral Documents, and to incur the Obligations herein and therein provided for, and has taken all corporate actions necessary to authorize the execution, delivery and performance of this Agreement, the Note and the Collateral Documents.

6.3 Enforceability. This Agreement and the Collateral Documents are, and the Note when delivered will be, legal, valid and binding Obligations of the Borrower, enforceable upon the Borrower in accordance with their respective terms, except to the extent that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general

application from time to time affecting the rights of creditors generally.

6.4 No Proceedings. There are no actions, suits or proceedings at law or in equity or by or before any governmental authority now pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary or the businesses, assets or rights of the Borrower or any Subsidiary as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

6.5 Compliance with Laws and Agreements. Neither the Borrower nor any Subsidiary is in violation of any law, or in default with respect to any judgment, writ, injunction, decree, rule or regulation of any governmental authority, where such violation or default could reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default could reasonably be expected to result in a Material Adverse Effect, and the entering into and performance by the Borrower of this Agreement, the Note and the Collateral Documents will not (immediately or with the expiration of an application cure period or the giving of notice, or both): (i) violate any charter or bylaw provision of the Borrower or any Subsidiary, or violate any law or result in a default under any contract, agreement or instrument to which the Borrower or any Subsidiary is a party or by which the

Borrower or any Subsidiary or its respective properties is bound; or (ii) result in the creation or imposition of any security interest in, or Lien upon, any of the assets of the Borrower or any Subsidiary (except a Permitted Lien).

6.6 Title to Assets. The Borrower and each of its Subsidiaries has good and marketable title to all of its respective assets, subject to no security interest, encumbrance, Lien (except for Permitted Liens) or claim of any third person.

6.7 Financial Condition. The Financial Statements, including any schedules and notes pertaining thereto, have been prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the financial condition of the Borrower and all of its Subsidiaries, taken as a whole, at the dates thereof and the results of operations for the periods covered thereby, and there has occurred no event which might reasonably result in a Material Adverse Effect from the dates thereof to the date hereof.

6.8 Absence of Undisclosed Liabilities. As of the date of the Financial Statements, neither the Borrower nor any Subsidiary had any material Indebtedness of any nature, including without limitation liabilities for taxes and any interest or penalties relating thereto, except to the extent reflected (in a footnote or otherwise) and reserved against in the Financial Statements or as disclosed in or permitted by this Agreement. The Borrower does not know and has no reasonable grounds to know of any basis for the assertion against it or any Subsidiary as of the date hereof of any material Indebtedness of any nature not fully disclosed in or permitted by this Agreement.

6.9 Taxes. Except as otherwise permitted herein, the Borrower and each Subsidiary have filed all federal, state and local tax returns and other reports that it is required by law to file prior to the date hereof and which are material to the conduct of its respective businesses, have paid or caused to be paid all taxes, assessments and other governmental charges that are due and payable prior to the date hereof, and have made adequate provision for the payment of such taxes, assessments or other charges accruing but not yet payable. The Borrower has no knowledge of any deficiency or additional assessment in a materially important amount in connection with any taxes, assessments or charges not provided for on its books.

6.10 Misleading Statements. No representation or warranty by the Borrower contained herein or in any certificate or other document furnished by the Borrower pursuant hereto contains any untrue statement of material fact or omits to state a material fact necessary to make such representation or warranty not misleading in light of the circumstances under which it was made.

6.11 Consents. Each consent, approval or authorization of, or filing, registration or qualification with, any entity which is required to be obtained or effected by the Borrower or any Subsidiary in connection with the execution and delivery of this Agreement, the Note and the Collateral Documents, or the undertaking or performance of any Obligation hereunder or thereunder, has been duly obtained or effected.

6.12 Federal Reserve Regulations. Neither the Borrower nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulations G, U or X of the Board of Governors of the Federal Reserve System of the United States (the "Board"). No part of the proceeds of the Loan has been or will be used, whether directly or indirectly, and whether immediately, incidentally or alternately, for any purpose which entails a violation of, or which is inconsistent with, the provisions of the regulations promulgated by the Board, including but not limited to regulations G, T, U or X.

6.13 Finder's or Broker's Fee. The Borrower has not made any agreement or taken any action which might cause anyone to become entitled to a commission or fee as a result of the making of an Advance.

6.14 Subsidiaries. As of the Closing Date, all of the issued and outstanding shares of capital stock or partnership interest (as the case may be) of each of the Subsidiaries have been validly issued and are fully paid and nonassessable and are owned directly or indirectly by the Borrower free and

clear of all Liens whatsoever, and there are no options, warrants, calls, conversion or exchange rights, commitments or agreements of any character obligating any of the Subsidiaries to issue, deliver or sell additional shares of capital stock of any class or any securities convertible into or exchangeable for any such capital stock or any additional partnership interest other than as disclosed in the Financial Statements.

6.15 Investment Company Act; Public Utility Holding Company Act. Neither the Borrower nor any Subsidiary is an "investment company" as that term is defined in, or is otherwise subject to regulation under, the Investment Company Act of 1940. Neither the Borrower nor any Subsidiary is a "holding company" as that term is defined in, or is otherwise subject to regulation under, the Public Utility Holding Company Act of 1935.

ARTICLE VII

DEFAULT

7.1 Event of Default. Any failure of the Borrower to pay the Note when the same becomes due and payable on the Maturity Date shall constitute an Event of Default hereunder, without regard to any fault of or cause by the Borrower.

7.2 Remedies. Upon the occurrence of an Event of Default, the Lender may exercise any rights it may have at law or in equity or otherwise to avail itself of any and all remedies to which it may have recourse as a secured party under applicable law.

ARTICLE VIII

GENERAL PROVISIONS

8.1 Construction. The provisions of this Agreement shall be in addition to those of any agreement, instrument, note or other evidence of liability held by the Lender, all of which shall be construed as complementary to each other. Nothing herein contained shall prevent the Lender from enforcing any or all other notes, instruments or agreements in accordance with their respective terms. In the event that there is a conflict between the terms of

this Agreement and the terms of the Note or any Collateral Document, the terms of this Agreement shall control.

8.2 Further Assurances. From time to time, the Borrower shall execute and deliver to the Lender such additional documents and provide such additional information as the Lender may reasonably require to carry out the terms of this Agreement and be informed of the Borrower's status and affairs (and that of any of its Subsidiaries).

8.3 Enforcement and Waiver by the Lender. The Lender shall have the right at all times to enforce the provisions of this Agreement, the Note and the Collateral Documents in strict accordance with the terms hereof and thereof, notwithstanding any conduct or custom on the part of the Lender in refraining from so doing at any time or times. The failure of the Lender at any time or times to enforce its rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner contrary to the specific provisions of this Agreement or as having in any way or manner modified or waived the same. All rights and remedies of the Lender are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

8.4 Notices. Any notices or consents required or permitted by this Agreement shall be in writing and shall be deemed duly given if delivered in person or by courier, or if sent by facsimile transmission or certified mail, postage prepaid and return receipt requested, addressed as follows, unless such address is changed by written notice hereunder:

a. If to the Borrower:

NexGen, Inc.
1623 Buckeye Drive
Milpitas, CA 95035
Attention: Chief Financial Officer

With a copy to:

Pillsbury Madison & Sutro
Ten Almaden Boulevard
San Jose, CA 95113
Attention: Jorge A. del Calvo, Esq.

b. If to the Lender:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, CA 94088
Attention: Chief Financial Officer

With a copy to:

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

All such notices shall be deemed to be received by the party to be noticed upon the earlier of (i) actual receipt or (ii) delivery at the specified address.

8.5 Waiver and Release by the Borrower. To the maximum extent permitted by applicable law, the Borrower waives notice and opportunity to be heard before exercise by the Lender of the remedies of self-help, setoff or of other summary procedures permitted by any applicable law or by any agreement with the Borrower, and except where required hereby or by any applicable law, notice of any other action taken by the Lender.

8.6 Choice of Law and Forum. This Agreement has been entered into, and shall be interpreted in accordance with, the laws of the State of California, and any dispute arising hereunder or under the Note or any Collateral Document shall be heard by a court of competent jurisdiction sitting in the City and County of San Francisco, California.

8.7 Binding Effect, Assignment and Entire Agreement. This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and permitted assigns of the parties hereto. The Borrower has no right to assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the Lender, but the Lender may freely assign its rights hereunder without the consent of the Borrower. This Agreement, and the documents executed and delivered pursuant hereto, constitute the entire Agreement between the parties and may be amended only by a writing signed on behalf of each party.

8.8 Severability. If any provision of this Agreement shall be held invalid under any applicable laws, such invalidity shall not affect any other provision of this Agreement that can be given effect without the invalid provision and, to this end, the provisions hereof are severable.

8.9 Attorneys' Fees and Costs. In the event of a dispute hereunder, the prevailing party (as determined by the court) shall be awarded, in addition to any judgment, all reasonable attorneys' fees and costs incurred by it in connection with such dispute.

8.10 Headings. The headings contained in this Agreement are for convenience of reference only and shall not affect the construction or interpretation hereof.

8.11 Survival. All representations, warranties, agreements and covenants made herein and in the certificates, instruments and documents delivered pursuant hereto shall survive the making by the Lender of Advances and the execution and delivery to the Lender of the Note and shall continue in full force and effect until all Obligations are satisfied in full.

8.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which

together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused its duly authorized representative to execute this Agreement on its behalf as of the day and year first above written.

THE BORROWER:

NEXGEN, INC.,
a Delaware Corporation

By: /s/ S. Atiq Raza
_____
Its Chairman of the Board, President and Chief Executive Officer
_____

THE LENDER:

ADVANCED MICRO DEVICES, INC.,
a Delaware corporation

By: /s/ W. J. Sanders III
_____
Its Chairman of the Board and Chief Executive Officer
_____

EXHIBIT A

NAMES OF AUTHORIZED INDIVIDUALS

1. S. Atiq Raza

2. Anthony S. S. Chan

EXHIBIT B

FORM OF ADVANCE REQUEST

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, CA 94088

Attention: Chief Financial Officer

Dear Sir:

The undersigned, NexGen, Inc. (the "Borrower"), refers to that certain Secured Credit Agreement dated as of October 20, 1995 (as amended, modified, supplemented or waived, the "Credit Agreement") by and between the Borrower and yourselves (the "Lender"). Capitalized terms used but not defined in this letter shall have the meanings specified in the Credit Agreement. The Borrower hereby gives the Lender notice pursuant to Section 2.3 of the Credit Agreement that it

requests an Advance, and in connection therewith sets forth below the terms on which the Advance is requested to be made:

(i) Date of Advance _____

(ii) Principal Amount of Advance/1/ _____

Upon the making of the Advance in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Section 4.2 of the Credit Agreement have been satisfied in full.

Very truly yours,

NEXGEN, INC.,
a Delaware corporation

By:_____
Its_____

_____

/1/ Not less than $1,000,000.00.

EXHIBIT C

SECURED PROMISSORY NOTE

$60,000,000 October 20, 1995
San Jose, California

FOR VALUE RECEIVED, the undersigned, NEXGEN, INC., a Delaware corporation (the "Borrower"), unconditionally promises to pay to the order of ADVANCED MICRO DEVICES, INC. (the "Lender"), in lawful money of the United States of America at its office located at One AMD Place, Sunnyvale, California 94088, or to such other entity or at such other address as the Lender may from time to time direct, on or before the Maturity Date, the lesser of (i) the principal sum of Sixty Million Dollars ($60,000,000) or (ii) the aggregate unpaid principal amount of all Advances made pursuant to that certain Secured Credit Agreement dated October 20, 1995, by and between the Borrower and the Lender (the "Credit Agreement"), and to pay interest (before, as well as after, judgment) in arrears, from the date hereof in like money at said office on the unpaid principal amount hereof from time to time outstanding, as provided for in the Credit Agreement.

Interest which is not paid when due shall thereafter bear interest like as to principal.

The Lender is hereby authorized by the Borrower to endorse on the schedule forming a part hereof appropriate notations evidencing the date and amount of each Advance made by the Lender and the date and amount of each payment of principal and interest made by the Borrower with respect thereto.

Presentment, notice of dishonor and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. The Borrower hereby expressly waives, to the full extent permitted by law, its rights to plead any and all statutes of limitations as a defense to any demand hereunder.

This Note is the Note referred to in the Credit Agreement and is secured by a Security Agreement between the Lender and the Borrower of even date herewith. Reference is hereby made to said Credit Agreement for provisions regarding the payment and prepayment hereof. Terms defined in said Credit Agreement and not otherwise defined herein are used herein as therein defined.

This Note was made and shall be governed and construed in accordance with the laws of the State of California.

THE BORROWER:

NEXGEN, INC.,
a Delaware corporation

By: _____
Its _____

BORROWINGS AND PAYMENTS OF PRINCIPAL

<TABLE>
<CAPTION>

Date of Advance	Principal or Face Amount of Advance	Interest Rate	Date of Repayment/ Prepayment	Amount of Repayment/ Prepayment	Notation Made By
<S>	<C>	<C>	<C>	<C>	<C>

</TABLE>

EXHIBIT D

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made as of October 20, 1995, by and between ADVANCED MICRO DEVICES, INC., a Delaware corporation ("Secured Party"), and NEXGEN, INC., a Delaware corporation ("Debtor").

RECITALS

This Security Agreement is entered into in order to grant to Secured Party a security interest in the property described herein as Collateral for the indebtedness of Debtor to Secured Party pursuant to that certain Secured Credit Agreement of even date herewith (the "Credit Agreement"), as evidenced by a Secured Promissory Note of even date herewith in the principal amount of Sixty Million Dollars ($60,000,000) (the "Note"), and for other obligations as set forth herein. All terms not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

AGREEMENT

NOW, THEREFORE, in reliance upon the foregoing and in consideration of the premises and covenants set forth herein, the parties hereto agree as follows:

1. Grant of Security Interest. Debtor hereby grants to Secured Party a security interest in the property described in Section 2 hereof (collectively and severally, the "Collateral") to secure the payment and performance of the obligations of Debtor to Secured Party described in Section 3 hereof (collectively and severally, the "Obligations").

2. Collateral. The Collateral shall consist of the following, whether now existing or hereafter acquired by Debtor:

(a) all patents, patent applications, and like protection, including, without limitation, those patents and pending applications, U.S. and foreign, listed in Schedules (1) and (2) attached hereto, improvements, divisions, continuations, renewals, reissues and extensions thereof heretofore or hereafter filed, issued or acquired (collectively, "Patents");

(b) all inventions, whether or not any of said inventions are patentable, including, without limitation, those inventions disclosed or claimed in patents and patent applications (collectively, "Inventions");

(c) all trademarks and service marks (collectively, "Trademarks") registered or unregistered, including without limitation those marks listed in Schedule (3) attached hereto;

(d) all works of authorship, copyrights, copyright applications, copyright registrations, mask work applications, mask work registrations, and like protection, including, without limitation, renewals, rights of termination, continuations, divisions and extensions thereof, whether or not the underlying works of authorship have been published and whether said copyrights are statutory or arise under the common law (collectively, "Copyrights");

(e) all foreign rights corresponding to Patent, Invention, Trademark and Copyright rights, including, without limitation, those available by treaty and reciprocity;

(f) all computer programs and software, whether in source code or object code and in whatever medium created or acquired;

(g) all trade secrets, processes, confidential information, and all assets (including, without limitation, any general intangibles) associated with the Patents, Inventions, Trademarks or Copyrights;

(h) any and all tangible or intangible assets, including without limitation all Chattel Paper, Instruments, Documents, Goods, Inventory, Contracts, Contract Rights, General Intangibles, Accounts, Equipment or other tangible property owned by Debtor, excluding any assets subject to equipment lease arrangements or equipment which is subject to a security interest in favor of a lender providing financing for the purchase of such equipment;

(i) all proceeds of the foregoing and all accessions to, substitutions and replacements for, and royalties, profits, license fees and products of the foregoing; and

(j) all books and records pertaining to the foregoing.

3. Obligations. The Obligations of Debtor secured by the Collateral shall consist of any and all debts, obligations and liabilities of Debtor to Secured Party, including without limitation those arising under the Credit Agreement, the Note, this Security Agreement, all other Collateral Documents and any other documents or agreements executed in connection therewith, and all amendments, extensions and renewals thereof, whether now existing or hereafter arising, voluntary or involuntary, whether or not jointly owed with others, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from

time to time decreased or extinguished and later increased, created or incurred.

4. Representations and Warranties. Debtor hereby represents and warrants that:

(i) Debtor is the owner of the Collateral (or, in the case of after-acquired Collateral, at the time Debtor acquires rights in the Collateral

will be the owner thereof) and that no other person, entity, agency or government has (or, in the case of after-acquired Collateral, at the time Debtor acquires rights therein will have) any right, title, claim or interest (by way of security interest or other Lien or charge or otherwise) in, against or to the Collateral, except as previously disclosed to Secured Party including Permitted Liens.

(ii) All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Debtor with respect to the Collateral is true and correct in all material respects.

(iii) Debtor has the authority to enter into this Security Agreement and to be obligated under the terms of the Credit Agreement, the Note and the Collateral Documents, and any person signing this Security Agreement and/or the Note or Collateral Document has been duly authorized to sign same.

5. Covenants of Debtor. In addition to all covenants and agreements of Debtor set forth in the Credit Agreement, the Note and the Collateral Documents, which are incorporated herein by this reference, Debtor hereby agrees:

(i) To do all acts that may be necessary to reasonably maintain, preserve and protect the Collateral;

(ii) Not to use or permit any Collateral to be used unlawfully or in violation of any provision of this Security Agreement or any applicable statute, regulation or ordinance, or any policy of insurance, covering the Collateral;

(iii) To pay promptly when due all taxes, assessments, charges, encumbrances and liens now or hereafter imposed upon or affecting any Collateral;

(iv) To notify Secured Party promptly of any change in Debtor's name or place of business or, if Debtor has more than one place of business, its head office or office in which Debtor's records relating to the Collateral are kept and any material change in the permanent location of the Collateral;

(v) To procure, execute and deliver from time to time any and all endorsements, assignments, financing statements and other writings deemed necessary or appropriate by Secured Party to perfect, maintain and protect its security interest hereunder and the priority thereof, and to deliver promptly to Secured Party all originals of Collateral, and proceeds, consisting of chattel paper or instruments not delivered to a senior lien holder.

(vi) To communicate to Secured Party, or its representatives, any material facts respecting said Patents, Inventions, Trademarks or Copyrights, and to testify in any legal proceedings, sign all lawful papers, execute all divisions, continuations, substitutions, and renewal, reexamination and reissue applications, and upon an Event of Default, execute all necessary assignment papers to cause title to any and all Patents, Inventions, Trademarks or Copyrights to be transferred to Secured Party, make all rightful oaths and generally do everything reasonably necessary or desirable to preserve Secured Party's interests in said Collateral.

(vii) To appear in and defend any action or proceeding which may affect its title to or Secured Party's interest in the Collateral, to give Secured Party notice of same, and to assist Secured Party should Secured Party take part in any such action or proceeding;

(viii) If Secured Party gives value to enable Debtor to acquire rights in, or the use of, any Collateral, to use such value for such purpose;

(ix) To keep separate, accurate and complete records of the Collateral, and to provide Secured Party upon an Event of Default with such records and such other reports and information relating to the Collateral as Secured Party may request from time to time;

(x) Not to surrender or lose possession of (other than to Secured Party), sell, encumber, lease, rent or otherwise dispose of or transfer any Collateral, or any right or interest therein, except in the ordinary course of Debtor's business, and to keep the Collateral free of all levies and security interests or other liens, charges or encumbrances except Permitted Liens;

(xi) To keep the Collateral in good condition and repair, reasonable wear and tear excepted;

(xii) Not to cause or permit any waste or unusual or unreasonable depreciation of the Collateral;

(xiii) At any reasonable time, upon demand by Secured Party upon an Event of Default, to exhibit to and allow inspection by Secured Party (or persons designated by Secured Party) of the Collateral;

(xiv) To comply with all laws, regulations and ordinances relating to the possession, operation, maintenance and control of the Collateral; and

5.1 Authorized Action by Secured Party. Debtor hereby irrevocably appoints Secured Party as its attorney-in-fact, to do (but Secured Party shall not be obligated to and shall incur no liability to Debtor or any third party for failure so to do) any act which Debtor is obligated by this Security Agreement to do upon the occurrence of an Event of Default as defined herein, and to exercise such rights and powers as Debtor might exercise with respect to the Collateral, including without limitation the right to:

(i) Collect by legal proceedings or otherwise and endorse, receive and issue receipts for all dividends, interest payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;

(ii) Enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for, the Collateral;

(iii) Insure, process and preserve the Collateral;

(iv) Transfer the Collateral to its own or its nominee's name; and

(v) Make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral.

Debtor agrees to reimburse Secured Party upon demand for any costs and expenses, including but not limited to reasonable attorneys' fees, which Secured Party may incur while acting as Debtor's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations secured hereby. It is further agreed and understood between the parties hereto that such care as Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Secured Party's possession; provided, however, that Secured Party shall not be required to make any presentment, demand or protest, or give any notice, and need not take any action to preserve any rights against any prior party or any other Person in connection with the Obligations or with respect to the Collateral.

6. Events of Default. The occurrence of any Event of Default under the Credit Agreement shall constitute a default hereunder by Debtor.

7. Remedies of Secured Party. Subject to the prior payment in full of the indebtedness owed by Debtor to the Senior Lenders, and upon the occurrence of any Event of Default, Secured Party may, at its option and without notice to or demand on Debtor and in addition to all rights and remedies otherwise available at law or in equity or otherwise to Secured Party, do any one or more of the following:

(i) Foreclose or otherwise enforce Secured Party's security interest in any manner permitted by law or provided for in this Security Agreement;

(ii) Sell, lease or otherwise dispose of any Collateral at one or more public or private sales, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on such terms and in such manner as Secured Party may determine;

(iii) Recover from Debtor all costs and expenses, including but not limited to reasonable attorneys' fees, incurred or paid by Secured Party in exercising any right, power or remedy provided by this Security Agreement or by law;

(iv) Require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party;

(v) Enter onto property where any Collateral is located and take possession thereof with or without judicial process; and

(vi) Prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner.

provided however that upon the occurrence of an Event of Default, Secured Party shall have the right to purchase from the Senior Lenders their entire right, title and interest with respect to the indebtedness owed by Debtor to the Senior Lenders, for a cash purchase price equal to the aggregate unpaid principal balance of such indebtedness plus accrued and unpaid interest (including default interest), fees and any other amounts then owing to the Senior Lenders.

8. Waiver of Hearing. Debtor hereby expressly waives, to the extent permitted by law, any constitutional or other right to a judicial hearing prior to the time Secured Party takes possession or disposes of the Collateral upon default.

9. Cumulative Rights. The rights, powers and remedies of Secured Party under this Security Agreement shall be in addition to all rights, powers and remedies given to Secured Party by virtue of any statute or rule of law, or any other agreement, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Party's security interest in the Collateral.

10. Waiver. Any forbearance, failure or delay by Secured Party in exercising any right, power or remedy shall not preclude the further exercise thereof, and every right, power or remedy of Secured Party shall continue in full force and effect until such right, power or remedy is specifically waived in a writing executed by Secured Party. Debtor waives all rights to require Secured Party to proceed against any Person or to exhaust any Collateral or to pursue any remedy in Secured Party's power.

11. Setoff. Debtor agrees that Secured Party may exercise its rights of setoff with respect to the Obligations in the same manner as if the Obligations were unsecured.

12. Binding Upon Successors; Agency. All rights of Secured Party under this Security Agreement shall inure to the benefit of its successors and assigns, and all obligations of Debtor shall bind its heirs, executors, administrators, successors and assigns. Secured Party may exercise any and all of its rights hereunder through one or more agents.

13. Entire Agreement; Severability. This Security Agreement contains the entire security agreement between Secured Party and Debtor. If any of the provisions of this Security Agreement shall be held invalid or unenforceable, this Security Agreement shall be construed as if not containing those provisions and the rights and obligations of the parties hereto shall be construed and enforced accordingly.

14. References. The singular includes the plural. If more than one Debtor executes this Security Agreement, the term "Debtor" shall be deemed to refer to each of the undersigned as well as to all of them, and their obligations and agreements hereunder shall be joint and several.

15. No Obligations Assumed. Secured Party does not assume any of Debtor's obligations arising under any of the Collateral in which a security interest is hereby granted or any agreement with respect thereto, and Debtor hereby covenants and agrees to keep and perform all such obligations.

16. Choice of Law. This Security Agreement shall be construed in accordance with and governed by the laws of the State of California, and, where applicable and except as otherwise defined herein or in the Credit Agreement, terms used herein shall

have the meanings given them in the Uniform Commercial Code as adopted in the State of California.

17. Notice. Any written notice, consent or other communication provided for in this Security Agreement shall be delivered or sent pursuant to the notice provisions of the Credit Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement on the day and year first written above.

SECURED PARTY:

ADVANCED MICRO DEVICES, INC.,
a Delaware Corporation

By: _____
Its _____

DEBTOR:

NEXGEN, INC.,
a Delaware Corporation

By: _____
Its _____

SCHEDULES

to Security Agreement

[ADD: Schedules (1), (2) and (3)]

EXHIBIT E

CONTENT OF OPINION OF BORROWER'S COUNSEL

The opinion of Pillsbury Madison & Sutro, counsel to the Borrower, shall cover the matters set forth below. All defined terms used herein and in the opinion shall have the meaning ascribed to them in that certain Secured Credit Agreement dated as of October 20, 1995, by and between Advanced Micro Devices, Inc. and NexGen, Inc.

1. Each of the Borrower and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and each has the corporate power and authority to own its assets and carry on its business as it is now being conducted. Each of the Borrower and its Subsidiaries is duly qualified to do business and is in good standing in all jurisdictions in which the ownership of its property or the conduct of its business makes such qualifications necessary.

2. The execution, delivery and performance of the Agreement, the Note and the Collateral Documents by the Borrower are within the corporate power and authority of the Borrower and have been duly authorized by all necessary corporate action on the part of the Borrower.

3. The Agreement, the Note and the Collateral Documents have been duly executed and delivered by the Borrower, and each constitutes the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or other

similar laws affecting creditors' rights generally and by general equitable principles regarding the availability of the remedy of specific performance.

4. All consents, authorizations, approvals of or filings or registrations with any commission, board, agency, court or other governmental authority necessary in connection with the valid execution, delivery and performance of the Agreement, the Note and the Collateral Documents by the Borrower have been obtained or effected and are in full force and effect.

5. The execution and delivery by the Borrower of the Agreement, the Note and the Collateral Documents as the case may be, will not: (i) violate any provision of the Certificate of

Incorporation or the Bylaws of the Borrower, or any law, rule or regulation applicable to the Borrower, or any order, writ, judgment, decree, determination or award known to us; (ii) to the best of our knowledge after due inquiry, result in a breach of or constitute a default under any indenture, lease, loan or other agreement or any instrument to which the Borrower or any Subsidiary is a party or by which its respective properties may be bound or affected; or (iii) to the best of our knowledge after due inquiry, result in, or require the creation or imposition of, any Lien (other than in favor of the Lender) upon or with respect to any of the properties now owned or hereafter acquired by the Borrower or any Subsidiary.

6. To the best of our knowledge after due inquiry, the Borrower is not in violation of any law, rule or regulation applicable to it or any order, writ, judgment, decree, determination or award or any indenture, lease, loan or other agreement to which it is a party or by which it or its properties may be bound or affected, the violations of which could have a Material Adverse Effect upon the ability of the Borrower to perform any of its obligations under the Agreement, the Note and the Collateral Documents.

7. To the best of our knowledge, there are no actions, suits or proceedings pending or threatened against the Borrower or any Subsidiary, or any of its respective properties, before any court, arbitrator, commission, board, agency or other authority which, if determined adversely to the Borrower or the Subsidiary, could result in a Material Adverse Effect.

8. Neither the Borrower nor any Subsidiary is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company" within the meaning of the Public Utility Holding Company Act of 1935.

9. Upon the filing of the UCC-1 Financing Statement with the California Secretary of State, the security interest of the Lender in the Collateral shall be fully perfected.

10. The Note, and the Lender as holder of the Note, are exempt from the usury provisions of Section 1 of Article XV of the California Constitution.

FIRST AMENDMENT

to

SECURED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SECURED CREDIT AGREEMENT (this "Amendment"), dated as of October 30, 1995, is entered into by and between NEXGEN, INC., a Delaware corporation (the "Borrower"), and ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Lender").

Recitals:

A. The Borrower and the Lender are parties to a Secured Credit Agreement dated as of October 20, 1995 (the "Credit Agreement"), pursuant to which the Lender has extended certain credit facilities to the Borrower.

B. The Borrower and the Lender desire to amend the Credit Agreement in certain respects, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Credit Agreement.

2. Amendment of the Credit Agreement. The Lender and the Borrower hereby acknowledge their mutual understanding that all sums of principal and accrued interest with respect to the Loan, the Credit Agreement and the Note shall be due and payable not later than June 30, 1997. In order to confirm this understanding, Section 1.1 of the Credit Agreement is hereby amended by changing the definition of "Maturity Date" to read as follows:

"Maturity Date" shall mean the first to occur of the following dates: (i) June 30, 1997; (ii) the date which is twelve (12) months after the date of any termination of the Merger Agreement in accordance with the provisions of Section 10.1 of the Merger Agreement; and (iii) the date of the acquisition by any one person or group of persons (other than the Lender, AMD Merger Corporation or any other affiliate of the Lender) of, or of the right to acquire, more than fifty percent (50%) of any class or series of voting securities of the Borrower;

3. Representations and Warranties.

The Borrower hereby represents and warrants to the Lender as follows:

(a) The execution, delivery and performance by the Borrower of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any person (including any governmental authority) in order to be effective and enforceable. The Credit Agreement as amended by this Amendment constitutes the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its respective terms, without defense, counterclaim or offset.

(b) All representations and warranties of the Borrower contained in the Credit Agreement are true and correct.

4. Conditions to Effectiveness of Amendment.

This Amendment will become effective on the date on which all of the following conditions precedent shall have been satisfied:

4.1 The Borrower and the Lender shall have executed and delivered this Amendment; and

4.2 As necessary, the Borrower shall have delivered to the Lender a certificate of the Secretary of the Borrower, dated as of the date hereof, certifying that attached thereto is a true, correct and complete copy of the resolutions duly adopted by the Board of Directors of the Borrower authorizing the execution, delivery and performance of this Amendment.

5. Reservation of Rights. The Borrower acknowledges and agrees that the execution and delivery by the Lender of this Amendment shall not be deemed to create a course of dealing or otherwise obligate the Lender to forbear or execute similar amendments under the same or similar circumstances in the future.

6. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the laws of the State of California.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required

herein) may be delivered by any party hereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original. Any failure by the Lender to receive the hard copy executed original of any such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the Borrower whose hard copy page was not received by the Lender.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect to the subject matter hereof. This Amendment may not be amended except in accordance with the provisions of Section 8.7 of the Credit Agreement.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

THE BORROWER:

NEXGEN, INC.,
a Delaware corporation

By

S. Atiq Raza
Chairman, President and
Chief Executive Officer

THE LENDER:

ADVANCED MICRO DEVICES, INC.,
a Delaware corporation

By

Marvin D. Burkett
Senior Vice President and
Chief Financial Officer

VOTING AGREEMENT

AGREEMENT (hereinafter referred to as the "Agreement") entered into as of October ___, 1995, between ADVANCED MICRO DEVICES, INC., a Delaware corporation (hereinafter referred to as "AMD"), and the undersigned officer, director, or stockholder (such officer, director or stockholder being referred to below as the "Stockholder") of NEXGEN, INC., a Delaware corporation (hereinafter referred to as "NexGen").

WITNESSETH:

WHEREAS, NexGen, AMD and AMD Merger Corporation, a Delaware corporation (hereinafter referred to as the "Subsidiary"), propose to enter into an Agreement and Plan of Merger expected to be signed and dated on October 20, 1995 (hereafter referred to as the "Merger Agreement") pursuant to which the Subsidiary, which is wholly-owned by AMD, will be merged into NexGen (the "Merger"), and NexGen will become a wholly-owned subsidiary of AMD; and

WHEREAS, the Stockholder owns of record or beneficially the number of outstanding shares of Common Stock, par value $.0001 per share, of NexGen ("NexGen Common Stock"), which is listed opposite the Stockholder's name on the signature page to this Agreement; and

WHEREAS, as a condition to their willingness to enter into the Merger Agreement, AMD and the Subsidiary have requested the Stockholder to enter into this Agreement; and

WHEREAS, to induce AMD and the Subsidiary to enter into the Merger Agreement, the Stockholder has agreed to enter into this Agreement;

NOW, THEREFORE, in consideration of the entry into the Merger Agreement of AMD and the Subsidiary and the mutual agreements, covenants, representations and warranties contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Voting and Proxy. The Stockholder hereby agrees to vote all shares of NexGen Common Stock now or at any time hereafter owned by the Stockholder of record or beneficially (the "Shares") in favor of the Merger Agreement and the Merger at any meeting of the stockholders of NexGen called for the purpose of considering the Merger. Concurrently with the Stockholder's execution of this Agreement, the Stockholder has executed and delivered to AMD an irrevocable proxy (the "AMD Proxy") in the form of Exhibit 1 attached hereto, appointing the officers of AMD named therein, or either of them, as proxy for the Stockholder to vote the Shares in accordance with the preceding sentence.

Exhibit A

2. Transfer Restriction. The Stockholder shall not, prior to the meeting of the stockholders of NexGen to be called for the purpose of considering the Merger or the termination of the Merger Agreement, whichever is earlier, sell, assign, otherwise transfer or encumber any of the Shares or execute any proxy with respect to any of the Shares other than the AMD Proxy, or enter into any agreement or other arrangement relating to the voting of any of the Shares which proxy, agreement or arrangement is in any way inconsistent with the AMD Proxy.

3. Representations and Warranties of the Stockholder. The Stockholder represents and warrants to AMD that:

(a) This Agreement is a valid and binding agreement of the Stockholder, enforceable against the Stockholder in accordance with its terms;

(b) Neither the execution of this Agreement by the Stockholder nor the consummation by the Stockholder of the transactions contemplated hereby will constitute a violation of or default under, or conflict with, any contract, commitment, agreement, understanding, arrangement or restriction of any kind by which the Stockholder is bound;

(c) No consent, approval, order or authorization of any court, administrative agency or other governmental entity or any other person as required by or with respect to the Stockholder in connection with the execution and delivery of this Agreement by the Stockholder;

(d) On the date hereof the Stockholder has, and at the Effective Time (as defined in the Merger Agreement) the Stockholder shall have, sole voting power or power to direct the vote with respect to the Shares, and the Stockholder has not granted any proxy with respect to the Shares that is in effect on the date hereof, and

(e) The Stockholder has not, with the exception of this Agreement and the AMD Proxy, subjected the Shares to any voting trust or any other agreement, understanding or arrangement.

4. Commitment of AMD. If, as a result of the Stockholder's execution of this Agreement and the AMD Proxy, any shares of AMD Common Stock received by the Stockholder pursuant to the Merger are not deemed to have been registered under the Securities Act of 1933, as amended, notwithstanding the fact that they have been issued and sold pursuant to a registration statement on Form S-4, filed in connection with the Merger, AMD will register such shares on a registration statement on Form S-3 (the "S-3"). AMD will use its best efforts to have the S-3 declared effective at the Effective Time, as defined in the Merger Agreement. AMD shall use

its best efforts to keep the S-3 effective for a period of two (2) years.

5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

6. Termination. This Agreement shall terminate upon the earlier of (a) the Effective Time; or (b) the date as of which the Merger Agreement is terminated in accordance with its terms or (c) nine months from the date hereof.

7. Specific Performance. The Stockholder acknowledges that irreparable damages would occur in the event any of the provisions hereof were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Stockholder agrees that AMD shall be entitled to an injunction or injunctions to prevent breaches of the provisions hereof and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction in the United States or any state thereof, in addition to any other remedy with which AMD may be entitled at law or equity.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

Number of Shares of NexGen Common Stock held:

_____

STOCKHOLDER:

_____
(Name)

_____
_____
(Address)

Accepted and agreed to as of _____, 1995

ADVANCED MICRO DEVICES, INC.

By: _____
Title: _____

AFFILIATE AGREEMENT

AGREEMENT (hereinafter referred to as the "Agreement") entered into as of October ___, 1995, between Advanced Micro Devices, Inc., a Delaware corporation (hereinafter referred to as "AMD"), and the stockholder (the "Stockholder") of NexGen, Inc., a Delaware corporation (hereinafter referred to as "NexGen").

WITNESSETH:

WHEREAS, NexGen, AMD and AMD Merger Corporation, a Delaware corporation (hereinafter referred to as the "Subsidiary"), propose to enter, or have entered into an Agreement and Plan of Merger expected to be dated, or dated October 20, 1995 (hereinafter referred to as the "Merger Agreement"), pursuant to which the Subsidiary, which is wholly-owned by AMD, will be merged into NexGen (the "Merger"), and NexGen will become a wholly-owned subsidiary of AMD;

WHEREAS, upon the consummation of the Merger and in connection therewith, the Stockholder will become the owner of shares of Common Stock of AMD (hereinafter referred to as the "AMD Shares"); and

WHEREAS, it is intended that the transactions contemplated by the Merger Agreement will be treated as a "pooling of interests" in accordance with generally accepted accounting principles and the applicable General Rules and Regulations published by the Securities and Exchange Commission (the "Commission").

NOW, THEREFORE, in consideration of the promises and the mutual agreements, provisions and covenants set forth in the Merger Agreement, and hereinafter in this Agreement, it is hereby agreed as follows:

1. The Stockholder hereby agrees that:

(a) He may be deemed to be (but does not hereby admit to be) an "affiliate" of NexGen within the meaning of Rule 145 under the Securities Act of 1933, as amended (the "Securities Act"), and Accounting Series Release No. 130, as amended, of the Commission.

(b) He will not sell or otherwise reduce his risk relative to the AMD

Shares or any part thereof until such time after the Effective Time, as defined in the Merger Agreement, of the Merger as financial results covering at least thirty (30) days of the post-Effective Time combined operations of AMD and NexGen have been, within the meaning of said Accounting Series Release No. 130, as amended, filed by AMD with the Commission or

published by AMD in an Annual Report on Form 10-K, a Quarterly Report on Form 10-Q, a Current Report on Form 8-K, a quarterly earnings report, a press release or other public issuance which includes combined sales and income of NexGen and AMD. AMD agrees to make such filing or publication as soon as practicable.

(c) Subject in any event to paragraph (b) of this Section 1, he agrees not to offer, sell, pledge, transfer or otherwise dispose of any of the AMD Shares unless at that time either:

(i) such transaction shall be permitted pursuant to the provisions of Rule 145(d) under the Securities Act;

(ii) counsel representing the Stockholder, satisfactory to AMD, shall have advised AMD in a written opinion letter satisfactory to AMD and AMD's counsel and upon which AMD and its counsel may rely, that no registration under the Securities Act would be required in connection with the proposed sale, transfer or other disposition;

(iii) a registration statement under the Securities Act covering the AMD Shares proposed to be sold, transferred or otherwise disposed of, describing the manner and terms of the proposed sale, transfer or other disposition, and containing a current prospectus under the Securities Act, shall be effective under the Securities Act; or

(iv) an authorized representative of the Commission shall have rendered written advice to the Stockholder (sought by the Stockholder or counsel to the Stockholder, with a copy thereof and of all other related communications delivered to AMD) to the effect that the Commission would take no action, or that the staff of the Commission would not recommend that the Commission take action, with respect to the proposed sale, transfer or other disposition if consummated.

(d) (1) Until the financial results described in paragraph (b) of this Section 1 have been filed or published as described therein, and until a public sale of the AMD Shares represented by such certificate has been made in compliance with one of the alternative conditions set forth in the subparagraphs of paragraph (c) of this Section 1, all certificates representing the AMD Shares deliverable to the Stockholder pursuant to the Merger Agreement and in connection with the Merger and any certificates subsequently issued with respect thereto or in substitution therefor shall bear a legend substantially as follows:

> "The shares represented by this certificate may not be offered, sold, pledged, transferred or otherwise disposed of except in accordance with the requirements of the Securities Act of 1933, as amended, and the other conditions specified in the Affiliate Agreement dated as of October ___, 1995, between Advanced Micro Devices, Inc. and the registered holder, a copy of which Affiliate Agreement may be inspected by the holder of this certificate at the offices of Advanced Micro Devices, Inc., or Advanced Micro Devices, Inc. will furnish a copy thereof to the holder of this certificate upon written request and without charge."

AMD, at its discretion, may cause stop transfer orders to be placed with its transfer agent(s) with respect to the certificates for the AMD Shares but not as to the certificates for any part of the AMD Shares as to which said legend is no longer appropriate as hereinabove provided.

(2) Notwithstanding paragraph (d)(1) of this Section 1, at any time after the financial results described in paragraph (b) of this Section 1 have been filed or published as described therein, any or all certificates representing the AMD Shares shall, at the written request of the Stockholder and upon surrender of such certificates to the transfer agent for AMD Common Stock, be replaced by stock certificates representing the AMD Shares bearing only the following legend:

> "The shares represented by this certificate may not be offered, sold, pledged, transferred or otherwise disposed of except in compliance with paragraph (d) of Rule 145 promulgated by the Securities and Exchange Commission."

The reference in the foregoing legend to Rule 145 shall not preclude, however,

the alternative of a transaction in compliance with subparagraphs (ii), (iii) or (iv) of paragraph (c) of this Section 1.

(e) The Stockholder will observe and comply with the Securities Act and the General Rules and Regulations thereunder, as now in effect and as from time to time amended and including those hereafter enacted or promulgated, in connection with any offer, sale, pledge or transfer or other disposition of the AMD Shares or any part thereof.

2. From and after the Effective Time of the Merger and for so long as necessary in order to permit the Stockholder to sell the AMD Shares pursuant to Rule 145 and, to the extent applicable, Rule 144 under the Securities Act, AMD will use its best efforts to file on a timely basis all reports required to be filed by it pursuant to Section 13 of the Securities Exchange Act

of 1934, referred to in paragraph (c)(l) of Rule 144 under the Securities Act (or, if applicable, AMD will use its best efforts to make publicly available the information regarding itself referred to in paragraph (c)(2) of Rule 144) in order to permit the Stockholder to sell, pursuant to the terms and conditions of Rule 145 and the applicable provisions of Rule 144, the AMD Shares.

3. No waiver by any party hereto of any condition or of any breach of any provision of this Agreement shall be effective unless in writing.

4. All notices, requests, demands or other communications which are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand or (except where receipt thereof is specifically required for purposes of this Agreement) mailed by registered or certified mail, postage prepaid, as follows:

If to the Stockholder, at the address set forth below the Stockholder's signature at the end hereof.

If to AMD or the other Indemnified Persons:

To:	Copies to:
Advanced Micro Devices, Inc. Attention: General Counsel P.O. Box 3453 M\S 150 Sunnyvale, CA 94088-3453	Bronson, Bronson & McKinnon 505 Montgomery Street San Francisco, CA 94111-2514 Attention: Victor J. Bacigalupi

or to such other address as any party hereto or any Indemnified Person may designate for itself by notice given as herein provided.

5. For the convenience of the parties hereto this Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

6. This Agreement shall be enforceable by, and shall inure to the benefit of and be binding upon, the parties hereto and their respective successors and assigns. Moreover, this Agreement shall be enforceable by, and shall inure to the benefit of, the Indemnified Persons and their respective successors and assigns. As used herein, the term "successors and assigns" shall mean, where the context so permits, heirs, executors, administrators, trustees and successor trustees, and personal and other representatives.

7. This Agreement shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Delaware.

8. This Agreement shall become effective on the Effective Time of the Merger. If a court of competent jurisdiction determines that any provision of this Agreement is unenforceable or enforceable only if limited in time and/or scope, this Agreement shall continue in full force and effect with such provision stricken or so limited.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

Stockholder:

_____

_____

_____

Accepted and agreed to as of October ___, 1995.

AMD:

Advanced Micro Devices, Inc.

By: _____
Title: _____

5

NO SALE AGREEMENT

AGREEMENT (hereinafter referred to as the "Agreement") entered into as of October ___, 1995, between ADVANCED MICRO DEVICES, INC., a Delaware corporation (hereinafter referred to as "AMD"), and the undersigned officer, director, or stockholder (such officer, director or stockholder being referred to below as the "Stockholder") of NEXGEN, INC., a Delaware corporation (hereinafter referred to as "NexGen").

WITNESSETH:

WHEREAS, NexGen, AMD and AMD Merger Corporation, a Delaware corporation (hereinafter referred to as the "Subsidiary"), propose to enter into an Agreement and Plan of Merger expected to be signed and dated on October 20, 1995 (hereafter referred to as the "Merger Agreement") pursuant to which the Subsidiary, which is wholly-owned by AMD, will be merged into NexGen (the "Merger"), and NexGen will become a wholly-owned subsidiary of AMD; and

WHEREAS, the Stockholder owns of record or beneficially the number of outstanding shares of Common Stock, par value $.0001 per share, of NexGen ("NexGen Common Stock"), which is listed opposite the Stockholder's name on the signature page to this Agreement; and

WHEREAS, as a condition to their willingness to enter into the Merger Agreement, AMD and the Subsidiary have requested the Stockholder to enter into this Agreement; and

WHEREAS, to induce AMD and the Subsidiary to enter into the Merger Agreement, the Stockholder has agreed to enter into this Agreement;

NOW, THEREFORE, in consideration of the entry into the Merger Agreement of AMD and the Subsidiary and the mutual agreements, covenants, representations and warranties contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Transfer Restriction. The Stockholder shall not, prior to the meeting of the stockholders of NexGen to be called for the purpose of considering the Merger or the termination of the Merger Agreement, whichever is earlier, sell, assign, otherwise transfer or encumber any of the shares of NexGen Common Stock now or at any time hereafter owned by the Stockholder of record or beneficially (the "Shares")

2. Representations and Warranties of the Stockholder. The Stockholder represents and warrants to AMD that:

Exhibit C

(a) This Agreement is a valid and binding agreement of the Stockholder, enforceable against the Stockholder in accordance with its terms;

(b) Neither the execution of this Agreement by the Stockholder nor compliance by the Stockholder with the provisions hereof will constitute a violation of or default under, or conflict with, any contract, commitment, agreement, understanding, arrangement or restriction of any kind by which the Stockholder is bound;

(c) No consent, approval, order or authorization of any court, administrative agency or other governmental entity or any other person as required by or with respect to the Stockholder in connection with the execution and delivery of this Agreement by the Stockholder;

(d) On the date hereof the Stockholder has, and at the Effective Time (as defined in the Merger Agreement) the Stockholder shall have, sole voting power or power to direct the vote with respect to the Shares, and the Stockholder has not granted any proxy with respect to the Shares to any person other than NexGen or representatives of NexGen that is in effect on the date hereof, and

(e) The Stockholder has not subjected the Shares to any voting trust or any similar agreement, understanding or arrangement.

3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

4. Termination. This Agreement shall terminate upon the earlier of (a) the Effective Time; or (b) the date as of which the Merger Agreement is terminated in accordance with its terms or (c) nine months from the date hereof.

5. Specific Performance. The Stockholder acknowledges that irreparable damages would occur in the event any of the provisions hereof were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Stockholder agrees that AMD shall be entitled to an injunction or injunctions to prevent breaches of the provisions hereof and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction in the United States or any state thereof, in addition to any other remedy with which AMD may be entitled at law or equity.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

Number of Shares of NexGen Common Stock held:

_____

STOCKHOLDER:

_____
(Name)

_____
_____
(Address)

Accepted and agreed to as of _____, 1995

ADVANCED MICRO DEVICES, INC.

By: _____
Title: _____

_____ __, 199_

Board of Directors
Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94088

Re: Merger of AMD Merger Corporation and NexGen, Inc.

Gentlemen:

This opinion is furnished to you pursuant to Section 8.7 of the Agreement and Plan of Merger dated October 20, 1995 (the "Agreement") among Advanced Micro Devices, Inc. ("AMD"), AMD Merger Corporation ("AMD Merger") and NexGen, Inc. ("NexGen"). We have acted as counsel for NexGen in connection with the transactions contemplated by the Agreement. Unless otherwise defined or unless the context otherwise requires, all capitalized terms used herein shall have the meanings given them in the Agreement.

We have performed such investigation, research and review as we deem reasonably sufficient for the purpose of rendering our opinion, and as to questions of fact, we have relied, to the extent we deem proper, upon certificates of officers and other representatives of NexGen and of government officials. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures on original documents and the conformity to original documents of all copies submitted to us. As used in our opinion, the expressions "to our knowledge" and "known to us" mean that solely after an inquiry of attorneys within this firm who perform legal services for NexGen and its subsidiaries, receipt of a certificate executed by one or more

officers of NexGen covering such matters which we believe are sufficient for the purpose of expressing the opinions contained herein, and such other investigation, research, and review as we have performed in the course of our services for NexGen and its subsidiaries in connection with the preparation of the Agreement, the S-4, the Prospectus and the Proxy Statement, nothing has come to our attention which causes us to believe that the opinions expressed herein are factually incorrect, but beyond

Exhibit D
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that, we have made no independent factual investigation for the purpose of rendering this opinion.

Our opinion is subject to the following qualifications:

(1) Our opinion is subject to (a) the effect of bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect generally affecting creditors' rights; (b) the limitations imposed by applicable state law, federal law and equitable principles upon the enforceability of any of the remedies, covenants or other provisions of the Agreement and upon the availability of injunctive relief or other equitable remedies, including, without limitation, the effect of court decisions invoking statutes or principles of equity, which have held that certain covenants and provisions of agreements are unenforceable where: (i) the breach of such covenants or provisions imposes restrictions or burdens upon a party and it cannot be demonstrated that the enforcement of such restrictions or burdens is reasonably necessary for the protection of the other party, or (ii) a party's enforcement of such covenants or provisions under the circumstances would violate such party's implied covenants of good faith and fair dealing; and (c) the power of the federal and state courts to refuse to enforce (or to stay the enforcement of) any provision which purports to waive the rights of NexGen to assert claims or defenses available to it by statute, common law or equity;

(2) Except with respect to paragraphs 2, 3, 4 and 8 below, our opinion is limited to the effect of the laws of the State of Delaware, the State of California and the federal laws of the United States, and we express no opinion with respect to the laws of any other jurisdiction, or the effect thereof on the transactions contemplated by the Agreement. To the extent the opinions set forth in paragraphs 2, 3, 4 and 8 relate to matters involving subsidiaries of NexGen which are incorporated in a jurisdiction other than one of the states of the United States of America, such opinions are based upon and subject to the opinions of foreign counsel attached hereto (the "Foreign Opinions") and shall be interpreted to be (i) no broader in scope than the Foreign Opinions and (ii) subject to any limitations, exceptions or exclusions set forth in the Foreign Opinions.

(3) In making our examination of documents and instruments executed by persons or entities other than NexGen, we have assumed, without investigation, the power and legal capacity of each such person or other entity to enter into and perform all its obligations under such documents and instruments, the due authorization by each such other person or entity of all requisite action with respect to such documents and instruments and the due execution and delivery by each such other person or entity of such documents and instruments.

(4) As used in our opinion, the term "material" means material to the assets, properties, business or financial condition of NexGen and its subsidiaries taken as a whole.

Based upon and subject to the foregoing, we are of the opinion that:

(1) NexGen is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with all requisite corporate power to own, lease and operate all of its properties and assets, to carry on its business as it is now being conducted, and to merge with AMD Merger pursuant to the terms of the Agreement.

(2) Each subsidiary of NexGen is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, with all requisite corporate power to own, lease and operate all of its properties and assets and to carry on its business as it is now being conducted, subject to the exceptions and qualifications set forth in the Foreign Opinions.

(3) NexGen is and each subsidiary of NexGen is duly qualified and in good standing as a foreign corporation in each jurisdiction in which the nature of its business or the owning and leasing of its properties makes such qualification necessary, except where the failure to so qualify would not have a material adverse effect on NexGen, subject to the exceptions and qualifications set forth in the Foreign Opinions.

(4) Except as disclosed in the schedules to the Agreement and subject to the exceptions and qualifications set forth in the Foreign Opinions, the execution and delivery of the Agreement does not violate any terms or provisions of any law or regulation, or of the certificate of incorporation or bylaws of NexGen or, to our knowledge, of any material indenture, mortgage or other agreement or instrument by which NexGen or any of its subsidiaries is bound or, to our knowledge, conflict with or constitute a material default, or result in the material breach of or acceleration of any material obligation (or entitle any party so to accelerate, assuming the giving of notice or lapse of time or both) or the creation of any material lien, charge, pledge, security interest or other encumbrance upon any of the property of NexGen or any subsidiary of NexGen, under any term or provision of the certificate of incorporation or bylaws of NexGen or any subsidiary of NexGen, or under any material mortgage, lien, lease, agreement, instrument, judgment, decree, order, arbitration award, writ or injunction to which NexGen or any subsidiary of NexGen is a party or by which NexGen or any subsidiary of NexGen is bound.

(5) The Board of Directors and stockholders of NexGen have taken all corporate action required by law, NexGen's certificate of incorporation or bylaws or otherwise required and known to us, to authorize the execution and delivery of the Agreement and the consummation of the Merger. The Agreement is a valid and binding agreement of NexGen, enforceable as to NexGen in accordance with its terms, except as rights to indemnity under the Agreement may be limited under applicable law.

(6) The stockholders of NexGen have approved the Merger in compliance with the Delaware General Corporation Law and NexGen's certificate of incorporation and bylaws, and to our knowledge no other consent, approval or other action by, or notice to or filing with, any governmental or administrative agency or authority is required or necessary to be obtained by NexGen in connection with the Merger other than the filing of a Form 8-K reporting the Closing with the SEC.

(7) The authorized and outstanding capital stock of NexGen is as set forth Section 2.2 of the Agreement, and all of such shares of the capital stock of NexGen outstanding as of the date hereof are, validly issued, fully paid, nonassessable and free of preemptive rights.

(8) Other than directors' qualifying shares and subject to the exceptions and qualifications set forth in the Foreign Opinions, the shares of capital stock of each subsidiary of NexGen are owned directly or indirectly by NexGen, are validly issued, fully paid and nonassessable and are, to our knowledge, owned free and clear of any liens, claims, charges or encumbrances.

(9) (a) To our knowledge, there are no franchises, leases, contracts, agreements or documents relating to NexGen of a character required to be disclosed in the S-4, the Prospectus or the Proxy Statement or in any amendment or supplement thereto, or to be filed as exhibits to the S-4, which are not disclosed or filed, as required.

(b) To our knowledge, the statements in the S-4, the Prospectus and the Proxy Statement, and in information incorporated by reference in the

Prospectus, describing legal matters, proceedings or documents relating to intellectual property, real property, leases, contracts, agreements or litigation relating to NexGen, and describing the income tax consequences of the Merger to the stockholders of NexGen, are accurate in all material respects and such descriptions fairly present all material information required to be included with respect thereto.

(c) The S-4, the Prospectus and the Proxy Statement, and any amendment or supplement thereto and each document incorporated by reference in the Prospectus, insofar as they relate to NexGen, comply as to form in all material respects with the requirements of the Act and the rules and regulations promulgated thereunder. We express no opinion as to the financial statements or other financial data included in any of the documents mentioned in this paragraph.

(d) We have participated in conferences with representatives of AMD and NexGen, accountants for AMD and NexGen, and counsel for AMD concerning the Agreement, the S-4, the Prospectus and the Proxy Statement. Although we have not independently verified the accuracy, completeness or fairness of the statements contained in the S-4, the Prospectus and the Proxy Statement, nothing has come to our attention, as a result of our participation in such discussions, to cause us to believe that, either on the effective date of the S-4 or on the date hereof, the S-4, the Prospectus, the Proxy Statement, or any amendment or supplement thereto, insofar as they relate to NexGen, contained

or contain any untrue statement of a material fact or omitted or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no opinion as to the financial statements or other financial data included in any of the documents mentioned in this paragraph.

This opinion is solely for the benefit of AMD in connection with the closing of the Merger and may not be relied upon in any manner by any other person or for any other purpose and shall not be made available to or filed with any other person or governmental agency by AMD, except as required by law, without the prior written consent of the undersigned.

Very truly yours,

PILLSBURY MADISON & SUTRO

By: _____
Member of the Firm

_____ __, 199_

Board of Directors
NexGen, Inc.
1623 Buckeye Drive
Milpitas, CA 95035

Re: Merger of AMD Merger Corporation and NexGen, Inc.

Gentlemen:

This opinion is furnished to you pursuant to Section 9.5 of the Agreement and Plan of Merger dated October 20, 1995 (the "Agreement") among Advanced Micro Devices, Inc. ("AMD"), AMD Merger Corporation ("AMD Merger") and NexGen, Inc. ("NexGen"). We have acted as counsel for AMD and AMD Merger in connection with the transactions contemplated by the Agreement. Unless otherwise defined or unless the context otherwise requires, all capitalized terms used in this opinion shall have the meanings assigned them in the Agreement.

We have performed such investigation, research and review as we deem reasonably sufficient for the purpose of rendering our opinion, and as to questions of fact, we have relied, to the extent we deem proper, upon certificates of officers and other representatives of AMD and AMD Merger and of government officials. We have assumed the authenticity of all documents

submitted to us as originals, the genuineness of all signatures on original documents and the conformity to original documents of all copies submitted to us. As used in our opinion, the expressions "to our knowledge" and "known to us" mean that solely after an inquiry of attorneys within this firm who perform legal services for AMD and AMD Merger, receipt of a certificate executed by one or more officers of AMD and AMD Merger covering such matters which we believe are sufficient for the purpose of expressing the opinions contained herein, and such other investigation, research and review as we have performed in the course of our services for AMD and AMD Merger in connection with the preparation of the Agreement, the S-4, the Prospectus and the Proxy Statement, nothing has come to our attention which causes us to believe that the opinions expressed herein are factually

Exhibit E
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incorrect, but beyond that, we have made no independent factual investigation for the purpose of rendering this opinion.

Our opinion is subject to the following qualifications:

(1) Our opinion is subject to (a) the effect of bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect generally affecting creditors' rights; (b) the limitations imposed by applicable state law, federal law and equitable principles upon the enforceability of any of the remedies, covenants and other provisions of the Agreement and upon the availability of injunctive relief or other equitable remedies, including, without limitation, the effect of court decisions invoking statutes or principles of equity, which have held that certain covenants and provisions of agreements are unenforceable where: (i) the breach of such covenants or provisions imposes restrictions or burdens upon a party and it cannot be demonstrated that the enforcement of such restrictions or burdens is reasonably necessary for the protection of the other party, or (ii) a party's enforcement of such covenants or provisions under the circumstances would violate such party's implied covenants of good faith and fair dealing; and (c) the power of the federal and state courts to refuse to enforce (or to stay the enforcement of) any provision which purports to waive the rights of AMD to assert claims or defenses available to it by statute, common law or equity.

(2) Except with respect to paragraphs 2, 3, 9 and 12, our opinion is limited to the effect of the laws of the State of Delaware, the State of California and the federal laws of the United States, and we express no opinion with respect to the laws of any other jurisdiction, or the effect thereof on the transactions contemplated by the Agreement. Our opinion set forth in paragraph 12 is based on our examination of the securities laws of the several states and the rules and regulations of the authorities administering such laws, all as reported in unofficial compilations conveniently available to us. We have not obtained any special rulings of such authorities or opinions of counsel in such jurisdictions. To the extent the opinions set forth in paragraphs 2, 3, 4 and 9 relate to matters involving subsidiaries of AMD which are incorporated in a jurisdiction which is other than one of the states of the United States of America and to the extent the opinions set forth in paragraph 3 relate to the good standing of AMD International Sales and Service, Ltd. as a foreign corporation in any jurisdiction other than one of the states of the United States of America, such opinions are based upon and subject to the opinions of foreign counsel attached hereto (the "Foreign Opinions") and shall be

interpreted to be (i) no broader in scope than the Foreign Opinions and (ii) subject to any limitations, exceptions or exclusions set forth in the Foreign Opinions.

(3) In making our examination of documents and instruments executed by persons or entities other than AMD and AMD Merger, we have assumed, without investigation, the power and legal capacity of each such person or other entity to enter into and perform all its obligations under such documents and instruments, the due authorization by each such other person or entity of all requisite action with respect to such documents and instruments and the due execution and delivery by each such other person or entity of such documents and instruments.

(4) As used in our opinion, the term "material" means material to the assets, properties, business or financial condition of AMD and its subsidiaries taken as a whole.

Based upon and subject to the foregoing, we are of the opinion that:

(1) AMD is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with all requisite corporate power to own, lease and operate all of its properties and assets, and to carry on its business as it is now being conducted.

(2) Each subsidiary of AMD is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, with all requisite corporate power to own all of its properties and assets, to carry on its business as it is now being conducted; and AMD Merger has all requisite power to merge into NexGen pursuant to the terms of the Agreement.

(3) AMD is, and each subsidiary of AMD is, duly qualified and in good standing as a foreign corporation in each jurisdiction in which the nature of its business or the owning and leasing of its properties makes such qualification necessary, except where the failure to so qualify would not have a material adverse effect on AMD.

(4) Except as disclosed in the schedules to the Agreement, the execution and delivery of the Agreement does not violate any terms or provisions of any law or regulation, or of the certificate of incorporation or bylaws of AMD or AMD Merger or, to our knowledge, of any material indenture, mortgage or other agreement or instrument by which AMD or any of its subsidiaries

is bound or, to our knowledge, conflict with or constitute a material default, or result in the material breach of or acceleration of any material obligation (or entitle any party to so accelerate, assuming the giving of notice or lapse of time or both) or the creation of any material lien, charge, pledge, security interest or other encumbrance upon any of the property of AMD or any of its subsidiaries, under any term or provision of the certificate of incorporation or bylaws of AMD or any of its subsidiaries, or under any material mortgage, lien, lease, agreement, instrument, judgment, decree, order, arbitration award, writ or injunction to which AMD or any of its subsidiaries is a party or by which AMD or any of its subsidiaries is bound.

(5) The Boards of Directors of AMD and AMD Merger have taken all corporate action required by law, their certificates of incorporation, or bylaws or otherwise required and known to us, to authorize the execution and delivery of the Agreement and the consummation of the Merger. The Agreement is a valid and binding agreement of AMD and AMD Merger, enforceable as to AMD and AMD Merger in accordance with its terms, except as rights to indemnity under the Agreement may be limited under applicable law.

(6) The execution and delivery of the Agreement and the consummation of the Merger have been authorized and approved by AMD as the sole stockholder of AMD Merger.

(7) Neither AMD's certificate of incorporation nor its bylaws require the Merger to be approved by the stockholders of AMD; the stockholders of AMD have approved the Merger in compliance with the applicable policies of the New York Stock Exchange, Inc. ("NYSE"), and no other consent, approval or other action by, or notice to or filing with, any governmental or administrative agency or authority is required or necessary to be obtained by AMD in connection with the Merger other than the filing of a Form 8-K reporting the Closing with the SEC and the filing of a notice with the NYSE of issuance of the shares of AMD common stock to be issued in connection with the Merger.

(8) Other than for transactions between AMD and its employees, the authorized and outstanding capital stock of AMD is as set forth in Section 3.2 of the Agreement, and all of such outstanding shares of the capital stock of AMD, including those issued in transactions between AMD and its employees, are validly issued, fully paid, nonassessable and free of preemptive rights.

(9) Other than directors' qualifying shares, the shares of capital stock of each subsidiary of AMD are owned directly or

indirectly by AMD, are validly issued, fully paid and nonassessable and are, to our knowledge, owned free and clear of any liens, claims, charges or encumbrances.

(10) The certificates evidencing the AMD shares to be delivered under the Agreement by AMD are in due and proper form, and when duly countersigned by the Exchange Agent, and delivered in accordance with the provisions of the Agreement, the AMD shares represented thereby will be duly authorized and validly issued, fully paid and nonassessable, will not have been issued in violation of or subject to any preemptive rights and will conform as to matters of law in all material respects to the description thereof contained in the S-4, the Prospectus and the Proxy Statement. In expressing the opinion in this paragraph we have assumed that the certificates conform as to form with the specimen of the certificates examined by us, which fact we have not verified by inspection of the individual certificates.

(11) (a) The S-4 has become effective under the Act, and to our knowledge, no stop order suspending the effectiveness of the S-4 or preventing the use of the Proxy Statement has been issued and, to the best of our knowledge, no proceedings for that purpose have been instituted or are pending or threatened by the SEC.

(b) To our knowledge, there are no franchises, leases, contracts, agreements or documents relating to AMD of a character required to be disclosed in the S-4, the Prospectus or the Proxy Statement or in any amendment or supplement thereto, or to be filed as exhibits to the S-4, which are not disclosed or filed, as required.

(c) To our knowledge, the statements in the S-4, the Prospectus and the Proxy Statement, and in each amendment and supplement thereto, and in each document incorporated by reference in the Prospectus, describing legal matters, proceedings or documents relating to intellectual property, real property, leases, contracts, agreements or litigation relating to AMD and describing the income tax consequences of the Merger to the stockholders of NexGen, are accurate in all material respects and such descriptions fairly present all material information required to be included with respect thereto.

(d) The S-4, the Prospectus and the Proxy Statement, and any amendment or supplement thereto, and each document incorporated by reference in the Prospectus, insofar as they relate to AMD, comply as to form in all material respects with the requirements of the Act and the rules and regulations

promulgated thereunder. We express no opinion as to the financial statements or other financial data included in any of the documents mentioned in this paragraph.

(e) We have participated in conferences with representatives of AMD and NexGen, AMD's and NexGen's accountants, and counsel for NexGen concerning the Agreement, the S-4, the Prospectus and the Proxy Statement. Although we have not independently verified the accuracy, completeness or fairness of the statements contained in the S-4, the Prospectus and the Proxy Statement, nothing has come to our attention, as a result of our participation in such discussions, to cause us to believe that, either on the effective date of the S-4 or on the date hereof, the S-4, the Prospectus and the Proxy Statement, or any amendment or supplement thereto, insofar as they relate to AMD, contained or contain any untrue statement of a material fact or omitted or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no opinion as to the financial statements or other financial data included in any of the documents mentioned in this paragraph.

(12) AMD has obtained such consents, approvals, orders and authorizations of, and has made such registrations, qualifications, designations, declarations and filings with, such state securities administrators as are necessary to issue the AMD shares to be issued in connection with the Merger in compliance with the securities registration or qualification laws, rules and regulations of such states, except for those filings that may be made after the Effective Date of the Merger.

The opinion set forth above is solely for the benefit of NexGen in connection with the Merger and may not be relied upon in any manner by any other person or for any other purpose and shall not be made available to or filed with any other person or governmental agency by NexGen, except as required by law,

without the prior written consent of the undersigned.

Very truly yours,

EXHIBIT 3.4

ADVANCED MICRO DEVICES, INC.

BY-LAWS

(As Amended)

ARTICLE I
OFFICES

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Subject to the rights of holders of any class or series of stock of the corporation having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, nominations for the election of directors may be made by or at the direction of the Board of Directors or by any stockholder entitled to vote in the election of directors generally. Subject to the foregoing, only a stockholder of record entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting of stockholders and only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the corporation and has been received by the Secretary not later than the following dates: (i) with respect to an election to be held at an annual meeting of stockholders, 90 days in advance of such meeting; and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting if first given to stockholders.

Each such notice shall set forth:

(a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated;

(b) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at

such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

(c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; and

(d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors.

To be effective, each notice of intent to make a nomination given hereunder shall be accompanied by the written consent of each nominee to serve as a director of the corporation if elected.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not properly brought before the meeting in accordance with the provisions hereof and, if he should so determine, he shall declare to the meeting that such nomination was not properly brought before the meeting and shall not be considered.

Section 2. Annual meetings of the stockholders shall be held on the third Wednesday in May if not a legal holiday, and if a legal holiday, then at the next secular day following, at 4:00 p.m., or at such other date and time as shall be designated from time to time by the Board of Directors and stated in

the notice of the meeting, at which they shall elect by plurality vote, a Board of Directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during

ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the chairman and shall be called by the chairman or secretary at the request in writing of a majority of the Board of Directors.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. At any special meeting of stockholders only such business shall be conducted as shall have been set forth in the notice of special meeting. At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise (a) properly requested to be brought before the meeting by a stockholder of record entitled to vote in the election of directors generally, and (b) constitute a proper subject to be brought before such meeting.

For business (other than the election of directors) to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the corporation and must have been received by the Secretary not later than 90 days in advance of such meeting. A stockholder's notice to the Secretary shall set forth as to each matter (other than the election of directors) the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the corporation's books, of the stockholder intending to propose such business, (c) the class and number of shares of capital stock of the corporation which are

beneficially owned by the stockholder, (d) a representation that the stockholder is a holder of record of capital stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such business, and (e) any material interest of the stockholder in such business.

Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 7. The chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that (i) the business proposed to be brought before the meeting was not a proper subject therefor and/or (ii) such business was not properly brought before the meeting and in accordance with the provisions of this Section 7, and, if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting or not a proper subject therefor shall not be transacted. Notwithstanding compliance with the requirements of this Section 7, the chairman presiding at any meeting of the stockholders may, in his sole discretion, refuse to allow a stockholder or stockholder's representative to present any proposal which the corporation would not be required to include in a proxy statement under any rule promulgated by the Securities and Exchange Commission.

For purposes of this Section 7, and Section 1 of Article II of these Bylaws, reference to a requirement to deliver notice to the corporation a set number of days in advance of an annual meeting shall mean that such notice must be delivered such number of days in advance of the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the
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date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from the first anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which notice of such meeting is first given to stockholders. For purposes of these Bylaws, notice of such meeting shall be deemed to be first given to stockholders when disclosure of such date is first made in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business

except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of applicable law, rule or regulation or of the Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 11. Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, by any provision of the statutes, the meeting and vote of stockholders may be dispensed with if all of the stockholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken; or if the Certificate of Incorporation authorizes the action to be taken with the written consent of the holders of less than all of the stock who would have been entitled to vote upon the action if a meeting were held, then on the written consent of the stockholders having not less than such percentage of the number of votes as may be authorized in the Certificate of Incorporation; provided that in no case shall the written consent be by the holders of stock having less than the minimum percentage of the vote required by statute for the proposed corporate action, and provided that prompt notice must be given to all stockholders of the taking of corporate action without a meeting and by less than unanimous written consent.

Section 12. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors of the corporation may to the extent not prohibited by law adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may to the extent not prohibited by law include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted

proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless, and to the extent, determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

ARTICLE III
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be not less than three (3) nor more than eleven (11). The first board shall consist of three (3) directors. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in

office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the corporation shall be managed by or under the direction of its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 4. The provisions of Sections 1 and 2 of this Article are subject to the rights, if any, of the holders of shares of any series of the Preferred Stock of the corporation with respect to the election of directors in the event the corporation defaults in the payment of dividends, the term of office of any director so elected and the filling of any vacancy in the office of any director so elected.

MEETINGS OF THE BOARD OF DIRECTORS

Section 5. The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 7. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

Section 8. Special meetings of the board may be called by the chairman upon notice thereof given to each director either by mail not less than 48 hours before the date of the meeting, by telephone or telegram on 24 hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Special meetings shall be called by the chairman, the president or the secretary in like manner or on like notice on the written request of two directors.

Section 9. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 10. Pursuant to Section 141(i) of the Delaware Corporation Law, meetings of the Board of Directors may be held by use of conference telephone communications equipment by means of which all persons participating in the meeting can hear each other.

Section 11. Unless otherwise restricted by the Certificate of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

COMMITTEES OF DIRECTORS

Section 12. The Board of Directors may, in the manner provided by law, designate one or more committees of the board. Any such committee, to the extent provided in the enabling resolution and permitted by applicable law, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; provided that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may

be determined from time to time by resolution adopted by the Board of Directors.

Section 13. Meetings of a committee may be called by any member of the committee upon notice thereof given to each member either by mail not less than 48 hours before the date of the meeting, by telephone or telegram on 24 hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Except as may be otherwise specifically provided by the Board, at all Committee meetings a majority of the members of the committee shall constitute a quorum for the transaction of business and the act of a majority of the members voting at any meeting at which there is a quorum shall be the act of the committee; if a quorum shall not be present at any committee meeting, the members present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

COMPENSATION OF DIRECTORS

Section 14. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at such meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether

before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V
OFFICERS

Section 1. The officers of the corporation shall be chosen by the Board of Directors and shall be a chairman of the board, a president, a vice-president, a secretary and a treasurer. The Board of Directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these by-laws otherwise provide.

Section 2. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a chairman of the board, a president, one or more vice-presidents, a secretary and a treasurer.

Section 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors, or by the officers under authority granted by the Board of Directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

THE CHAIRMAN OF THE BOARD

Section 6. The chairman of the board shall be the chief executive officer of the corporation; he shall preside at all meetings of the stockholders and directors, shall have general and active management of the business of the corporation, shall see that all orders and resolutions of the board are carried into effect and shall perform such other duties as the Board of Directors shall prescribe. The chairman of the board shall be a full-time employee and subject to such compensation as the Board of Directors shall determine.

THE PRESIDENT

Section 7. The president of the corporation shall be the principal operating and administrative officer of the corporation. If there is no chairman of the board or during the absence or disability of the chairman of the board, he shall exercise all of the powers and discharge all of the duties of the chairman of the board. He shall possess power to sign all certificates, contracts and other instruments of the corporation. He shall, in the absence of the chairman of the board, preside at all meetings of the stockholders and of the Board of Directors. He shall perform all such other duties as are incident to his office or are properly required of him by the Board of Directors.

THE VICE PRESIDENTS

Section 8. Unless otherwise provided by the Board of Directors, each senior vice president may, in the absence of the president and the chairman of the Board of Directors, perform the duties and exercise the powers of the president. Each vice president shall at all times possess power to sign all certificates, contracts and other instruments of the corporation, except as otherwise limited in writing by the chairman of the board or the president of the corporation, and shall have such other authority and perform such other duties as these by-laws or the Board of Directors, executive committee, chairman of the board or present shall prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall

perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors (or if there be no such determination,

then in the order of their election), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation to such depositories as may be designated by the Board of Directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the Board of Directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman or vice-chairman of the Board of Directors or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant

secretary of the corporation, certifying the number of shares owned by him in the corporation.

Section 2. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the

owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date which shall not be more than sixty

nor less than ten days before the date of such meeting, not more than ten days after the date upon which the resolution fixing the record date for action by written consent is adopted by the Board of Directors, and not more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date of the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

CHECKS

Section 4. All checks or demands for money and notes of the corporation

shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

Section 1. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) (a "third party proceeding") by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another Corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (an "indemnitee"), against all expenses, liability and loss (including attorneys' fees, judgments, fines ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Subject to Section of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor (together with third party proceedings, "proceedings") by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another Corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (an "indemnitee"), against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

AUTHORIZATION OF INDEMNIFICATION

Section 3. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has not met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by a majority vote of the directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (ii) if there are no such directors or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding, described above, or in defense of any claim, issue or matter

therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

GOOD FAITH DEFINED

Section 4. For the purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have

acted or refrained from acting in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his action or forbearance from acting was unlawful, if his action, or forbearance as the case may be, is based on the records or books of account of the Corporation or other enterprise, or on information supplied to him by the officers of the Corporation or other enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or other enterprise or on information or records given or reports made to the Corporation or other enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or other enterprise. The term "other enterprise" as used in this Section 4 shall man any other Corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation as a director, officer or employee. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be.

PROCEDURES FOR INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 5.

(a) Any indemnification under Sections 1 or 2 or advancement of expenses under Section 6 (accompanied by the requisite undertaking) of this Article VIII shall be made promptly, and in any event within ninety days, upon the written request of the person seeking indemnification or advancement of expense, unless, in the case of indemnification, a determination is reasonably and promptly made by the Board of Directors by a majority vote of the directors who are not parties to the action, suit or proceeding in question, even though less than a quorum, that such person acted in a manner set forth in such Sections 1 or 2, as the case may be, as to justify the Corporation's not indemnifying such person. In the event there are no such directors or if such directors so direct, the Board of Directors shall promptly direct that independent legal counsel shall give its opinion in writing whether such person acted in the manner set forth in such Sections 1 or 2, as the case may be, as to justify the Corporation's not indemnifying such person.

(b) The right to indemnification or advancement of expenses granted by this Article shall be enforceable by such person in the Court of Chancery of the State of Delaware, if the Board of Directors or independent legal counsel denies the claim, in whole or in part, or if no disposition of such claim is made

within ninety days. The costs and expenses incurred by such person in connection with successfully establishing his right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation.

EXPENSES PAYABLE IN ADVANCE

Section 6. Except as limited by Section 5 of this Article, expenses incurred in defending a threatened or pending action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

NON-EXCLUSIVITY AND SURVIVAL OF INDEMNIFICATION

Section 7. The indemnification and advancement of expenses provided by or granted pursuant to the other Sections of this Article VIII shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, contract, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the

fullest extent permitted by Delaware law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of Delaware law or otherwise. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall, unless otherwise provided or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person.

INSURANCE

Section 8. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another Corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against

such liability under the provisions of this Article VIII, or otherwise under Delaware law.

MEANING OF "CORPORATION" FOR PURPOSES OF ARTICLE VIII

Section 9. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers or employees, so that any person who is or was a director, officer or employee, of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer or employee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

Section 10. Subject to Section 5(b) hereof, the Corporation shall be required to indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if the initiation of such proceeding (or part thereof) by the indemnitee was authorized in writing by the Board of Directors.

ARTICLE IX
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors, by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting.

EXHIBIT 10.17(c)

[LETTERHEAD OF ADVANCED MICRO
DEVICES INC. APPEARS HERE]

August 4, 1995

Anthony B. Holbrook
41 Hollins Drive
Santa Cruz, CA 95060

Dear Tony:

We are pleased that you have decided to continue your part time employment arrangement with Advanced Micro Devices, Inc. (the "Company") until November 30, 1995, upon the terms set forth in the certain agreement dated August 24, 1994, between you and the Company, a copy of which is attached hereto (the "Agreement"). This letter amends the Agreement by substituting the date "July 31, 1995" in paragraphs 2,3 and 8 of the Agreement with the date "November 30, 1995". All other terms of the Agreement will remain in effect throughout the extended term of the Agreement. This amendment will be deemed effective July 31, 1995.

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

Very truly yours,

/s/ Stanley Winvick
Stanley Winvick
Senior Vice President,
Human Resources

Accepted and Agreed:

/s/ Anthony B. Holbrook
- ----------
Anthony B. Holbrook

SW/pom
encl.

Cc: W.J. Sanders III

EXHIBIT 10.28(a)

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (the "Amendment"), dated as of April 7, 1995, is entered into by and among ADVANCED MICRO DEVICES, INC. a Delaware corporation (the "Company"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent for itself and the Banks (the "Agent"), THE FIRST NATIONAL BANK OF BOSTON, as co-agent, and the several financial institutions party to the Credit Agreement (collectively, the "Banks").

RECITALS

A. The Company, the Banks and the Agent are parties to an Amended and Restated Credit Agreement dated as of September 21, 1994 (the "Credit Agreement"), pursuant to which the Banks have extended certain credit facilities to the Company.

B. The Company has requested that the Banks agree to a certain amendment of the Credit Agreement.

C. The Banks are willing to amend the Credit Agreement, subject to the terms and conditions of this Amendment.

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

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Credit Agreement.

2. Amendment to Credit Agreement. Subsection 7.07(d) of the Credit Agreement shall be amended and restated in its entirety so as to read as follows:

"(d) Guaranty Obligations by the Company of the Indebtedness of its Offshore Subsidiaries, up to $125,000,000 in the aggregate (including any such Guaranty Obligations listed on Schedule 7.07) at any time for all such Offshore Subsidiaries combined."

3. Representations and Warranties. The Company hereby represents and warrants to the Agent and the Banks as follows:

(a) No Default or Event of Default has occurred and is continuing on the date hereof.

(b) The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate action and do not and will not require any registration with, consent or approval of, notice to or action

by, any Person (including any Governmental Authority) in order to be effective and enforceable. The Credit Agreement as amended by this Amendment constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its respective terms, without defense, counterclaim or offset.

(c) The Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent and the Banks or any other Person.

4. Effective Date. This Amendment will become effective as of April 7, 1995 (the "Effective Date"), provided that each of the following conditions precedent is satisfied:

(a) The Agent has received from the Company and the Majority Banks a duly executed original (or, if elected by the Agent, an executed facsimile copy) of this Amendment.

(b) The Agent has received from the Company a copy of a resolution passed by the board of directors of the Company, certified by the Secretary or an Assistant Secretary of the Company as being in full force and effect on the date hereof, authorizing the execution, delivery and performance of this Amendment.

5. Reservation of Rights. The Company acknowledges and agrees that the execution and delivery by the Agent and the Banks of this Amendment shall not be deemed to create a course of dealing or otherwise obligate the Agent or the Banks to forbear or execute similar amendments under the same or similar circumstances in the future.

6. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of California.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may

be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Agent of a facsimile transmitted document purportedly bearing the signature of a Bank or the Company shall bind such Bank or the Company, respectively, with the same force and effect as the delivery of a hard copy original. Any failure by the Agent to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by the Agent.

(e) This Amendment, together with the Credit Agreement, contains the entire agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 10.01 of the Credit Agreement.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

(g) The Company covenants to pay to or reimburse the Agent, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

By: _____

Title: _____

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Agent

By: _____
Title: Vice President

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as a
Bank

By: _____
Title: Vice President

THE FIRST NATIONAL BANK OF
BOSTON, as Co-Agent and as a
Bank

By: _____
Title:

SHAWMUT BANK, N.A.

By: _____
Title:

BANQUE NATIONALE DE PARIS

By: _____
Title:

THE LONG-TERM CREDIT BANK OF
JAPAN, LTD, LOS ANGELES AGENCY

By: _____
Title:

ROYAL BANK OF CANADA

By: _____
Title:

UNION BANK

By: _____
Title:

THE INDUSTRIAL BANK OF JAPAN,
LIMITED

By: _____
Title:

CHEMICAL BANK

By: _____
Title:

NATIONAL WESTMINSTER BANK, PLC
NEW YORK BRANCH

By: _____
Title:

NATIONAL WESTMINSTER BANK, PLC
NASSAU BRANCH

By: _____
Title:

TEXAS COMMERCE BANK

By: _____
Title:

EXHIBIT 10.28(b)

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (the "Amendment"), dated as of October 20, 1995 is entered into by and among ADVANCED MICRO DEVICES, INC. a Delaware corporation (the "Company"), the several financial institutions party to the Credit Agreement referred to in the Recitals to this Amendment (collectively, the "Banks"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent for the Banks (the "Agent"), and THE FIRST NATIONAL BANK OF BOSTON, as co-agent for the Banks (the "Co-Agent").

RECITALS

A. The Company, the Banks, the Agent and the Co-Agent are parties to the Amended and Restated Credit Agreement dated as of September 21, 1994, as amended by that certain First Amendment to Amended and Restated Credit Agreement dated as of April 7, 1995 (as so amended, the "Credit Agreement"), pursuant to which the Banks have extended certain credit facilities to the Company.

B. The Company has requested that the Banks agree to certain amendments of the Credit Agreement.

C. The Banks are willing to amend the Credit Agreement, subject to the terms and conditions of this Amendment.

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

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Credit Agreement and in Section 2 hereof.

2. Amendments to the Credit Agreement.

(a) Section 1.01 of the Credit Agreement is hereby amended to add the following defined terms to the Credit Agreement in proper alphabetical order:

"Second Amendment Effective Date" means the date on which the Second Amendment to Amended and Restated Credit Agreement shall have become effective in accordance with the terms set forth therein.

"Second Amendment to Amended and Restated Credit Agreement" means the Second Amendment to Amended and Restated Credit Agreement dated as of October 20, 1995.

"Permitted Line of Credit" means the secured line of credit to Target on the terms and conditions described below:

(i) The Permitted Line of Credit will be available to Target in the maximum aggregate amount of $60,000,000, available beginning on the closing date under a definitive agreement with respect to the Permitted Line of Credit and ending on June 30, 1996;

(ii) The Permitted Line of Credit will be secured by a lien in favor of the Company covering all assets of Target, including copyrights, trademarks and patents, accounts receivable, inventory, equipment and other tangible and intangible assets, and such lien in favor of the Company shall be junior to certain prior liens, including without limitation the liens of (A) Ascii Corporation and Ascii of America, Inc., with respect to all assets of Target, securing one or more term loans in the aggregate amount of approximately $2,000,000, (B) a certain financial institution, with respect to receivables and inventory only, securing a revolving line of credit in the maximum amount for principal outstanding at any time of $10,000,000; and (C) Phemus Corporation, with respect to all assets of Target, securing one

or more term loans in the aggregate amount of approximately $10,000,000; and

(iii) The principal of, and interest (if any) on, outstanding amounts under the Permitted Line of Credit shall be due and payable 12 months after the date of termination of the definitive agreement relating to the Permitted Merger, or earlier, under certain conditions, if the Company and Target shall fail to consummate the Permitted Merger.

"Permitted Merger" means the merger (to take effect in connection with that certain tax-free reorganization whereby the Company shall acquire all of the issued and outstanding securities of Target) of AMD Merger Corporation, a wholly-owned Subsidiary of the Company, into Target, with the result that upon the consummation of such merger (a) AMD Merger Corporation will cease to exist and (b) Target will become a wholly-owned Subsidiary of the Company; provided, that (x) such merger shall have been consummated on or before June 30, 1996 and (y) the Investment contemplated in connection with the Permitted Merger shall satisfy the following conditions: (i) the sole consideration paid by the Company in connection with such merger shall be shares of the Company's capital stock; (ii) Target and its Subsidiaries are in the

Company's lines of business, or such Investment provides vertical integration, (iii) such Investment is being undertaken in accordance with all applicable Requirements of Law, and (iv) such Investment shall not result in any Default or Event of Default.

"Target" means NexGen, Inc.

(b) Section 7.03 of the Credit Agreement is hereby amended to add the following new subsection (c) thereto:

"(c) the Permitted Merger."

In addition, "; and" shall replace the period at the end of subsection (b) of such section 7.03.

(c) Section 7.04 of the Credit Agreement is hereby amended to add the following new subsection (g) thereto:

"(g) the Permitted Line of Credit."

In addition, "; or" shall replace the period at the end of subsection (f) of such section 7.04.

3. Representations and Warranties. The Company hereby represents and warrants to the Agent and the Banks as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any Governmental Authority) in order to be effective and enforceable. The Credit Agreement as amended by this Amendment constitutes the legal, valid and binding obligations of the Company, enforceable against it in accordance with its respective terms, without defense, counterclaim or offset.

(c) All representations and warranties of the Company contained in the Credit Agreement are true and correct.

(d) The Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent and the Banks or any other Person.

(e) The Target is subject to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of such Act, and the effective written consent of the board of directors or equivalent governing body of the Target has been

obtained and has been, or on or before five Business Days following the execution and delivery of a definitive agreement with respect to the Permitted Merger will be, delivered to the Agent.

4. Conditions to Effectiveness of Amendment. This Amendment will become

effective on the date (the "Second Amendment Effective Date") on which all of the following conditions precedent shall have been satisfied:

(a) The Agent shall have received from each of the Company and the Majority Banks a duly executed original (or, if elected by the Agent, an executed facsimile copy) of this Amendment; and

(b) Each of the representations and warranties set forth in Section 3 of this Amendment shall be true and correct as of the Second Amendment Effective Date.

Solely for purposes of this Section 4, the representation and warranty set forth in Section 3(e) hereof shall be deemed to be true and correct as of the date on which the condition set forth in Section 4(a) shall have been satisfied, provided, that the failure of the Company to deliver the effective written consent of the board of directors (or equivalent governing body) of the Target on or before five Business Days following the execution and delivery of a definitive agreement with respect to the Permitted Merger shall constitute an Event of Default under the Credit Agreement.

5. Reservation of Rights. The Company acknowledges and agrees that the execution and delivery by the Agent and the Banks of this Amendment shall not be deemed to create a course of dealing or otherwise obligate the Agent or the Banks to forbear or execute similar amendments under the same or similar circumstances in the future.

6. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of California.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Agent of a facsimile transmitted document purportedly bearing the signature of a Bank or the Company shall bind such Bank or the Company, respectively, with the same force and effect as the delivery of a hard copy original. Any failure by the Agent to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by the Agent.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 10.01 of the Credit Agreement.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

(g) The Company covenants to pay to or reimburse the Agent and the Banks, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed and delivered

this Amendment as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By: _____
Marvin D. Burkett
Senior Vice President and
Chief Financial Officer

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Agent

By: _____
Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON,
as Co-Agent

By: _____
Title:

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as a Bank

By: _____
Title: Vice President

BANQUE NATIONALE de PARIS

By: _____
Title:

By: _____
Title:

CHEMICAL BANK

By: _____
Title:

NATIONAL WESTMINSTER BANK, PLC
Nassau Branch

By: _____
Title:

NATIONAL WESTMINSTER BANK, PLC
New York Branch

By: _____
Title:

ROYAL BANK OF CANADA

By: _____
Title:

SHAWMUT BANK, N.A.

By: _____
Title:

TEXAS COMMERCE BANK

By: _____
Title:

THE FIRST NATIONAL BANK OF BOSTON,
as a Bank

By: _____
Title:

THE INDUSTRIAL BANK OF JAPAN,
LIMITED

By: _____
Title:

THE LONG-TERM CREDIT BANK OF JAPAN,
LIMITED, Los Angeles Agency

By: _____
Title:

UNION BANK

By: _____
Title:

EXHIBIT 10.29(a)

THIRD AMENDED AND RESTATED GUARANTY

dated as of August 21, 1995

by

ADVANCED MICRO DEVICES, INC.

in favor of

CIBC INC.

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THIRD AMENDED AND RESTATED GUARANTY

THIS THIRD AMENDED AND RESTATED GUARANTY, dated as of August 21, 1995 (as from time to time amended, supplemented, amended and restated or otherwise modified, this "Guaranty"), made by ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Guarantor"), in favor of CIBC INC., a Delaware corporation ("Lessor").

W I T N E S S E T H:

WHEREAS, Lessor leased to AMD International Sales & Service, Ltd., a Delaware corporation ("Lessee") the land (the "Land") described in Schedule I hereto pursuant to a Land Lease between Lessor and Lessee, dated as of September 22, 1992 and recorded on September 22, 1992 as Document No. 11550953 in the Official Records of the Recorder of Santa Clara County, California, as amended by (i) a certain First Amendment to Land Lease, dated as of December 22, 1992 and recorded on January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California, as Document No. 11720033 (the "First Amendment to Land Lease"), and (ii) a certain Second Amendment to Land Lease, dated as of December 17, 1993 and recorded on December 20, 1993 in the Official Records of Santa Clara County, California, as Document No. 12271737 (the "Second Amendment to Land Lease"; such Land Lease, as amended by the First Amendment to Land Lease and by the Second Amendment to Land Lease is referred to herein as the "Second Amended Original Land Lease");

WHEREAS, Lessor leased to Lessee the building and improvements located on the Land pursuant to a Building Lease, dated as of September 22, 1992 and recorded on September 22, 1992 as Document No. 11550954 in the Official Records of the Recorder of Santa Clara County, California, as amended by (i) a certain First Amendment to Building Lease, dated as of December 22, 1992 and recorded on January 5, 1993 as Document No. 11720034 in the Official Records of Santa Clara County, California (the "First Amendment to Building Lease"); and (ii) a certain Second Amendment to Land Lease, dated as of December 17, 1993 and recorded on December 20, 1993 as Document No. 12271738 in the Official Records of the Recorder of Santa Clara County, California (the "Second Amendment to Building Lease"; such Building Lease, as amended by the First Amendment to Building Lease and by the Second Amendment to Building Lease is referred to herein as the "Second Amended Original Building Lease");

WHEREAS, pursuant to a Construction Consent Agreement between Lessor

and Lessee dated December 22, 1992 Lessor consented to Lessee making certain Renovations (as defined below) to the Property;

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

WHEREAS, the Original Guaranty was amended by (i) a certain First Amendment to Amended and Restated Guaranty, dated as of September 21, 1994, and (ii) a certain Second Amendment to Amended and Restated Guaranty, dated as of April 27, 1995 (the Original Guaranty, as so amended, is referred to herein as the "Second Amended Original Restated Guaranty");

WHEREAS, Lessor and Lessee are entering into a Third Amendment to Land Lease, dated as of the date hereof (the "Third Amendment to Land Lease") which will amend the Second Amended Original Land Lease to (i) extend the Expiration Date (as defined in the Second Amended Original Land Lease) of the Second Amended Original Land Lease and (ii) make certain other changes which have been agreed to by the parties;

WHEREAS, Lessor and Lessee also are entering into a Third Amendment to Building Lease dated as of the date hereof (the "Third Amendment to Building Lease") which will amend the Second Amended Original Building Lease to (i) extend the Expiration Date (as defined in the Second Amended Original Building Lease) of the Second Amended Original Building Lease, and (ii) make certain other changes which have been agreed to by the parties;

WHEREAS, Guarantor has acknowledged that the modifications reflected in the Third Amendment to Land Lease and Third Amendment to Building Lease will substantially benefit both Lessee and Guarantor;

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

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

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

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

ARTICLE I

DEFINITIONS

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

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting in (a) the acquisition, directly or indirectly, of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition, directly or indirectly, of in excess of 50% of the capital stock, partnership interests or equity of any Person or otherwise causing any Person to become a Subsidiary of Guarantor, or (c) a merger or consolidation or any other combination by Guarantor or any Subsidiary of Guarantor with another Person (other than a Person that is a Subsidiary of Guarantor) provided that Guarantor or Guarantor's Subsidiary is the surviving entity.

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

"Amended Building Lease" means the Second Amended Original Building

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

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

"Assets" means any estate or interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

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

"Cash Equivalents" means:

(a) securities issued or fully guarantied or insured by the United States Government or any agency thereof having maturities of not more than 12 months from the date of acquisition;

(b) certificates of deposit, time deposits, Eurodollar time deposits, repurchase agreements, reverse repurchase agreements, or bankers' acceptances, having in each case a tenor of not more than 12 months, issued by any Term Loan Financial Institution, or by any U.S. commercial bank or any branch or agency of a non-U.S. bank licensed to conduct business in the U.S. having combined capital and surplus of not less than $100,000,000 whose short term securities are rated at least A-1 by S&P or at least P-1 by Moody's;

(c) taxable and tax exempt commercial paper of an issuer rated at least A-1 by S&P or at least P-1 by Moody's and in either case having a tenor of not more than 270 days;

(d) medium term notes of an issuer rated at least AA by S&P or at least Aa2 by Moody's and having a remaining term of not more than 12 months after the date of acquisition by Guarantor or its Subsidiaries;

(e) municipal notes and bonds which are rated at least SP-1 or AA by S&P or at least MIG-2 or Aa by Moody's with tenors of not more than 12 months;

(f) investments in taxable or tax-exempt money market funds with assets greater than $500,000,000 and whose assets have average maturities less than or equal to 180 days and are rated at least A-1 by S&P or at least P-1 by Moody's; or

(g) money market preferred instruments of an issuer rated at least A-1 by S&P or at least P-1 by Moody's with tenors of not more than 12 months.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation Liability Information List.

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

"Collateral Account" is defined in Section 5.2.

"Consent Agreement" means the Construction Consent Agreement dated as of December 22, 1992 entered into by and between Lessor and Lessee and shall

also include the Security Agreement and Assignment and the Consents and Acknowledgments entered into in connection with the Consent Agreement.

"Consolidated Current Liabilities" means, as of any date of determination, all amounts which would, in accordance with GAAP, be included under current liabilities on a consolidated balance sheet of Guarantor and its Subsidiaries, but in any event including all outstanding revolving credit loans under the Restated Bank of America Credit Agreement, and all other outstanding advances under any revolving credit arrangement in effect after termination of the Restated Bank of America Credit Agreement.

"Consolidated Tangible Net Worth" means, at any time of determination, in respect of Guarantor and its Subsidiaries, determined on a consolidated basis, total assets (exclusive of goodwill, licensing agreements, patents, trademarks, trade names, organization expense, treasury stock, unamortized debt discount and premium, deferred charges and other like intangibles) less total liabilities (including accrued and deferred income taxes and Subordinated Debt), at such time.

"Controlled Group" means Guarantor and all Persons (whether or not incorporated) under common control or treated as a single employer with Guarantor pursuant to Section 414(b), (c), (m), or (o) of the Code.

"Convertible Exchangeable Preferred Stock" means Guarantor's $30.00 Convertible Exchangeable Preferred Shares, par value $0.10 per share, outstanding as of April 12, 1994.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time, or both, would constitute an Event of Default.

"Deposit Event" is defined in Section 5.1.

"Environmental Indemnity Agreement" means the Restated Hazardous Materials Undertaking and Unsecured Indemnity dated as of December 17, 1993, executed and delivered by an Authorized Officer of Lessee and Guarantor, as amended by a certain First Amendment to

Hazardous Materials Undertaking and Unsecured Indemnity, dated as of the date hereof.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and guidelines (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with Guarantor within the meaning of Section 414(b), 414(c) or 414(m) of the Code.

"ERISA Event" means (a) a Reportable Event with respect to a Qualified Plan or a Multiemployer Plan; (b) a withdrawal by Guarantor or any ERISA Affiliate from a Qualified Plan Subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA); (c) a complete or partial withdrawal by Guarantor or any ERISA Affiliate from a Multiemployer Plan; (d) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Section 4041 or 4041A of ERISA or the commencement of proceedings by the PBGC to terminate a Qualified Plan or Multiemployer Plan subject to Title IV of ERISA; (e) a failure by Guarantor or any member of the Controlled Group to make required contributions to a Qualified Plan or Multiemployer Plan; (f) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Qualified Plan or Multiemployer Plan; (g) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Guarantor or any ERISA Affiliate; (h) an application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the

Code with respect to any Plan; (i) a non-exempt prohibited transaction occurs with respect to any Plan for which Guarantor or any Subsidiary of Guarantor may be directly or indirectly liable; or (j) a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary or disqualified person with respect to any Plan for which Guarantor or any member of the Controlled Group may be directly or indirectly liable.

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

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

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

"Fixed Charge Coverage Ratio" means, determined as of the last day of any Fiscal Quarter for Guarantor and its Subsidiaries, determined on a consolidated basis, the ratio of (a) the sum of interest expense, operating lease expense and pre-tax income for the then-ending fiscal quarter and the three fiscal quarters immediately preceding such quarter, to (b) the sum of (i) interest expense and operating lease expense for the same four fiscal quarter period, plus (ii) the average of the current portion of long-term debt (as determined in accordance with GAAP) as of the end of each of the four fiscal quarters in such four fiscal quarter period.

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

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such other entity as may be in general use by significant segments of the U.S. accounting profession, which are applicable to the circumstances as of the date of determination.

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

"Governmental Authority" means the government of any federal, state, municipal or other political subdivision (including courts, arbitration tribunals and administrative agencies and all other agencies and instrumentalities of such governments and political subdivisions) exercising jurisdiction over Guarantor or any of its Subsidiaries or any of their properties.

"Governmental Requirements" means all laws, ordinances, statutes, codes, rules, regulations, treaties, rulings, decisions,

policies, guidelines, orders and decrees of any Governmental Authority.

"Guarantor" is defined in the preamble.

"Guaranty" is defined in the preamble.

"Guaranty Obligation" means, as applied to any Person, any direct or indirect liability of that Person with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person,

whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof. The amount of any Guaranty Obligation shall be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof.

"Hazardous Materials" means

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

(b) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended, reformed or otherwise modified from time to time;

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

(d) without limitation, any petroleum product, derivative, by-product or other hydrocarbons, asbestos, urea formaldehyde foam insulation, radon gas and polychlorinated biphenyls (PCBs); or

(e) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material, substance, element, waste, by-product, compound or product within the meaning of any other Governmental Requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance, material, element, chemical, by-product, compound or product, or protective of human health, safety or the environment, all as amended, reformed or otherwise modified from time to time.

"Impermissible Qualification" means relative to the opinion or
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certification of any independent public accountant as to any financial statement of Guarantor or Lessee, any qualification or exception to such opinion or certification

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

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

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

"Indebtedness" of any Person means without duplication, (a) all
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indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services; (c) all reimbursement obligations with respect to surety bonds, letters of credit, bankers' acceptances and similar instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all Capitalized Lease Obligations; (g) all net obligations with respect to Rate Contracts; (h) all indebtedness referred to in clauses (a) through (g) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in the Property or on any property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and (i) all Guaranty Obligations in respect of indebtedness or obligations of

others of the kinds referred to in clauses (a) through (g) above.

For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer (other than Indebtedness of a joint venture corporation which is not a Subsidiary of such Person and which Indebtedness is nonrecourse to such Person).

"Indenture" means the Indenture dated as of March 25, 1987, between Guarantor and The Bank of New York as in effect on September 21, 1994.

"Land" is defined in the first recital.

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

"Lessee" is defined in the preamble.

"Lessor" is defined in the preamble.

"Leverage Ratio" means, at any time, the ratio of total consolidated liabilities to Consolidated Tangible Net Worth at that time.

"Long Term Investments" means those investments described below, provided that such investments shall have maturities of greater than one year, but not longer than three years:

(a) securities issued or fully guarantied or fully insured by the United States government or any agency thereof and backed by the full faith and credit of the United States;

(b) certificates of deposit, time deposits, eurodollar time deposits, repurchase agreements, or banker's acceptances that are issued by either one of the 30 largest (in assets) banks in the United States or by one of the 100 largest (in assets) banks in the world whose long term securities are rated at least AA by S&P or at least Aa2 by Moody's; and

(c) municipal notes and bonds which are rated at least AA by S&P or at least Aa2 by Moody's.

"Material Adverse Effect" means a material adverse change in, or a material adverse effect upon, any of (a) the operations, business, properties or condition (financial or otherwise) of Guarantor or Guarantor and its Subsidiaries taken as a whole; (b) the ability of Guarantor to perform under this Guaranty or the ability of Guarantor or Lessee to perform under any other Operative Agreement or any Term Loan Document or the Restated Bank of America Credit Agreement and avoid any Event of Default respectively thereunder; (c) the legality, validity, binding effect or

enforceability of this Guaranty or any other Operative Agreement or any Term Loan Document; or (d) the value or operation of all or any portion of the Property.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized rating agency.

"Multiemployer Plan" means a "multiemployer plan" (within the meaning of Section 4001(a)(3) of ERISA) and to which any member of the Controlled Group makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

"Net Proceeds" means, with respect to a sale of equity securities, the gross proceeds thereof reduced by all reasonable out-of-pocket costs and expenses paid or incurred by Guarantor directly in connection therewith, including underwriter's commissions or discounts, registration and filing fees, legal and accounting fees, and printing costs, all as determined in accordance with GAAP.

"Obligations" is defined at Section 2.1.

"Offshore Subsidiary" means any Subsidiary of Guarantor incorporated or otherwise organized under the laws of a jurisdiction other than one of the 50 states of the United States or the District of Columbia.

"Ordinary Course of Business" means, in respect of any transaction involving Guarantor or any Subsidiary of Guarantor, the ordinary course of such Person's business substantially consistent with past practice.

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

"Original Guaranty" is defined in the recitals.

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

"Pension Plan" means a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multi-employer plan as defined in section 4001(a)(3) of ERISA), and to which Guarantor or any of its Subsidiaries, or any corporation, trade or business that is, along with the Guarantor or any of its Subsidiaries, a member of a Controlled

Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"Person" means any natural person, corporation, partnership, joint venture, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

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

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

"Qualified Plan" means a pension plan (as defined in Section 3(2) of ERISA) intended to be tax-qualified under Section 401(a) of the Code and which any member of the Controlled Group sponsors, maintains, or to which it makes, is making or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding period covering at least five (5) plan years, but excluding any Multiemployer Plan.

"Quick Ratio" means the ratio described in Section 4.2.9.

"Rate Contracts" means interest rate and currency swap agreements, cap, floor and collar agreements, interest rate insurance, currency spot and forward contracts and other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates.

"Receivable" means an account (as such term is defined in the California UCC) owned by Guarantor which has arisen in the ordinary course of the business of Guarantor from the sale of inventory or the provision of services by Guarantor in the normal course of business and all moneys due or to become due, and all rights and claims arising thereunder and all rights related thereto, including those assertable against other Persons in addition to the obligor.

"Reportable Event" means, as to any Plan, (a) any of the events set

forth in Section 4043 (b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC, (b) a withdrawal from a Plan described in Section 4063 of

ERISA, or (c) a cessation of operations described in Section 4062(e) of ERISA.

"Restated Bank of America Credit Agreement" means that certain Credit Agreement dated as of January 4, 1993, among Guarantor, Bank of America National Trust & Savings Association, as Agent, First National Bank of Boston, as Co-Agent, and the Banks named therein, as amended and restated by that certain Amended and Restated Credit Agreement, dated as of September 21, 1994, among the Guarantor, Bank of America National Trust and Savings Association, as Agent, First National Bank of Boston, as Co-Agent, and certain other Banks, as the same may be further amended, modified, supplemented or restated from time to time.

"S&P" means Standard & Poor's Rating Group of Standard & Poor's Corporation and any successor thereto that is a nationally recognized rating agency.

"Second Amendment Original Building Lease" is defined in the Recitals.

"Second Amended Original Land Lease" is defined in the Recitals.

"Second Consent Agreement" means the Construction Consent Agreement dated as of April 27, 1995 entered into between Lessor and Lessee.

"Subordinated Debt" means any Indebtedness of Guarantor that, pursuant to the instrument evidencing or governing such Indebtedness, is subordinate in right of payment to the Obligations.

"Taxes" means any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority.

"Term Loan Administrative Agent" means ABN AMRO Bank, N.V., as administrative agent for the Term Loan Financial Institutions.

"Term Loan Agreement" means that certain Term Loan Agreement, dated as of January 5, 1995, among Guarantor, the several financial institutions from time to time a party thereto, ABN AMRO Bank, N.V., as administrative agent for such financial institutions, and ABN AMRO Bank, N.V. and CIBC Inc., as co-arrangers.

"Term Loan Documents" means the Term Loan Agreement and all documents and/or instruments executed and delivered to the Term Loan Administrative Agent or any of the Term Loan Financial Institutions in connection therewith.

"Term Loan Financial Institutions" means the several financial institutions from time to time a party to the Term Loan Agreement.

"Third Amendment to Building Lease" is defined in the Recitals.

"Third Amendment to Land Lease" is defined in the Recitals.

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

"Welfare Plan" means a "welfare plan", as such term is defined in section 3(1) of ERISA.

"Wholly Owned Subsidiary" means any corporation in which (other than directors' qualifying shares required by law and other than other shares of a de

minimis amount issued to and held by others for the benefit of Guarantor or another wholly owned subsidiary) 100% of the capital stock of each class having ordinary voting power, and 100% of the capital stock of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by Guarantor, or by one or more of the other Wholly Owned Subsidiaries, or both.

SECTION 1.2 Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used herein shall be interpreted, all accounting determinations and computations hereunder (including under Section 4.2.3) shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with, GAAP.

SECTION 1.3 Definitions in the Leases. Unless otherwise defined herein or the context otherwise requires, terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Leases.

ARTICLE II

GUARANTY PROVISIONS

SECTION 2.1 Guaranty. Guarantor hereby absolutely, unconditionally and irrevocably

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

(i) full and prompt payment of all Basic Rent, Additional Rent, Capital Rent, the Aggregate Balance Due

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

(ii) the full and prompt payment, execution and performance of all covenants and agreements of Lessee under each of the Leases, including without limitation Sections 19.3, 20.3, 27, 41 and 51 of the Amended Land Lease and Sections 19.3, 20.3, 21, 27, 41 and 51 of the Amended Building Lease;

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

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

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

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

immediately and without any deduction, discount or offset of any nature, any amount not paid to Lessor by the Lessee (for any reason and regardless of any defense or protection available to the Lessee with respect thereto) which

would have been paid to Lessor by the Lessee over the full term of the Leases and upon the expiration thereof had the Lessee fulfilled all of its obligations under the Leases including without limitation Lessee's obligations arising upon the expiration or termination of either of the Leases.

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

SECTION 2.2 Acceleration of Guaranty. Guarantor agrees that, in the event of the dissolution or insolvency of Lessee or Guarantor, or the inability or failure of Lessee or Guarantor to pay debts as they become due, or an assignment by Lessee or Guarantor for the benefit of creditors, or the commencement of any case or proceeding in respect of Lessee or Guarantor under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Obligations of the Lessee may not then be due and payable, Guarantor will pay to Lessor forthwith the full amount which would be payable hereunder by Guarantor if all such Obligations were then due and payable.

SECTION 2.3 Guaranty Absolute, etc. This Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment and performance, and shall remain in full force and effect until all Obligations of Lessee have been paid in full or performed, and all obligations of the Guarantor hereunder shall have been paid in full. Guarantor guarantees that the Obligations of Lessee will be paid and performed strictly in accordance with the terms of the Lease or the Consent Agreement or Second Consent Agreement under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of Lessor with respect thereto. The liability of Guarantor under this Guaranty shall be absolute, unconditional and irrevocable irrespective of, and Guarantor hereby waives:

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

(b) any defense based upon the failure of Lessor

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

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

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

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

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

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

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

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

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

Guarantor agrees that any release which may be given by Lessor to Lessee or any other guarantor shall not release Guarantor. Without limiting the foregoing, Guarantor acknowledges that a breach of any

representation, warranty or covenant of Guarantor hereunder will result in an Event of Default under each of the Leases. Without limiting any other remedy Lessor may have against Guarantor hereunder or against Lessee under the Leases, Guarantor shall following the occurrence of any such breach under this Guaranty and upon the written demand of Lessor purchase the Property as required pursuant to Section 41 of the Amended Land Lease and Section 41 of the Amended Building Lease.

SECTION 2.4 Reinstatement, etc. Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) or performance of any of the Obligations of Lessee is rescinded or must otherwise be restored by Lessor, upon the insolvency, bankruptcy or reorganization of the Lessee or for any other reason, all as though such payment or performance had not been made.

SECTION 2.5 Waiver, etc. (a) Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations of Lessee and this Guaranty and any requirement that Lessor protect, secure, respect or insure any Lien, or any property subject thereto, or exhaust any right or take any action against Lessee or any other Person (including any other Guarantor) or entity or any collateral securing the Obligations of Lessee. Guarantor further waives (to the maximum extent permitted by law) any defense arising by reason of any claim or defense based upon any limitation imposed on amounts recoverable by Lessor under the Leases, including, if and to the extent applicable, the provisions of California Civil Code Section 1951.2 or an election of remedies by Lessor including, if and to the extent applicable, the provisions of (S)(S)580d and 726 of the California Code of Civil Procedure or any similar law of California or any other jurisdiction.

(b) WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER OR OTHER PROVISION SET FORTH IN THIS GUARANTY, GUARANTOR SPECIFICALLY WAIVES ANY POSSIBLE CLAIM THAT GUARANTOR IS NOT A TRUE GUARANTOR OF THE LEASES (OR EITHER OF THEM), WHETHER SUCH CLAIM IS BASED UPON ANY CONTENTION THAT THE LEASES (OR EITHER OF THEM) ACTUALLY REPRESENT ONE OR MORE LOAN TRANSACTIONS, OR UPON ANY CONTENTION THAT GUARANTOR ACTUALLY IS THE TRUE DEBTOR IF THE LEASES (OR EITHER OF THEM) ACTUALLY REPRESENT ONE OR MORE LOAN TRANSACTIONS, OR UPON ANY OTHER SIMILAR OR DISSIMILAR CONTENTION, OR UPON ANY COMBINATION THEREOF; AND GUARANTOR FURTHER HEREBY WAIVES, TO THE MAXIMUM EXTENT SUCH WAIVER IS PERMITTED BY LAW, ANY AND ALL DEFENSES ARISING DIRECTLY OR INDIRECTLY UNDER ANY ONE OR MORE OF CALIFORNIA CIVIL CODE (S)(S) 1951.2, 2808, 2809, 2810, 2815, 2819, 2820, 2821, 2838, 2839, 2845, 2848, 2849 AND 2850, TO THE EXTENT APPLICABLE, CALIFORNIA CODE OF CIVIL PROCEDURE (S)(S) 580a, 580b, 580c, 580d AND 726, AND, TO THE EXTENT APPLICABLE, CHAPTER 2 OF TITLE 14, PART IV OF THE CALIFORNIA CIVIL CODE.

(c) Without limiting the generality of any other waiver or other provision set forth in this Guaranty, Guarantor authorizes Lessor at its sole option, without notice or demand and without affecting the liability of the Guarantor hereunder, to release and reconvey (with or without receipt of any consideration) any Lien against any or all collateral for the Obligations of Lessee, and to exercise all powers of sale in the Leases and to foreclose any or all deeds of trust, mortgages or other instruments or agreements by judicial or non-judicial sale, all without affecting the liability of the Guarantor hereunder. Guarantor expressly waives any defense to the recovery by Lessor from Guarantor of any deficiency after a non-judicial sale, including, without limitation, any defense arising as a result of any election of remedies by Lessor which limits or destroys such Guarantor's subrogation rights or such Guarantor's right to proceed against Lessee for reimbursement (including,

without limitation, any election by Lessor to exercise its rights under a power of sale in or any instruments securing the Obligations of Lessee under the Leases, any deed of trust or mortgage and any consequential loss by Guarantor of the right to recover any deficiency from the Lessee). Guarantor waives all rights and defenses arising out of an election of remedies by the Lessor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Guarantor's rights of subrogation and reimbursement against the Lessee by the operation of Section 580d of the Code of Civil Procedure or otherwise. Guarantor waives any right to receive notice of any judicial or non-judicial sale or the sale or foreclosure of any real property, and the failure of the Guarantor to receive such notice shall not impair or affect the Guarantor's liability hereunder. Guarantor warrants and agrees that each of the acknowledgements and waivers set forth in this Guaranty is made with full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If, despite the foregoing, any of such waivers are determined to be contrary to any applicable law or public policy, such waivers shall be effective only to the maximum extent permitted by law.

SECTION 2.6 Subrogation. Guarantor hereby disclaims, releases and waives forever any subrogation claims or rights it would otherwise have or be entitled to under this Guaranty or pursuant to applicable law as a result of any payment made by Guarantor hereunder or otherwise. Any amount paid to Guarantor on account of any such subrogation rights shall be held in trust for the benefit of Lessor and shall immediately be paid to Lessor and credited and applied against the Obligations of Lessee, whether matured or unmatured, in accordance with the terms of either of the Leases. In furtherance of the foregoing, Guarantor shall refrain from taking any action or commencing any proceeding against the Lessee (or its successors or assigns, whether in connection with a

bankruptcy proceeding or otherwise) to recover any amounts in the respect of payments made under this Guaranty to Lessor.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.1 Representations and Warranties. Guarantor hereby represents and warrants to Lessor as set forth in this Article III.

SECTION 3.1.1 Organization, etc. Guarantor and each of its Subsidiaries is a corporation validly organized and existing and in good standing under the laws of the State of its incorporation or organization, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of its business requires such qualification (except where the failure so to qualify would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor) and has full power and authority and holds all requisite Governmental Approval to enter into and perform its obligations under this Guaranty and each of the Operative Agreements and to own and hold under lease its properties and to conduct its business substantially as currently conducted by it.

SECTION 3.1.2 Due Authorization, Non-Contravention, etc. The execution, delivery and performance by Guarantor of this Guaranty and each of the Operative Agreements to which it is a party is within the Guarantor's corporate powers, has been duly authorized by all necessary corporate action, and does not

(a) contravene Guarantor's Organic Documents;

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

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

SECTION 3.1.3 Government Approval, Regulation, etc. No Governmental Approval or other consent or approval of any Person which has not been obtained is required for the due execution, delivery or performance by Guarantor of this Guaranty or any other Operative Agreement to which it or the Lessee is a party, or for

the exercise by Lessor of any of its rights or remedies hereunder or thereunder. Neither Guarantor nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.1.4 Validity, etc. This Guaranty and each of the Operative Agreements to which Guarantor or Lessee is a party constitutes the legal, valid and binding obligation of Guarantor and Lessee, as applicable, enforceable in accordance with its terms; except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity.

SECTION 3.1.5 Financial Information. The consolidated balance sheets of Guarantor and its Subsidiaries as at December 31, 1991, June 28, 1992, December 27, 1992, June 27, 1993, December 26, 1993, June 26, 1994 and December 25, 1994, and the related consolidated statements of earnings and cash flow of Guarantor and such Subsidiaries, copies of which have been furnished to Lessor, have been prepared in accordance with GAAP consistently applied, and present fairly the consolidated financial condition of the entities covered thereby as at the dates thereof and the results of their operations for the periods then ended.

SECTION 3.1.6 No Material Adverse Change. There has been no material adverse change in the financial condition, operations, assets, business, properties or prospects of Guarantor or any of its Subsidiaries since September 27, 1992 except as may be described in (a) Guarantor's Form 10-K dated December 29, 1991 or any subsequent 10-K of Guarantor which, prior to the date of this Guaranty, Guarantor filed with the Securities and Exchange Commission and delivered to Lessor, to and including Guarantor's Form 10-K dated December 25, 1994, or (b) Guarantor's Form 10-Q dated June 28, 1992 or any subsequent 10-Q of Guarantor which, prior to the date of this Guaranty, Guarantor filed with the Securities and Exchange Commission and delivered to Lessor, to and including Guarantor's Form 10-Q dated July 2, 1995.

SECTION 3.1.7 Litigation, Labor Controversies, etc. There is no pending or, to the knowledge of Guarantor, threatened litigation, action, proceeding, or labor controversy affecting Guarantor or any of its Subsidiaries, or any of their respective properties, businesses, assets or revenues which may materially adversely affect the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole, or which purports to affect the legality, validity or enforceability of this Guaranty or either of

the Leases except as described in Guarantor's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, and Guarantor's Quarterly Report on Form 10-Q for the period ended July 2, 1995. Lessor acknowledges receipt of the Form 10-K and Form 10-Q specifically listed in the preceding sentence.

SECTION 3.1.8 Subsidiary. Guarantor owns all of the outstanding voting stock in Lessee and all stock, securities and indentures convertible into voting stock. Except for Guarantor, no person having any interest in Lessee has any right to cause a liquidation, distribution or sale of all or a substantial portion of Lessee or its assets.

SECTION 3.1.9 Ownership of Properties. Except as permitted pursuant to Section 4.2.2, Guarantor and each of its Subsidiaries owns good and marketable title to all of its material properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens, charges or claims (including infringement claims with respect to patents, trademarks, copyrights and the like other than infringement claims which would not materially and adversely affect the business of Guarantor and its Subsidiaries, taken as a whole, or infringement claims which are described in Guarantor's Form 10-K for the Fiscal Year ended December 25, 1994 and Form 10-Q for the quarterly period ended July 2, 1995. To the best of Guarantor's knowledge after due investigation, and subject to the last sentence of this Section 3.1.9, Guarantor and each of its Subsidiaries owns or holds licenses for all necessary patents, patent rights and other similar intellectual property rights to conduct its business as presently conducted. Guarantor's right to use certain intellectual property rights pertaining to the Intel 386 and 486 microprocessors is the subject of current litigation between Guarantor and Intel

Corporation. The current status of that litigation, and the effect which that litigation may have upon Guarantor if determined adversely to the Guarantor, are accurately described in Guarantor's Form 10-K dated December 25, 1994 and Guarantor's Form 10-Q dated July 2, 1995.

SECTION 3.1.10 Taxes. Guarantor and each of its Subsidiaries has filed all tax returns and reports required by any Governmental Authority to have been filed by it and has paid all Taxes and governmental charges thereby shown to be owing, except any such Taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 3.1.11 Pension and Welfare Plans. During the twelve-consecutive-month period prior to the date of the execution and delivery of this Guaranty no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect

to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which might result in the incurrence by Guarantor or any member of the Controlled Group of any material liability, fine or penalty. Neither Guarantor nor any member of the Controlled Group has any contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA.

SECTION 3.1.12 Environmental Warranties. Except for matters ("Environmental Matters") set forth in Schedule II, none of which would have a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole:

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

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

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

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

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

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

(e) no property now or previously owned or leased by Guarantor or any of its Subsidiaries, including without

limitation the Property, is listed or proposed for listing (with respect to owned property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up;

(f) to Guarantor's best knowledge, there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned or leased by either Guarantor or any of its Subsidiaries, including without limitation the Property, that, singly or in the aggregate, have, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole;

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

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

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

Nothing in this Section 3.1.12 shall be deemed to limit or modify any representation or warranty in the Environmental Indemnity Agreement.

SECTION 3.1.13 Regulations G, U and X. Neither the Guarantor nor any of its Subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. Terms for which meanings are provided in F.R.S. Board Regulation G, U or X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 3.1.14 No Default. Neither Guarantor nor any of its Subsidiaries is (a) in default under any indenture, mortgage, loan agreement or other agreement or instrument to which any of them is now a party or by which it is bound, or (b) in violation of any Governmental Requirements or Governmental Approvals, which, in the case of (a) or (b) above, would (i) materially adversely affect either the Property or the properties, business, operations or financial condition of Guarantor and its Subsidiaries taken as a whole, (ii) materially adversely affect the ability of Guarantor and its Subsidiaries to perform any of its obligations under this Guarantee or any of the Operative Agreements, (iii) materially adversely affect the rights of any other Person a party to an Operative Agreement, or (iv) materially adversely affect the transactions contemplated by any of the Operative Agreements.

SECTION 3.1.15 Representations and Warranties in the Leases. Each of Lessee's representations and warranties contained in the Leases and the Consent Agreement and the Second Consent Agreement is true, complete and correct in all material respects.

SECTION 3.1.16 Accuracy of Information. All factual information heretofore or contemporaneously furnished by or on behalf of Guarantor or any of its Subsidiaries in writing to the Lessor for purposes of or in connection with this Guaranty or any Operative Agreements or any transaction contemplated hereby or thereby is, and all other such factual information hereafter furnished by or on behalf of Guarantor or any of its Subsidiaries to Lessor will be, true and accurate in every material respect on the date as of which such information is dated or certified and as to the documents and materials listed on and except as specifically set forth in Schedule III as of the date of execution and delivery of this Guaranty, and such information is not, or shall not be, as the case may be, incomplete by omitting to state any material fact necessary to make such information not misleading. Notwithstanding the foregoing, while Guarantor has exercised reasonable care in preparing the financial forecasts and construction budgets furnished to Lessor, Lessor acknowledges that the information contained in such forecasts and budgets are preliminary and subject to change.

ARTICLE IV

COVENANTS, ETC.

SECTION 4.1 Affirmative Covenants. Guarantor covenants and agrees that, so long as any portion of the Obligations of Lessee shall remain unpaid or unperformed, Guarantor will, unless Lessor shall otherwise consent in writing, perform the obligations set forth in this Section.

SECTION 4.1.1 Financial Information, Reports, Notices, etc. Guarantor will furnish, or will cause to be furnished, to Lessor copies of the following financial statements, reports, notices and information:

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

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

(c) as soon as available and in any event within 45 days of the end of each Fiscal Quarter, a certificate executed by the chief financial officer of Guarantor, showing (in reasonable detail and appropriate calculations and computations in all respects satisfactory to Lessor) compliance with the financial covenants set forth in Sections 4.2.1 and 4.2.3;

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

the actions Lessee or Guarantor have taken or propose to take with respect thereto;

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

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

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

(h) such other information respecting the condition or

operations, financial or otherwise, of Guarantor or any of its Subsidiaries as Lessor may from time to time reasonably request.

SECTION 4.1.2 Compliance with Laws, etc. Guarantor will, and Guarantor will cause each of its Subsidiaries to, comply in all material respects with all Governmental Requirements and Governmental Approvals the noncompliance with which would (i) reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business or prospects of Lessee or Guarantor and its Subsidiaries, taken as a whole, (ii) result in the creation or imposition of a Lien (except as expressly permitted herein) or (iii) subject Lessor to any liability, such compliance to include:

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

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

SECTION 4.1.3 Maintenance of Properties. Guarantor will, and Guarantor will cause each of its Subsidiaries to, maintain, preserve, protect and keep the Property and all of its other facilities and properties in good repair, working order and condition and make necessary and proper repairs, renewals and replacements as required by Lessee under the Leases and so that its business may be properly conducted at all times.

SECTION 4.1.4 Insurance. The Guarantor will, and will cause Lessee and each of its other Subsidiaries to, maintain or cause to be maintained with reasonable insurance companies insurance with respect to its properties and businesses (including business interruption insurance) against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses and will, upon request of Guarantor furnish to Guarantor at reasonable intervals a certificate of an authorized officer of Guarantor setting forth the nature and extent of all insurance maintained by Guarantor and its Subsidiaries in accordance with this Section and as required under each of the Leases and the Consent Agreement and the Second Consent Agreement. All such insurance shall be written by reputable insurers legally qualified to issue such insurance having an A.M. Best policyholders rating of not less than A, or if written by an insurer domiciled outside of the United States of America, such insurance shall not exceed in the aggregate 10% of the policyholders' surplus of such insurer.

SECTION 4.1.5 Books and Records. The Guarantor will, and will cause each of its Subsidiaries to keep books and records which accurately reflect all of its business affairs and transactions and permit Lessor or any of their respective representatives, at reasonable times and intervals and upon reasonable notice, to visit all of its and its Subsidiaries' offices, to discuss its financial matters with its and its Subsidiaries' officers and independent public accountant (and Guarantor hereby authorizes such independent public accountant to discuss Guarantor's and its Subsidiaries'

financial matters with Lessor or its representatives) and to examine any of its and its Subsidiaries' books or other corporate or partnership records. On and after the occurrence and continuance of any Default or Event of Default, the Guarantor shall pay any reasonable fees of such independent public accountant incurred in connection with Lessor's exercise of its rights pursuant to this Section. Guarantor will not, and Guarantor will cause each of its Subsidiaries not to, except in the ordinary course of business, destroy any of the aforementioned books, records and logs without the prior consent of Lessor.

SECTION 4.1.6 Environmental Covenant. Guarantor will, and Guarantor will cause each of its Subsidiaries to

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

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

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

Nothing in this Section 4.1.6 shall be deemed to limit or modify any covenant or negative covenant in the Environmental Indemnity Agreement.

SECTION 4.1.7 Maintenance of Authorizations, etc. Guarantor will, and Guarantor will cause each of its Subsidiaries to, maintain all necessary Governmental Approvals with respect to the ownership, operation and maintenance of the Property and the construction of the additions and all of its other facilities and properties, and Guarantor will, and Guarantor will cause each of its Subsidiaries to, comply with all Governmental Requirements and Governmental Approvals governing the ownership, operation and maintenance thereof (except (a) those being contested in good faith and by appropriate proceedings and (b) those the failure of which to maintain or comply with would not (i) reasonably be expected to

have a material adverse effect on the financial condition, operations, assets, business or prospects of the Guarantor or any of its Subsidiaries, (ii) result in the creation or imposition of any Lien (except as expressly permitted herein or in the Leases), or (iii) subject Lessor to any liability).

SECTION 4.1.8 Performance of Obligations. Guarantor will, and Guarantor will cause Lessee to, duly perform and observe all of its obligations, covenants, and agreements under the Operative Agreements.

SECTION 4.1.9 Further Assurances. Guarantor agrees that, from time to time at its own expense, it shall, and Guarantor shall cause each of its Subsidiaries to, promptly execute and deliver all further agreements, instruments and documents, obtain or make such additional consents or filings, and take all further actions that may be necessary, or that the Lessor may reasonably request, in order for the Guarantor and its Subsidiaries to be in compliance with the terms hereof.

SECTION 4.1.10 Fees. Guarantor will pay or cause to be paid all investment banking, broker's or finder's fees and commissions with respect to the transactions contemplated by the Operative Agreements.

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

SECTION 4.2.1 Liens. Guarantor will not, and Guarantor will not suffer or permit any of its Subsidiaries to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its Assets (including the Property), whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) Liens securing payment of the Obligations,

(b) any Lien existing on the Assets of Guarantor or its Subsidiaries as of January 5, 1995 and set forth in Schedule IV securing Indebtedness outstanding on such date;

(c) any Lien created under any Term Loan Document;

(d) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that nonpayment thereof is permitted by Section 3.1.10, provided that no notice of lien has been filed or recorded;

(e) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the Ordinary Course of Business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the Assets subject thereto;

(f) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the Ordinary Course of Business in connection with workers' compensation, unemployment insurance and other social security legislation;

(g) Liens on the Assets of Guarantor or any of its Subsidiaries (other than Liens on all or a portion of the Property) securing (i) the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) obligations on surety and appeal bonds, and (iii) other obligations of a like nature; in each case, incurred in the Ordinary Course of Business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(h) Liens consisting of judgment or judicial attachment liens, provided that the enforcement of such Liens is effectively stayed;

(i) easements, rights-of-way, restrictions and other similar encumbrances on Assets other than the Property which are incurred in the Ordinary Course of Business and which do not in any case materially detract from the value of the Assets subject thereto or interfere with the ordinary conduct of the businesses of Guarantor and its Subsidiaries on such Assets;

(j) Liens on assets of corporations which become Subsidiaries after the date of this Guaranty, provided, however, that such Liens existed at the time the respective corporations became Subsidiaries and were not created in anticipation thereof;

(k) Purchase money security interests on any Assets (other than the Property) acquired or held by Guarantor or its Subsidiaries in the Ordinary Course of Business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such Assets; on the condition that (i) any such Lien attaches to such Assets concurrently with or within 20 days after the acquisition thereof, (ii) such Lien attaches solely to the Assets so acquired in such transaction, and (iii) the principal amount of the Indebtedness secured thereby does not exceed 100% of the cost of such Assets; and

(l) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other

funds maintained with a creditor depository institution; on the condition that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by Guarantor in excess of those set forth by regulations promulgated by the F.R.S. Board, and (ii) such deposit account is not intended by Guarantor or any of its Subsidiaries to provide collateral to the depository institution;

provided, however that no Liens otherwise permitted by (a) through (k) above shall be permitted if such Liens are otherwise prohibited under either of the Leases or the Consent Agreement or the Second Consent Agreement.

SECTION 4.2.2 Disposition of Assets. Guarantor shall not, and shall not suffer or permit any of its Subsidiaries to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any Assets (including accounts and notes receivable (with or without recourse) and equipment sale-leaseback transactions) or enter into any agreement to do any of the foregoing, except:

(a) dispositions of inventory, or used, outmoded, worn-out or surplus equipment, all in the Ordinary Course of Business;

(b) the sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such sale are reasonably promptly applied to the purchase price of such replacement equipment; and

(c) dispositions not otherwise permitted hereunder which are made for fair market value; provided, that (i) at the time of any disposition, --------

no Default or Event of Default under either of the Leases or the other Operative Agreements and no breach or default under this Guaranty shall exist or shall result from such disposition, (ii) the aggregate sales price from any disposition pursuant to a sale-leaseback transaction shall be paid in cash, (iii) sale-leaseback transactions shall only be permitted with respect to real property and equipment, and (iv) the aggregate fair market value of all assets (excluding real property and equipment subject to sale-leaseback transactions) so sold by Guarantor and its Subsidiaries, together with all other sales under this subsection (c) since September 21, 1994, shall not exceed in the aggregate 20% of Guarantor's Consolidated Tangible Net Worth as calculated immediately prior to such disposition.

Notwithstanding subsection 4.2.2(c) above, the disposition of accounts receivable shall not be permitted. Nothing in this Section 4.2.2 permits or ------------

authorizes any disposition of the Property

or any portion thereof by Guarantor or any Subsidiary of Guarantor except as may be expressly permitted under the Leases.

SECTION 4.2.3 Consolidations and Mergers. Guarantor shall not, and --------------------------

shall not suffer or permit any of its Subsidiaries to, merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except:

(a) any Subsidiary (other than Lessee) of Guarantor may merge with Guarantor, provided that Guarantor shall be the continuing or surviving corporation, or with any one or more Subsidiaries (other than Lessee) of Guarantor, provided that if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation; and

(b) any Subsidiary (other than Lessee) of Guarantor may sell all or substantially all of its assets (upon voluntary liquidation or otherwise), to Guarantor or another Wholly-Owned Subsidiary (other than Lessee) of Guarantor.

Nothing in this Section 4.2.3 permits or authorizes any disposition of -------------

the Property or any portion thereof by Guarantor or any Subsidiary of Guarantor except as may be expressly permitted under the Leases.

SECTION 4.2.4 Loans and Investments. Guarantor shall not purchase or ---------------------

acquire, or suffer or permit any of its Subsidiaries to purchase or acquire, or make any commitment therefor, any capital stock, equity interest, all or substantially all assets, or obligations or other securities of or any interest in, any Person, or make any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including any Affiliate of Guarantor (together, "Investments"), except for: -----------

(a) Investments in Cash Equivalents;

(b) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the Ordinary Course of Business;

(c) Investments (other than for the purpose of any Acquisition) by Guarantor in or to any of its Wholly-Owned Subsidiaries or by any of its Wholly-Owned Subsidiaries in or to another of Guarantor's Wholly-Owned Subsidiaries;

(d) Investments incurred in order to consummate Acquisitions otherwise permitted herein, provided that (i) the book value of such Investments --------

for Guarantor and its Subsidiaries on a

consolidated basis, excluding value provided by Guarantor in the form of Guarantor's capital stock with regard to any single Acquisition shall not exceed at the time of such investment 10% of Consolidated Tangible Net Worth as calculated immediately prior to such Acquisition, (ii) such Acquisitions are of Persons or businesses in Guarantor's lines of business or provide vertical integration, (iii) such Acquisitions are undertaken in accordance with all applicable Governmental Requirements, (iv) (x) if any Person or business so acquired (the "Acquiree") is subject to Section 12 of the Exchange Act or

subject to the requirements of Section 15(d) of such Exchange Act, the prior, effective written consent of the board of directors or equivalent governing body of the Acquiree is obtained and delivered to the Lessor, or (y) if the Acquiree does not meet the qualifications set forth in subclause (x) of this clause (iv), the prior effective written consent of the board of directors or equivalent governing body and the percent of any and all classes of stock or other equity of such Acquiree the consent of which, notwithstanding any provisions in the Organic Documents of the Acquiree to the contrary, is required by applicable statute to consummate the Acquisition, is obtained and delivered to Lessor, and (v) such Acquisition shall not result in any breach or default under this Guaranty or in any Default or Event of Default under either of the Leases or any other Operative Agreement or under the Term Loan Agreement; or

(e) Investments of not more than $175,000,000 in Fujitsu-AMD Semiconductor Limited; or

(f) other Investments not described above and that are not prohibited elsewhere in this Guaranty, to the extent such Investments are not used for purposes of any Acquisition and do not exceed at any one time the sum of (i) $150,000,000; (ii) 50 percent of the after-tax earnings net of after-tax losses of Guarantor, cumulative from January 5, 1995, as determined at the time of Investment; and (iii) the aggregate net cash proceeds received by Guarantor from the issuance or sale of its capital stock subsequent to January 5, 1995 other than to a Subsidiary reduced by the aggregate cash purchase price paid by Guarantor in Guarantor's repurchases of capital stock subsequent to January 5, 1995.

SECTION 4.2.5 Transactions with Affiliates. Guarantor shall not, and shall not suffer or permit any of its Subsidiaries to, enter into any transaction with any Affiliate of Guarantor or of any such Subsidiary, except (a) as expressly permitted by this Guaranty, or (b) in the Ordinary Course of Business or pursuant to the reasonable requirements of the business of Guarantor or such Subsidiary; in each case (a) and (b), upon fair and reasonable terms materially no less favorable to Guarantor or such Subsidiary than would obtain in a comparable arm's-length transaction with a Person not an Affiliate of Guarantor or such Subsidiary; provided, however, that nothing in this Section 4.2.5 shall be deemed to

prohibit transactions between Guarantor and any Subsidiary of Guarantor provided that such transactions are fair and reasonable to Guarantor.

SECTION 4.2.6 Guaranty Obligations. Guarantor shall not, and shall not suffer or permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Guaranty Obligations except:

(a) endorsements for collection or deposit in the Ordinary Course of Business;

(b) the Obligations;

(c) Guaranty Obligations of Guarantor and its Subsidiaries existing as of January 5, 1995 and Listed on, and subject to the maximum amounts specified in, Schedule V;

(d) Guaranty Obligations of Guarantor of not more than $175,000,000 of Indebtedness of Fujitsu-AMD Semiconductor Limited; and

(e) in addition to Guaranty Obligations described in the preceding clauses (a) through (c), Guaranty Obligations by Guarantor of the Indebtedness of its Offshore Subsidiaries, up to $75,000,000 in the aggregate at any time for all such Offshore Subsidiaries combined.

SECTION 4.2.7 Compliance with ERISA. Guarantor shall not, and shall not suffer or permit any of its Subsidiaries to, (i) terminate any Plan subject to Title IV of ERISA so as to result in any material (in the opinion of the Lessor) liability to Guarantor or any ERISA Affiliate, (ii) permit to exist any ERISA Event or any other event or condition, which presents the risk of a material (in the opinion of the Lessor) liability to any member of the Controlled Group, (iii) make a complete or partial withdrawal (within the meaning of ERISA Section 4201) from any Multiemployer Plan so as to result in any material (in the opinion of Lessor) liability to Guarantor or any ERISA Affiliate, (iv) enter into any new Plan or modify any existing Plan so as to increase its obligations thereunder which could result in any material (in the opinion of Lessor) liability to any member of the Controlled Group, or (v) permit the-present value of all nonforfeitable accrued benefits under any Plan (using the actuarial assumptions utilized by the PBGC upon termination of a Plan) materially (in the opinion of Lessor) to exceed the fair market value of Plan assets allocable to such benefits, all determined as of the most recent

valuation date for each such Plan.

SECTION 4.2.8 Restricted Payments.

(a) Guarantor shall not, and shall not suffer or permit any of its Subsidiaries to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of its capital stock, or purchase, redeem or otherwise acquire for value any shares of its capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding; except that Guarantor may, provided that both before and after giving effect thereto Guarantor is not in breach or default under this Guaranty and no Default or Event of Default exists under any of the Operative Agreements:

(i) declare and make dividend payments or other distributions payable solely in its common stock;

(ii) purchase, redeem or otherwise acquire shares of its common stock or preferred stock, or warrants or options to acquire any such shares, to the extent that such transactions in the aggregate do not exceed (taking into account all such purchases, redemptions or acquisitions occurring since September 21, 1994) the sum of:

(A) the lesser of $70,000,000 or the acquisition cost of 5,000,000 shares; and

(B) the extent to which the aggregate cash consideration, net of commissions and other out-of-pocket costs and expenses incurred in connection therewith, actually received by Guarantor from the issuance by Guarantor of shares of its common stock subsequent to September 21, 1994 exceeds the aggregate cash consideration used to acquire shares of Convertible Exchangeable Preferred Stock and its common stock, pursuant to this Section 4.2.8(a)(ii) since September 21, 1994; and

(iii) declare or pay mandatory cash dividends to holders of preferred stock outstanding on September 21, 1994;

provided, however, that the foregoing restrictions shall not apply to any distribution to, or purchase, redemption or other acquisition from, (x) Guarantor by a Wholly-Owned Subsidiary, or (y) any Wholly-Owned Subsidiary by a Wholly-Owned Subsidiary of such Subsidiary.

(b) Guarantor shall not prepay, redeem, defease (whether actually or in substance) or purchase in any manner (or deposit or set aside funds or securities for the purpose of the foregoing), or

make any payment (other than for scheduled payments of interest due on the date of payment thereof, if such payment is permitted to be made pursuant to the terms of the documents evidencing or governing the applicable Subordinated Debt) in respect of, or establish any sinking fund, reserve or like set aside of funds or other property for the redemption, retirement or repayment of, any Subordinated Debt, or transfer any property in payment of or as security for the payment of, or violate the subordination terms of, any Subordinated Debt, or amend, modify or change in any manner the terms of any Subordinated Debt or any instrument, indenture or other document evidencing, governing or affecting the terms of any Subordinated Debt, if any such amendment, modification or change has or would have an adverse effect on Lessor's rights or remedies under any of the Operative Agreements, or cause or permit any of its Subsidiaries to do any of the foregoing; provided, however, that Guarantor may, on the condition that both before and after giving effect thereto Guarantor is not in breach or default under this Guaranty and no Default or Event of Default exists under any of the Operative Agreements, make sinking fund payments to provide for the redemption of Guarantor's 6% Convertible Subordinated Debentures Due 2012, issued in exchange for shares of Guarantor's Convertible Exchangeable Preferred Stock, in accordance with and to the extent required by Article XI of the Indenture.

SECTION 4.2.9 Modified Quick Ratio. Guarantor shall not at any time suffer or permit its ratio (determined on a consolidated basis) of (a) cash plus the value (valued in accordance with GAAP) of all Cash Equivalents and 75% of all Long Term Investments, other than Cash Equivalents or Long Term Investments subject to a Lien securing an obligation that is not a GAAP liability, plus the amount of Receivables, net of allowances for doubtful accounts, to (b) Consolidated Current Liabilities of Guarantor and its Subsidiaries, to be less than 1.10 to 1.00.

SECTION 4.2.10 Minimum Tangible Net Worth. Guarantor shall not suffer or permit its Consolidated Tangible Net Worth as of the end of any Fiscal Quarter to be less than $1,300,000,000 plus (a) 75% of net income for Guarantor and its Subsidiaries computed from the first day of Guarantor's third Fiscal Quarter of 1994 through the end of such fiscal quarter for which the determination is being made, determined quarterly on a consolidated basis and not reduced by any quarterly loss, plus (b) 100% of the Net Proceeds of any sale of capital stock of Guarantor by or for the account of Guarantor, occurring after September 21, 1994, plus (c) any increase in stockholders' equity resulting from the conversion of debt securities to equity securities after September 21, 1994.

SECTION 4.2.11 Leverage Ratio. Guarantor shall not at any time suffer or permit its Leverage Ratio to be greater than 0.85 to 1.00.

SECTION 4.2.12 Fixed Charge Coverage Ratio. Guarantor shall not at any time of determination suffer or permit its Fixed Charge Coverage Ratio to be less than 1.25 to 1.00.

SECTION 4.2.13 Change in Business. Guarantor shall not, and shall not permit any of its Subsidiaries to, engage in any material line of business substantially different from those lines of business carried on by Guarantor and its Subsidiaries on the date hereof.

SECTION 4.2.14 Accounting Changes. Guarantor shall not, and shall not suffer or permit any of its Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of Guarantor or of any of its consolidated Subsidiaries.

SECTION 4.2.15 Bankruptcy Proceedings. Guarantor will not take any action to commence, institute, instigate, or cause to be filed bankruptcy proceedings, whether involuntary or voluntary, against any of its Subsidiaries, including, without limitation, Lessee.

SECTION 4.2.16 Negative Pledges, Restrictive Agreements, etc. Except as provided in this Guaranty, Guarantor will not, and Guarantor will not permit any of its Subsidiaries to, enter into any agreement prohibiting or restricting:

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

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

ARTICLE V

COLLATERAL ACCOUNT

SECTION 5.1 Deposit Events. Each of the following events or occurrences described in this Section 5.1 shall constitute a "Deposit Event":

5.1.1 Any representation or warranty of Guarantor made or deemed to be made under this Guaranty, any Operative

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

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

5.1.3 Any Change in Control shall occur.

5.1.4 One or more non-interlocutory judgments, orders or decrees is entered against Guarantor or any of its Subsidiaries involving, in the aggregate, liability (excluding liability which is fully covered by insurance where the availability of such insurance is not in substantial dispute) as to any single or related series of transactions, incidents or conditions, of $50,000,000 or more, and the same remains unvacated and unstayed pending appeal for 30 or more days after the entry thereof.

5.1.5 Any non-monetary judgment, order or decree is rendered against Guarantor or any of its Subsidiaries which does or would reasonably be expected to have a Material Adverse Effect, and for any period of 10 consecutive days a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, is not in effect.

5.1.6 Guarantor or any of its Subsidiaries defaults on the payment of, or is otherwise in default (after expiration of any applicable grace period) under, any Indebtedness (including, without limitation, the Restated Bank of America Credit Agreement and the Term Loan Agreement) of Guarantor or such Subsidiaries to any Person or Persons where such Indebtedness (individually or in the aggregate) exceeds $10,000,000.

SECTION 5.2 Deposit and Applications. Upon the occurrence of a Deposit Event, Guarantor shall within two (2) business days following receipt of written demand from Lessor deposit in a cash collateral account (the "Collateral Account") maintained with Lessor and entitled "AMD Pledge Collateral Account for the benefit of CIBC Inc." an amount equal to the Aggregate Balance Due plus the present value (using a discount rate of five percent (5%)) of the remaining unpaid Basic Rent due under each of the Leases. The amount deposited in the Collateral Account shall be invested by Lessor at the direction of Guarantor in Cash Equivalent Investments. All interest, dividends and earnings and other distributions on such Cash Equivalent Investments shall also be deposited in the Collateral Account. Lessor shall not incur any liability as a result of any actions taken or not taken by it on its behalf in connection with the maintenance of the Collateral

Account and the investment of amounts deposited therein, provided Lessor has not acted with gross negligence or willful misconduct.

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

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.1 Successors, Transferees and Assigns; Transfers of Notes, etc. This Guaranty shall be binding upon Guarantor and its successors, transferees and assigns and inure to the benefit of and be enforceable by the Lessor and its successors, transferees and assigns, including without limitation any assignee of all or any portion of Lessor's interest in the Leases or the Property.

SECTION 6.2 Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by either Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by Lessor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 6.3 Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or on two business days following consignment (freight prepaid) to a commercial overnight air courier service or seven business days after being mailed, first class with postage prepaid, return receipt requested:

(a) If to the Guarantor, to

Advanced Micro Devices, Inc.
1160 Kern
Sunnyvale, California 94086-3453
Attention: Chief Financial Officer

With a copy to:

Advanced Micro Devices, Inc.
1160 Kern
Sunnyvale, California 94086-3453
Attention: General Counsel

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

(b) If to the Lessor, to:

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

With a copy to:

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

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

SECTION 6.4 No Waiver; Remedies. In addition to, and not in limitation of, Section 2.3 and Section 2.5, no failure on the part of Lessor to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 6.5 Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 6.6 Counterparts. This Guaranty may be executed in any number of counterparts, each of which will constitute an

original and all of which together will constitute one and the same instrument.

SECTION 6.7 Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 6.8 Governing Law. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

SECTION 6.9 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL

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

SECTION 6.10 Waiver of Jury Trial. GUARANTOR AND, BY ITS ACCEPTANCE OF THIS GUARANTY, LESSOR, HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF,

UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR ANY OF THE OTHER OPERATIVE AGREEMENTS. GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION WAS A MATERIAL INDUCEMENT FOR LESSOR ENTERING INTO THE LEASES, THE THIRD AMENDMENT TO BUILDING LEASE, THE THIRD AMENDMENT TO LAND LEASE AND THE SECOND CONSENT AGREEMENT.

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

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

MARVIN D. BURKETT
Senior Vice President and
Chief Financial Officer

Accepted as of the 21st day
of August, 1995

CIBC INC.

By: /s/ Peter M. Tavlin

Name: PETER M. TAVLIN
Title: Vice President

By:

Name:
Title:

SCHEDULE I

DESCRIPTION OF LAND

The land referred to herein is situated in the State of California, County of

Santa Clara, City of Sunnyvale and is described as follows:

Parcel A as shown upon that certain Parcel Map filed for Record February 26, 1975 in the Office of the Recorder, County of Santa Clara, in Book 351 of Maps at Pages 54 and 55.

APN: 205-22-020, 021
ARB: 206-60-015, 018, 035, 042, 014, 013, 012, 053, 052, 057

SCHEDULE II
3.1.12

ENVIRONMENTAL MATTERS

In addition to all other matters previously disclosed in the Second Amended Original Restated Guaranty, the matters set forth below are precluded from all warranties contained in Section 3.1.12:

1. Sunnyvale Investors, Ltd. v. Monolithic Memories, Inc., et al., Case No. 693874, in the Superior Court of California, Santa Clara County.

2. Guarantor has been identified as a Potentially Responsible Party under CERCLA in connection with suspected releases from its facilities at:

901 Thompson Place, Sunnyvale
915 DeGuigne Drive, Sunnyvale
1165 East Arques Avenue, Sunnyvale

3. Guarantor has received a notice of violation regarding its amended air permit for its Austin, Texas facilities. Guarantor's liability for such violation is $4,000.

4. The Preliminary Site Assessment of the property located at 1090 East Duane Avenue, Sunnyvale, California, performed by Engineering Science, Inc. indicated, among other things, that the groundwater beneath the property contains chemicals. Guarantor has received a tentative order for the site cleanup requirements from the CRWQCB April 1995 which relates to the One AMD parcel leased from CIBC.

5. Guarantor has been identified as a Potentially Responsible Party under CERCLA in connection with suspected released from the Cameron, Yakima facility in Washington state.

SCHEDULE III
3.1.16

DISCLOSURE INFORMATION

1. The financial forecasts of Guarantor dated July 14, 1992 and November 20, 1992.

2. The tentative construction budgets of Guarantor dated August 23, 1992.

SCHEDULE IV
4.2.1

EXISTING LIENS

Guarantor's properties listed below are subject to deeds of trust in the following amounts:

Property	Amount
915 DeGuigne Drive Sunnyvale, California	$2,418,517
1165 Arques Avenue Sunnyvale, California	$ 122,953

SCHEDULE V
4.2.6

EXISTING GUARANTY OBLIGATIONS

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>
1.	Bank of America		May, 1992	$60 million
2.	BNP	credit fx trading	July, 1992	$10 million $20 million
3.	Banca Commerciale Italiana		January, 1990	Lit 7.0 bil
4.	Bank of Boston		August, 1994	$30 million
5.	Sumitomo Bank		December, 1990	Yen 1.2 Billion
6.	Mitsubishi		March, 1992	Yen 1.2 Billion
7.	Embedded Performance, Inc.			$200,000
8.	Guaranty of AMD U.K., Ltd., Lease & Construction Agreement			

</TABLE>

Guaranty in the amount of $40,000,000 dated as of December 17, 1993, as amended by Advanced Micro Devices, Inc. in favor of CIBC, Inc. with reference to the obligations of AMD International Sales & Service, Ltd. under the Land Lease and the Building Lease of the same date (as amended), as such Guaranty may be restated or amended from time to time.

Exhibit 10.29(b)

Recording Requested By
and When Recorded, Return to:

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

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- ---

THIRD AMENDMENT TO BUILDING LEASE

THIS THIRD AMENDMENT TO BUILDING LEASE (this "Third Amendment") is entered into as of August 21, 1995, by and between CIBC INC., a Delaware corporation ("Lessor"), and AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation ("Lessee").

RECITALS

A. For purposes of the financing by Lessor of the acquisition of a certain Building, Lessor and Lessee entered into a certain Building Lease, dated as of September 22, 1992, and recorded on September 22, 1992 as Instrument No. 11550954 in the Official Records of the Recorder of Santa Clara County, California, as amended by that certain First Amendment to Building Lease, dated as of December 22, 1992, and recorded on January 5, 1993 as Instrument No. 11720034 in Official Records of the Recorder of Santa Clara County, California (such Building Lease, as so amended, is referred to herein as the "First Amended Original Building Lease"), pursuant to which Lessor leases the Building (as defined therein) to Lessee and Lessee leases the Building from Lessor.

B. Lessor and Lessee entered into that certain Second Amendment to Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993 as Instrument No. 12271738 in the Official Records of Santa Clara County, California (the "Second Amendment to Building Lease"), pursuant to which Lessor financed certain renovations to the Building. The First Amended Original Building Lease, as amended by the Second Amendment to Building Lease, is referred to herein as the "Second Amended Original Building Lease."

C. Under the First Amended Original Building Lease, Lessor's lease of the Building to Lessee was scheduled to expire on September 21, 1995, but was extended to December 22, 1995 under the Second Amendment to Building Lease.

D. Lessor and Lessee desire to amend the Second Amended Original Building Lease to (i) extend the scheduled expiration date to December 22, 1998, and (ii) incorporate certain other changes and modifications to the Second Amended Original Building Lease that have been agreed to by Lessor and Lessee.

E. Concurrently herewith, Lessor and Lessee also are amending that certain Land Lease between Lessor and Lessee dated as of September 22, 1992, and recorded on September 22, 1992 as Instrument No. 11550953 in the Official Records of the Recorder of Santa Clara County, California, as amended by (i) a certain First Amendment to Land Lease, dated as of December 22, 1992, and recorded on January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720033, and (ii) a certain Second Amendment to Land Lease dated as of December 17, 1993, and recorded on December 20, 1993 in the Official Records of Santa Clara County, California, as Document No. 12271737, pursuant to which Lessor leases to Lessee certain land described in Appendix 1 attached hereto.

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

A. MODIFICATIONS TO BUILDING LEASE

Lessor and Lessee hereby amend the Second Amended Original Building Lease

as follows:

1. Fixed Term; Expiration Date. In Section 1.2, the Expiration Date is hereby changed to December 22, 1998, and the Fixed Term will expire on such Expiration Date.

2. Definitions.

(a) All references in the Second Amended Original Building Lease to "this Lease" or "the Lease" will hereafter refer to the Second Amended Original Building Lease as amended by this Third Amendment.

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

Second Consent Agreement: means the Construction Consent Agreement dated as of April 27, 1995 between Lessor and Lessee and consented to by Guarantor and Lender.

UCC: means the Uniform Commercial Code as in effect in any jurisdiction.

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

Guaranty: that certain Third Amended and Restated Guaranty, dated as of August 21, 1995, made by Guarantor in favor of Lessor.

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

Land Lease: that certain Land Lease between Lessor and Lessee dated as of September 22, 1992, and recorded on September 22, 1992 as Instrument No. 11550953 in the Official Records of the Recorder of Santa Clara County, California, as amended by that certain First Amendment to Land Lease, dated as of December 22, 1992, and recorded on January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720034, and as further amended by a certain Second Amendment to Land Lease, dated as of December 17, 1993, and recorded on December 20, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 12271737, and as further amended by a certain Third Amendment to Land Lease, dated as of August 21, 1995, and recorded in the Official Records of the Recorder of Santa Clara County, California.

(d) The definition of Lien is hereby deleted and replaced with the following:

Lien: any mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under an arrangement constituting a Capitalized Lease Liability, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the UCC or any comparable law), and any contingent or other agreement to provide any of the foregoing.

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

Operative Agreements: (i) this Lease, (ii) the Land Lease, (iii) the Guaranty, (iv) that certain Purchase and Sale Agreement, dated as of April 15, 1992, between American Telephone and Telegraph Company, as seller, and Guarantor, as buyer, as amended by that certain First Amendment to Purchase

and Sale Agreement dated as of August 10, 1992, and as further amended by

that certain Second Amendment to Purchase and Sale Agreement dated as of September 17, 1992, (v) that certain Restated Hazardous Materials Undertaking and Unsecured Indemnity, dated of December 17, 1993, by Lessee and Guarantor in favor of Lessor, as amended by that certain First Amendment to Restated Hazardous Materials Undertaking and Unsecured Indemnity, dated as of August 21, 1995, (vi) that certain Assignment of Purchase and Sale Agreement dated as of September 21, 1992, made by Guarantor in favor of Lessor, (vii) that certain agreement, dated as of September 21, 1992, between American Telephone and Telegraph Company and Lessee, (viii) that certain Consent to Assignment of Purchase and Sale Agreement, dated as of September 21, 1992, made by American Telephone and Telegraph Company in favor of Lessor and Guarantor, (ix) the Consent Agreement, (x) the Second Consent Agreement, (xi) the Letter Agreement, and (xii) any and all other documents executed by Lessee or Guarantor or any Affiliate of either thereof in connection with any of the foregoing.

3. Events of Default. In Section 25.1(h), the first parenthetical is replaced with the following: "(other than those referred to in subdivisions (a), (b), (c), (d), (e), (f), or (g) above or (j), (k), (l), (m), (n), (o), (p) or (r) below)". In Section 25.1, clause (o) and all succeeding clauses in such Section 25.1 are hereby deleted and replaced with the following:

(o) any Event of Default (as defined in the Land Lease) occurs under the Land Lease;

(p) any Event of Default (as defined in the Consent Agreement) occurs under the Consent Agreement;

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

(r) any Event of Default (as defined in the Second Consent Agreement) occurs under the Second Consent Agreement.

4. Trustee; Power of Sale; Receiver. The phrase "However, in" at the beginning of the second sentence of Section 26 of the Second Amended Original Building Lease is hereby replaced with "(a) In". The first sentence of Section 26 of the Second Amended Original Building Lease is hereby deleted.

The following is hereby inserted added at the end of Section 26 of the Second Amended Original Building Lease:

"(b) Specifically, without limiting the generality of subsection (a) of this Section 26, if a court of competent jurisdiction rules that this Lease constitutes a mortgage, deed of trust or other secured financing, then Lessor and Lessee further intend and agree that, for the purpose of securing Lessee's obligations in connection with the above-described financing from Lessor to Lessee, including without limitation, the Balance Due, and all other amounts payable in connection therewith, (i) this Lease shall also be deemed to be a security agreement and financing statement within the meaning of Article 9 of the UCC and a real property deed of trust; (ii) the conveyance provided for hereby will be deemed to be a grant by Lessee to the Trustee, for the benefit of Lessor, of a deed of trust lien and a grant by Lessee to Lessor of a security interest in all of Lessee's right, title and interest in and to the Leased Property, and all proceeds of the conversion, voluntary or involuntary, of the foregoing into cash, investments, securities or other property, to secure such obligations; (iii) the possession by Lessor or any of its agents of notes and such other items of property as constitute instruments, money, negotiable documents or chattel paper will be deemed to be "possession by the secured party" for purposes of perfecting the security interest pursuant to Section 9-305 of the UCC; and (iv) notifications to Persons holding such property, and acknowledgements, receipts or confirmations from financial intermediaries, bankers or agents (as applicable) by Lessee, will be deemed to have been given for the purpose of perfecting such security interest under applicable Legal Requirements. Lessor and Lessee will, to the extent consistent with this Lease, take such actions and execute, deliver, file and record such other documents, financing statements, mortgages and deeds of trust as may be necessary to ensure that, if this Lease were deemed to create a deed of trust lien and a security interest in Lessee's interest in the Leased Property in accordance with this Section,

such deed of trust lien and security interest would be deemed to be a perfected deed of trust lien and security interest of first priority under applicable Legal Requirements and will be maintained as such throughout the Fixed Term."

5. Lender Costs. Section 28 is hereby deleted and replaced with the following:

"28. Lender Costs. Lessee hereby agrees to pay to Lender on Lessor's behalf all amounts described in Section 14 and Section 15 of that certain Loan Agreement, dated as of December 17, 1993, between Lessor and Lender, as amended by that certain First Amendment to Loan Agreement, Note, Security Agreement and Cotenancy Agreement, dated as of August 21, 1995 (the "Loan Agreement"). All such amounts shall be paid by Lessee at the time, in the manner and as provided in the Loan Agreement or as directed by Lender."

6. Notices. Lessee's addressee for notices as set forth in Section 38 is hereby changed to:

AMD International Sales & Service, Ltd.
1160 Kern
Sunnyvale, California 94086
Attention: Chief Financial Officer

with a copy to:

AMD International Sales & Service, Ltd.
1160 Kern
Sunnyvale, California 94086
Attention: General Counsel

7. Purchase and Remarketing of Leased Property. With respect to Section 41, Lessor and Lessee hereby agree that notwithstanding the provisions of Section 6 of the Second Consent Agreement to the contrary, the Remarketing Option is reinstated and is in full force and effect, as modified by this Third Amendment.

8. Option to Remarket. The text of Subparagraph I of Section 41.6 is hereby deleted and replaced with the following: "The Renovations are completed in accordance with the requirements of Section 21; all Alterations described in the Second Consent Agreement are completed prior to the Expiration Date in accordance with the Second Consent Agreement and Section 8 hereof; all other Alterations commenced at any time during or before the Fixed Term are completed prior to the Expiration Date in accordance with Section 8 hereof; and any Restoration (in the event of a Taking or any casualty or other damage or destruction) is completed before the Expiration Date."

B. AFFIRMATION OF STATUS OF ORIGINAL BUILDING LEASE

Except as amended by this Third Amendment, the Second Amended Original Building Lease is unchanged; and, as amended by this Third Amendment, the Second Amended Original Building Lease is hereby ratified and affirmed, and remains in full force and effect.

IN WITNESS WHEREOF, all parties hereto have caused this Third Amendment to be duly executed as of the date first set forth above.

LESSOR: CIBC INC., a Delaware corporation

By /s/ Peter M. Tavlin

Name: PETER M. TAVLIN
Title: VICE PRESIDENT

By

Name:

Title:

LESSEE: AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation

By /s/ Marvin D. Burkett

Name: MARVIN D. BURKETT
Title: PRESIDENT

ACKNOWLEDGEMENT FOR CIBC INC.

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On September 5, 1995, before me, Elvira A. D'Amore, personally appeared Peter M. Tavlin, and _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signature on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Elvira A. D'Amore

(Seal) [STAMP APPEARS HERE]

ACKNOWLEDGEMENT
FOR
AMD INTERNATIONAL SALES & SERVICE, LTD.

STATE OF CALIFORNIA)
) ss
COUNTY OF SANTA CLARA)

On August 24, 1995, before me, Janis V. Cahill, personally appeared Marvin D. Burkett, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Janis V. Cahill

(Seal) [STAMP APPEARS HERE]

APPENDIX 1

Legal Description of Land

The land referred to herein is situated in the State of California, County of Santa Clara, City of Sunnyvale and is described as follows:

Parcel A as shown upon that certain Parcel Map filed for Record February 26, 1975 in the Office of the Recorder, County of Santa Clara, in Book 351 of Maps at Pages 54 and 55.

APN: 205-22-020, 021
ARB: 206-60-015, 018, 035, 042, 014, 013, 012, 053, 052, 057

Exhibit 10.29 (c)

Recording Requested By
and When Recorded, Return to:

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

- ---
- ---

THIRD AMENDMENT TO LAND LEASE

THIS THIRD AMENDMENT TO LAND LEASE (this "Third Amendment") is entered into as of August 21, 1995, by and between CIBC INC., a Delaware corporation ("Lessor"), and AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation ("Lessee").

RECITALS

A. For purposes of the financing by Lessor of the acquisition of the Land described in Appendix 1 attached hereto, Lessor and Lessee entered into a certain Land Lease, dated as of September 22, 1992, and recorded on September 22, 1992 as Instrument No. 11550953 in the Official Records of the Recorder of Santa Clara County, California, as amended by that certain First Amendment to Land Lease, dated as of December 22, 1992, and recorded on January 5, 1993 as Instrument No. 11720033 in Official Records of the Recorder of Santa Clara County, California (such Land Lease, as so amended, is referred to herein as the "First Amended Original Land Lease"), pursuant to which Lessor leases the Land (as defined therein) to Lessee and Lessee leases the Land from Lessor.

B. The First Amended Original Land Lease was modified by a certain Second Amendment to Land Lease dated as of December 17, 1993, and recorded on December 20, 1993 in the Official Records of Santa Clara County, California, as Document No. 12271737 (the "Second Amendment to Land Lease"). The First Amended Original Land Lease, as amended by the Second Amendment to Land Lease, is referred to herein as the "Second Amended Original Land Lease."

C. Under the First Amended Original Land Lease, Lessor's lease of the Land to Lessee was scheduled to expire on September 21, 1995, but was extended to December 22, 1995 under the Second Amendment to Land Lease.

D. Lessor and Lessee desire to amend the Second Amended Original Land Lease to (i) extend the scheduled expiration date to December 22, 1998, and (ii) incorporate certain other changes and modifications that have been agreed to by Lessor and Lessee.

E. Concurrently herewith, Lessor and Lessee also are amending that certain Building Lease between Lessor and Lessee dated as of September 22, 1992, and recorded on September 22, 1992 as Instrument No. 11550954 in the Official Records of the Recorder of Santa Clara County, California, as amended by (i) a certain First Amendment to Building Lease, dated as of December 22, 1992, and recorded on January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720034, and (ii) a certain Second Amendment to Building Lease dated as of December 17, 1993, and recorded on December 20, 1993 in the Official Records of Santa Clara County, California, as Document No. 12271738.

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

A. MODIFICATIONS TO LAND LEASE

Lessor and Lessee hereby amend the Second Amended Original Land Lease as follows:

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

December 22, 1998, and the Fixed Term will expire on such Expiration Date.

2. Definitions.

(a) All references in the Second Amended Original Land Lease to "this Lease" or "the Lease" will hereafter refer to the Second Amended Original Land Lease as amended by this Third Amendment.

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

Second Consent Agreement: means the Construction Consent Agreement dated as of April 27, 1995 between Lessor and Lessee and consented to by Guarantor and Lender.

UCC: means the Uniform Commercial Code as in effect in any jurisdiction.

(c) The definition of Building Lease is hereby deleted and replaced with the following:

Building Lease: that certain Building Lease entered into between Lessor and Lessee on September 22, 1992 and recorded September 22, 1992 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11550954, as amended by that certain First Amendment to Building Lease dated as of December 22, 1992, and recorded January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720034, and as further amended by a certain Second Amendment to Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 12271738, and as further amended by a certain Third Amendment to Building Lease, dated as of August 21, 1995 and recorded in the Official Records of the Recorder of Santa Clara County, California.

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

Guaranty: that certain Third Amended and Restated Guaranty, dated as of August 21, 1995, made by Guarantor in favor of Lessor.

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

Lien: any mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under an arrangement constituting a Capitalized Lease Liability, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the UCC or any comparable law), and any contingent or other agreement to provide any of the foregoing.

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

Operative Agreements: (i) this Lease, (ii) the Building Lease, (iii) the Guaranty, (iv) that certain Purchase and Sale Agreement, dated as of April 15, 1992, between American Telephone and Telegraph Company, as seller, and Guarantor, as buyer, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of August 10, 1992, and as further amended by that certain Second Amendment to Purchase and Sale Agreement dated as of September 17, 1992, (v) that certain

Restated Hazardous Materials Undertaking and Unsecured Indemnity, dated as

of December 17, 1993, by Lessee and Guarantor in favor of Lessor, as amended by that certain First Amendment to Restated Hazardous Materials Undertaking and Unsecured Indemnity, dated as of August 21, 1995, (vi) that certain Assignment of Purchase and Sale Agreement dated as of September 21, 1992, made by Guarantor in favor of Lessor, (vii) that certain agreement, dated as of September 21, 1992, between American Telephone and Telegraph Company and Lessee, (viii) that certain Consent to Assignment of Purchase and Sale Agreement, dated as of September 21, 1992, made by American Telephone and Telegraph Company in favor of Lessor and Guarantor, (ix) the Consent Agreement, (x) the Second Consent Agreement, (xi) the Letter Agreement (as defined in the Building Lease), and (xii) any and all other documents executed by Lessee or Guarantor or any Affiliate of either thereof in connection with any of the foregoing.

3. Events of Default. In Section 25.1(h), the first parenthetical is replaced with the following: "(other than those referred to in subdivisions (a), (b), (c), (d), (e), (f), or (g) above or (j), (k), (l), (m), (n), (o), (p) or (q) below)". In Section 25.1, clause (o) and all succeeding clauses in such Section 25.1 are hereby deleted and replaced with the following:

(o) any Event of Default (as defined in the Building Lease) occurs under the Building Lease;

(p) any Event of Default (as defined in the Consent Agreement) occurs under the Consent Agreement; or

(q) any Event of Default (as defined in the Second Consent Agreement) occurs under the Second Consent Agreement.

4. Trustee; Power of Sale; Receiver. The phrase "However, in", at the beginning of the second sentence of Section 26 of the Second Amended Original Land Lease is hereby replaced with "(a) In". The first sentence of Section 26 of the Second Amended Original Land Lease is hereby deleted.

The following is hereby inserted added at the end of Section 26 of the Second Amended Original Land Lease:

"(b) Specifically, without limiting the generality of subsection (a) of this Section 26, if a court of competent jurisdiction rules that this Lease constitutes a mortgage, deed of trust or other secured financing, then Lessor and Lessee further intend and agree that, for the purpose of securing Lessee's obligations in connection with the above-described financing from Lessor to Lessee, including, without

limitation, the Balance Due, and all other amounts payable in connection therewith, (i) this Lease shall also be deemed to be a security agreement and financing statement within the meaning of Article 9 of the UCC and a real property deed of trust; (ii) the conveyance provided for hereby will be deemed to be a grant by Lessee to the Trustee, for the benefit of Lessor, of a deed of trust lien and a grant by Lessee to Lessor of a security interest in all of Lessee's right, title and interest in and to the Land, and all proceeds of the conversion, voluntary or involuntary, of the foregoing into cash, investments, securities or other property, to secure such obligations; (iii) the possession by Lessor or any of its agents of notes and such other items of property as constitute instruments, money, negotiable documents or chattel paper will be deemed to be "possession by the secured party" for purposes of perfecting the security interest pursuant to Section 9-305 of the UCC; and (iv) notifications to Persons holding such property, and acknowledgements, receipts or confirmations from financial intermediaries, bankers or agents (as applicable) by Lessee, will be deemed to have been given for the purpose of perfecting such security interest under applicable Legal Requirements. Lessor and Lessee will, to the extent consistent with this Lease, take such actions and execute, deliver, file and record such other documents, financing statements, mortgages and deeds of trust as may be necessary to ensure that, if this Lease were deemed to create a deed of trust lien and a security interest in Lessee's interest in the Land in accordance with this Section, such deed of trust lien and security interest would be deemed to be a perfected deed of trust lien and security interest of first priority under applicable Legal Requirements and will be maintained as such throughout the Fixed Term."

5. Notices. Lessee's address for notices as set forth in Section 38 is hereby changed to:

AMD International Sales & Service, Ltd.
1160 Kern
Sunnyvale, California 94086
Attention: Chief Financial Officer

with a copy to:

AMD International Sales & Service, Ltd.
1160 Kern
Sunnyvale, California 94086
Attention: General Counsel

6. Purchase and Remarketing of Land. With respect to Section 41, Lessor and Lessee hereby agree that notwithstanding the provisions of Section 6 of the Second Consent Agreement to the

contrary, the Remarketing Option is reinstated and is in full force and effect, as modified by this Third Amendment.

7. Option to Remarket. The text of Subparagraph I of Section 41.6 is hereby deleted and replaced with the following: "All Alterations described in the Second Consent Agreement are completed prior to the Expiration Date in accordance with the Second Consent Agreement and Section 8 hereof; all other Alterations commenced at any time during or before the Fixed Term are completed prior to the Expiration Date in accordance with Section 8 hereof; and any Restoration (in the event of a Taking or any casualty or other damage or destruction) is completed before the Expiration Date."

B. AFFIRMATION OF STATUS OF ORIGINAL LAND LEASE

Except as amended by this Third Amendment, the Second Amended Original Land Lease is unchanged; and, as amended by this Third Amendment, the Second Amended Original Land Lease is hereby ratified and affirmed, and remains in full force and effect.

IN WITNESS WHEREOF, all parties hereto have caused this Third Amendment to be duly executed as of the date first set forth above.

LESSOR: CIBC INC., a Delaware corporation

By /s/ Peter M. Tavlin

Name: PETER M. TAVLIN
Title: VICE PRESIDENT

By

Name:
Title:

LESSEE: AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation

By /s/ Marvin D. Burkett

Name: MARVIN D. BURKETT
Title: PRESIDENT

ACKNOWLEDGEMENT

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On Sept. 5, 1995, before me, Elvira A. D'Amore, personally appeared Peter M. Tavlin and _____, personally known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their respective signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature: Elvira A. D'Amore

(Seal) [STAMP APPEARS HERE]

STATE OF CALIFORNIA)
) ss
COUNTY OF SANTA CLARA)

On August 24, 1995, before me, Janis V. Cahill, personally appeared Marvin D. Burkett, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: Janis V. Cahill

(Seal) [STAMP APPEARS HERE]

APPENDIX 1

Legal Description of Land

The land referred to herein is situated in the State of California, County of Santa Clara, City of Sunnyvale and is described as follows:

Parcel A as shown upon that certain Parcel Map filed for Record February 26, 1975 in the Office of the Recorder, County of Santa Clara, in Book 351 of Maps at Pages 54 and 55.

APN: 205-22-020, 021
ARB: 206-60-015, 018, 035, 042, 014, 013, 012, 053, 052, 057

EXHIBIT 10.29(d)

FIRST AMENDMENT TO THIRD AMENDED AND RESTATED GUARANTY

THIS FIRST AMENDMENT TO THIRD AMENDED AND RESTATED GUARANTY (the "Amendment"), dated as of October 20, 1995 is entered into by and between

ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Guarantor"), and

CIBC INC., a Delaware corporation ("Lessor").

RECITALS

A. The Guarantor executed and delivered to Lessor a Third Amended and Restated Guaranty, dated as of August 21, 1995 and accepted by Lessor as of August 21, 1995 (the "Guaranty"), pursuant to which the Guarantor guarantied to Lessor certain obligations of AMD International Sales & Service, Ltd., a Delaware corporation.

B. The Guarantor has requested that the Lessor agree to certain amendments of the Guaranty.

C. Lessor is willing to amend the Guaranty, subject to the terms and conditions of this Amendment.

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

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Guaranty and in Section 2.1 of this Amendment.

2. Amendments to the Guaranty.

2.1 Section 1.1 of the Guaranty is hereby amended to add the following defined terms to the Guaranty in proper alphabetical order:

"First Amendment Effective Date" means the date on which the First Amendment to Third Amended and Restated Guaranty shall have become effective in accordance with the terms set forth therein.

"First Amendment to Third Amended and Restated Guaranty" means the First Amendment to Third Amended and Restated Guaranty dated as of October 20, 1995.

"Permitted Line of Credit" means the secured line of credit to Target on the terms and conditions described below.

(i) The Permitted Line of Credit will be available to Target in the maximum aggregate amount of $60,000,000, available beginning on the closing date under a definitive agreement with respect to the Permitted Line of Credit and ending on June 30, 1996;

(ii) The Permitted Line of Credit will be secured by a lien in favor of the Guarantor covering all assets of Target, including copyrights, trademarks and patents, accounts receivable, inventory, equipment and other tangible and intangible assets, and such lien in favor of the Guarantor shall be junior to certain prior liens, including without limitation the liens of (A) Ascii Corporation and Ascii of America, Inc., with respect to all assets of Target, securing one or more term loans in the aggregate amount of approximately $2,000,000, (B) a certain financial institution, with respect to receivables and inventory only, securing a revolving line of credit in the maximum amount for principal outstanding at any time of $10,000,000; and (C) Phenius Corporation, with respect to all assets of Target, securing one or more term loans in the aggregate amount of approximately $10,000,000; and

(iii) The principal of, and interest (if any) on, outstanding

amounts under the Permitted Line of Credit shall be due and payable 12 months after the date of termination of the definitive agreement (the "Merger Agreement") relating to the Permitted Merger, or earlier, under certain conditions, if the Guarantor and Target shall fail to consummate the Permitted Merger.

"Permitted Merger" means the merger (to take effect in connection with that certain tax-free reorganization whereby the Guarantor shall acquire all of the issued and outstanding securities of Target) of AMD Merger Corporation, a Wholly-Owned Subsidiary of the Guarantor, into Target, with the result that upon the consummation of such merger (a) AMD Merger corporation will cease to exist and (b) Target will become a Wholly-Owned Subsidiary of the Guarantor; provided that (x) such merger shall have been consummated on or before June 30, 1996 and (y) the Investment contemplated in connection with the Permitted Merger shall satisfy the following conditions: (i) the sole consideration paid by the Guarantor in connection with such merger shall be shares of the Guarantor's capital stock, (ii) Target and its Subsidiaries are in the Guarantor's lines of business, or such Investment provides vertical integration, (iii) such Investment is being undertaken in accordance with all applicable Governmental Requirements,

and (iv) such Investment shall not result in any Deposit Event.

"Subsidiary" of a Person means any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Persons, or one or more of the Subsidiaries of the Persons, or a combination thereof.

"Target" means NexGen, Inc.

2.2 Section 4.2.3 of the Guaranty is hereby amended to add the following new subsection (c) thereto:

"(c) the Permitted Merger."

In addition, "; and" shall replace the period at the end of subsection (b) of such Section 4.2.3.

2.3 Section 4.2.4 of the Guarantor is hereby amended to add the following new subsection (g) thereto:

"(g) the Permitted Line of Credit."

In addition, "; or" shall replace the period at the end of subsection (f) of such Section 4.2.4.

3. Representations and Warranties

The Guarantor hereby represents and warrants to the Lessor as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) The execution, delivery and performance by the Guarantor of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any Governmental Authority) in order to be affective and enforceable. The Guaranty as amended by this Amendment constitutes the legal, valid and binding obligations of the Guarantor, enforceable against it in accordance with its respective terms, without defense, counterclaim or offset.

(c) All representations and warranties of the Guarantor contained in the Guaranty are true and correct.

(d) The Guarantor is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon Lessor or any other Person.

(e) The Target is subject to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of such Act, and the effective written consent of the board of directors or equivalent governing body of the Target has been obtained and has been delivered to Lessor or will be

delivered to Lessor within five Business Days after the execution and delivery of the Merger Agreement.

4. Conditions to Effectiveness of Amendment.

This Amendment will become effective on the date (the "First Amendment Effective Date") on which all of the following conditions precedent shall have been satisfied:

4.1 Lessor shall have received from the Guarantor a duly executed original (or, if elected by Lessor, an executed facsimile copy) of this Amendment; and

4.2 Each of the representations and warranties set forth in Section 3 of this Amendment shall be true and correct as of the First Amendment Effective Date.

Solely for purposes of this Section 4, the representation and warranty set forth in Section 3(a) shall be deemed to be true as of the date on which the condition set forth in Section 4.1 shall have been satisfied, provided that the failure of the Guarantor to deliver the effective written consent of the board of directors (or equivalent governing body) of the Target within five Business Days after the execution and delivery of the Merger Agreement shall constitute a Deposit Event.

The Guarantor shall deliver to Lessor, within 15 business days after the date hereof, an amendment to the Amended Building Lease and an amendment to the Amended Land Lease reflecting that the Guaranty has been amended by this Amendment. Such amendments must be in recordable form, executed and acknowledged by AMD International Sales & Service, Ltd. and consented to by the Guarantor, and in form and substance reasonably satisfactory to Lessor. The Guarantor's failure to deliver such amendments within such time shall constitute a Deposit Event.

5. Reservation of Rights. The Guarantor acknowledges and agrees that the execution and delivery by Lessor of this Amendment shall not be deemed to create a course of dealing or otherwise obligate Lessor to forbear or execute similar amendments under the same or similar circumstances in the future.

6. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Guaranty are and shall remain in full force and effect and all references therein to such Guaranty shall henceforth refer to the Guaranty as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Guaranty. The Guaranty, as amended by this Amendment, is hereby absolutely and unconditionally affirmed in its entirety by the Guarantor.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of California.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by Lessor of a facsimile transmitted document purportedly bearing the signature of the Guarantor shall bind the Guarantor with the same force and effect as the delivery of a hard copy original. Any failure by Lessor to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by Lessor.

(e) This Amendment, together with Guaranty, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 6.2 of the Guaranty.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Guaranty, respectively.

(g) The Guarantor covenants to pay or to reimburse the Lessor, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with

the development, preparation, negotiation, execution and delivery of this Amendment.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

Marvin D. Burkett
Senior Vice President and
Chief Financial Officer

CIBC INC.

By _____
Name:
Title:

Reference is made to the Loan Agreement, dated as of December 17, 1993 (the "Loan Agreement") between CIBC INC., a Delaware corporation, and THE LONG-TERM CREDIT BANK OF JAPAN, LTD., LOS ANGELES AGENCY ("Lender"). In accordance with Section 8(b) of the Loan Agreement, Lender hereby consents to the foregoing Amendment.

THE LONG-TERM CREDIT BANK OF
JAPAN, LOS ANGELES AGENCY

By:_____
Name:_____
Title:_____
Date: October __, 1995

EXHIBIT 10.39(a)

FIRST AMENDMENT TO TERM LOAN AGREEMENT

THIS FIRST AMENDMENT TO TERM LOAN AGREEMENT (this "Amendment"), dated as of October 20, 1995 is entered into by and among ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), the several financial institutions party to the Term Loan Agreement referred to in the Recitals to this Amendment (the "Banks"), ABN AMRO Bank N.V. as Administrative Agent, and ABN AMRO Bank N.V. and CIBC Inc. as Co-Arrangers.

RECITALS

A. The Company, the Banks, the Administrative Agent and the Co-Arrangers are parties to the Term Loan Agreement dated as of January 5, 1995 (the "Term Loan Agreement"), pursuant to which the Banks have extended certain credit facilities to the Company.

B. The Company has requested that the Banks agree to certain amendments of the Term Loan Agreement.

C. The Banks are willing to amend the Term Loan Agreement, subject to the terms and conditions of this Amendment.

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

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Term Loan Agreement and in Section 2.1 of this Amendment.

2. Amendments to the Term Loan Agreement.

2.1 Section 1.1 of the Term Loan Agreement is hereby amended to add the following defined terms to the Term Loan Agreement in proper alphabetical order:

"First Amendment Effective Date" means the date on which the First Amendment to Loan Agreement shall have become effective in accordance with the terms set forth therein.

"First Amendment to Loan Agreement" means the First Amendment to Loan Agreement dated as of October 20, 1995.

"Permitted Line of Credit" means the secured line of credit to Target on the terms and conditions described below:

(i) The Permitted Line of Credit will be available to Target in the maximum aggregate amount of $60,000,000, available beginning on the closing date under a definitive agreement with respect to the Permitted Line of Credit and ending on June 30, 1996;

(ii) The Permitted Line of Credit will be secured by a lien in favor of the Company covering all assets of Target, including copyrights, trademarks and patents, accounts receivable, inventory, equipment and other tangible and intangible assets, and such lien in favor of the Company shall be junior to certain prior liens, including without limitation the liens of (A) Ascii Corporation and Ascii of America, Inc., with respect to all assets of Target, securing one or more term loans in the aggregate amount of approximately $2,000,000, (B) a certain financial institution, with respect to receivables and inventory only, securing a revolving line of credit in the maximum amount for principal outstanding at any time of $10,000,000; and (C) Phemus Corporation, with respect to all assets of Target, securing one or more term loans in the aggregate amount of approximately $10,000,000; and

(iii) The principal of, and interest (if any) on, outstanding amounts under the Permitted Line of Credit shall be due and payable 12 months after the date of termination of the definitive agreement (the "Merger Agreement")

relating to the Permitted Merger, or earlier, under certain conditions, if the Company and Target shall fail to consummate the Permitted Merger.

"Permitted Merger" means the merger (to take effect in connection with that certain tax-free reorganization whereby the Company shall acquire all of the issued and outstanding securities of Target) of AMD Merger Corporation, a wholly-owned Subsidiary of the Company, into Target, with the result that upon the consummation of such merger (a) AMD Merger corporation will cease to exist and (b) Target will become a wholly-owned Subsidiary of the Company; provided that (x) such merger shall have been consummated on or before June 30, 1996 and (y) the Investment contemplated in connection with the Permitted Merger shall satisfy the following conditions: (i) the sole consideration paid by the Company in connection with such merger shall be shares of the Company's capital stock, (ii) Target and its Subsidiaries are in the Company's lines of business, or such Investment provides vertical integration, (iii) such Investment is being undertaken in accordance with all applicable Requirements of Law, and (iv) such Investment shall not result in any Default or Event of Default.

"Target" means that certain corporation identified in writing to the Administrative Agent and otherwise to the Banks on or before the First Amendment Effective Date.

2.2 Section 7.3 of the Term Loan Agreement is hereby amended to add the following new subsection (c) thereto:

"(c) the Permitted Merger."

In addition, "; and" shall replace the period at the end of subsection (b) of such Section 7.3.

2.3 Section 7.4 of the Term Loan Agreement is hereby amended to add the following new subsection (g) thereto:

"(g) the Permitted Line of Credit."

In addition, "; or" shall replace the period at the end of subsection (f) of such Section 7.4.

3. Representations and Warranties.

The Company hereby represents and warrants to the Administrative Agent and the Banks as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any Governmental Authority) in order to be effective and enforceable. The Term Loan Agreement as amended by this Amendment constitutes the legal, valid and binding obligations of the Company, enforceable against it in accordance with its respective terms, without defense, counterclaim or offset.

(c) All representations and warranties of the Company contained in the Term Loan Agreement are true and correct.

(d) The Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Administrative Agent and the Banks or any other Person.

(e) The Target is subject to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of such Act, and the effective written consent of the board of directors or equivalent governing body of the Target has been obtained and has

been delivered to the Administrative Agent or will be delivered to the Administrative Agent within five Business Days after the execution and delivery of the Merger Agreement.

4. Conditions to Effectiveness of Amendment.

This Amendment will become effective on the date (the "First Amendment Effective Date") on which all of the following conditions precedent shall have been satisfied:

4.1 The Administrative Agent shall have received from each of the Company and the Majority Banks a duly executed original (or, if elected by the Administrative Agent, an executed facsimile copy) of this Amendment; and

4.2 Each of the representations and warranties set forth in Section 3 of this Amendment shall be true and correct as of the First Amendment Effective Date.

Solely for purposes of this Section 4, the representation and warranty set forth in Section 3(e) shall be deemed to be true as of the date on which the condition set forth in Section 4.1 shall have been satisfied, provided that the failure of the Company to deliver the effective written consent of the board of directors (or equivalent governing body) of the Target within five Business Days after the execution and delivery of the Merger Agreement shall constitute an Event of Default under the Term Loan Agreement.

5. Reservation of Rights. The Company acknowledges and agrees that the execution and delivery by the Administrative Agent and the Banks of this Amendment shall not be deemed to create a course of dealing or otherwise obligate the Administrative Agent or the Banks to forbear or execute similar amendments under the same or similar circumstances in the future.

6. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Term Loan Agreement are and shall remain in full force and effect and all references therein to such Term Loan Agreement shall henceforth refer to the Term Loan Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Term Loan Agreement.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of California.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Administrative Agent of a facsimile transmitted document purportedly bearing the signature of a Bank or the Company shall bind such Bank or the Company, respectively, with the same force and effect as the delivery of a hard copy original. Any failure by the Administrative Agent to receive the hard copy executed original of such document shall not diminish the biding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by the Administrative Agent.

(e) This Amendment, together with Term Loan Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 10.01 of the Term Loan Agreement.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Term Loan Agreement, respectively.

(g) The Company covenants to pay to or reimburse the Administrative Agent and the Banks, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By _____
Marvin D. Burkett
Senior Vice President and
Chief Financial Officer

ABN AMRO BANK, N.V.

By _____
Title:

By _____
Title:

CIBC Inc.

By _____
Title:

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By _____
Title: Vice President

BANQUE NATIONALE DE PARIS

By _____
Title:

By _____
Title:

FIRST INTERSTATE BANK OF CALIFORNIA

By _____
Title: Vice President

By _____
Title: Vice President

FLEET BANK OF MASSACHUSETTS, NATIONAL ASSOCIATION

By _____
Title:

INDUSTRIAL BANK OF JAPAN

By _____
Title:

THE NIPPON CREDIT BANK, LTD.

By _____
Title:

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