

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 30, 1997

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 (I.R.S. Employer Identification No.)
of incorporation or organization

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 May 2, 1997: 140,294,549.

ADVANCED MICRO DEVICES, INC.

INDEX

Part I.	Financial Information	Page No.
	-----	-----
Item 1.	Financial Statements	
	Condensed Consolidated Statements of Operations-- Quarters Ended March 30, 1997 and March 31, 1996	3
	Condensed Consolidated Balance Sheets-- March 30, 1997 and December 29, 1996	4
	Condensed Consolidated Statements of Cash Flows-- Quarters Ended March 30, 1997 and March 31, 1996	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Results of	

Part II. Other Information

Item 1. Legal Proceedings	24
Item 5. Other Information	25
Item 6. Exhibits and Reports on Form 8-K	26
Signature	28

2

I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)
(Thousands except per share amounts)

<TABLE>
<CAPTION>

	Quarter Ended	
	March 30, 1997	March 31, 1996
<S>	<C>	<C>
Net sales	\$551,999	\$544,212
Expenses:		
Cost of sales	349,076	368,735
Research and development	104,908	94,780
Marketing, general and administrative	94,519	103,011
	548,503	566,526
Operating income (loss)	3,496	(22,314)
Interest income and other, net	13,322	28,059
Interest expense	(9,410)	(1,981)
Income before income taxes and equity in joint venture	7,408	3,764
Provision for income taxes	2,148	-
Income before equity in joint venture	5,260	3,764
Equity in net income of joint venture	7,691	21,563
Net income	\$ 12,951	\$ 25,327
Net income per common share:		
Primary	\$.09	\$.18
Fully diluted	\$.09	\$.18
Shares used in per share calculation:		
Primary	146,751	138,399
Fully diluted	147,322	138,399

</TABLE>
See accompanying notes

3

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS*

(Thousands)

<TABLE>
<CAPTION>

	March 30, 1997	December 29, 1996
Assets		

Current assets:		
<S>	<C>	<C>
Cash and cash equivalents	\$ 225,385	\$ 166,194
Short-term investments	403,502	220,004

Total cash, cash equivalents and short-term investments	628,887	386,198
Accounts receivable, net	282,590	220,028
Inventories:		
Raw materials	25,337	22,050
Work-in-process	86,486	83,853
Finished goods	37,395	48,107

Total inventories	149,218	154,010
Deferred income taxes	140,085	140,850
Prepaid expenses and other current assets	51,976	127,991

Total current assets	1,252,756	1,029,077
Property, plant and equipment, at cost	3,456,077	3,326,768
Accumulated depreciation and amortization	(1,606,143)	(1,539,366)

Property, plant and equipment, net	1,849,934	1,787,402
Investment in joint venture	187,566	197,205
Other assets	135,870	131,599

	\$ 3,426,126	\$ 3,145,283
	=====	=====
Liabilities and Stockholders' Equity		

Current liabilities:		
Notes payable to banks	\$ 12,965	\$ 14,692
Accounts payable	233,237	224,139
Accrued compensation and benefits	65,838	66,745
Accrued liabilities	106,796	103,436
Income tax payable	45,547	51,324
Deferred income on shipments to distributors	105,390	95,466
Current portion of long-term debt and capital lease obligations	31,406	27,671

Total current liabilities	601,179	583,473
Deferred income taxes	98,777	95,102
Long-term debt and capital lease obligations, less current portion	682,413	444,830
Stockholders' equity:		
Capital stock:		
Common stock, par value	1,400	1,380
Capital in excess of par value	989,767	957,226
Retained earnings	1,052,590	1,063,272

Total stockholders' equity	2,043,757	2,021,878

	\$ 3,426,126	\$ 3,145,283
	=====	=====

</TABLE>

* Amounts as of March 30, 1997 are unaudited. Amounts as of December 29, 1996 were derived from the December 29, 1996 audited financial statements.

See accompanying notes

(Thousands)

<TABLE>
<CAPTION>

	Quarter Ended	
	March 30, 1997	March 31, 1996
Cash flows from operating activities:		
<S>	<C>	<C>
Net income	\$ 12,951	\$ 25,327
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	88,821	79,623
Net loss on disposal of property, plant and equipment	3,110	416
Net gain realized on sale of available-for-sale securities	(4,978)	(24,743)
Compensation recognized under employee stock plans	7,733	687
Undistributed income of joint venture	(7,691)	(21,563)
Changes in operating assets and liabilities:		
Net (increase) decrease in receivables, inventories, prepaid expenses and other assets	(5,286)	19,036
Net decrease in deferred income taxes	4,440	6,000
Decrease in income tax payable	(5,777)	(6,901)
Net increase (decrease) in payables and accrued liabilities	21,475	(102,423)
Net cash provided by (used in) operating activities	114,798	(24,541)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(150,594)	(95,329)
Proceeds from sale of property, plant and equipment	130	802
Purchase of available-for-sale securities	(308,326)	(236,331)
Proceeds from sale of available-for-sale securities	138,892	322,128
Investment in joint venture	(128)	-
Net cash used in investing activities	(320,026)	(8,730)
Cash flows from financing activities:		
Proceeds from borrowings	261,584	15,125
Payments on debt and capital lease obligations	(21,993)	(39,812)
Proceeds from issuance of stock	24,828	17,024
Net cash provided by (used in) financing activities	264,419	(7,663)
Net increase (decrease) in cash and cash equivalents	59,191	(40,934)
Cash and cash equivalents at beginning of period	166,194	126,316
Cash and cash equivalents at end of period	\$ 225,385	\$ 85,382
Supplemental disclosures of cash flow information:		
Cash (refunded) paid during the first three months for:		
Income taxes	\$ (101,435)	\$ 464
Non-cash financing activities:		
Equipment capital leases	\$ -	\$ 342

</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 last Sunday in December. The quarters ended March 30, 1997 and March 31, 1996 included 13 weeks.

Certain prior year amounts on the Condensed Consolidated Financial Statements have been reclassified to conform to the 1997 presentation.

2. The following is a summary of available-for-sale securities included in cash and cash equivalents and short-term investments as of March 30, 1997 (in thousands):

Cash equivalents	
Treasury notes	\$ 2,017
Federal agency notes	32,777
Security repurchase agreements	125,300
Commercial paper	30,824
Other debt securities	869

Total cash equivalents	\$191,787
	=====
Short-term investments	
Certificates of deposit	\$155,619
Bank/Corporate notes	34,828
Treasury notes	81,614
Commercial paper	131,441

Total short-term investments	\$403,502
	=====

As of March 30, 1997 the Company held \$6 million of available-for-sale equity securities with a fair value of \$11 million which are included in other assets. The total net unrealized gain on these equity securities, net of tax, is included in retained earnings. During the first quarter of 1997, the Company sold a portion of its available-for-sale equity securities and realized a pre-tax gain of \$5 million which is included in interest income and other, net.

6

3. The net income per common share computations are based on the weighted-average number of common shares outstanding plus dilutive common share equivalents. Shares used in the per share computations are as follows:

	Quarter Ended	
	March 30, 1997	March 31, 1996
	-----	-----
	(Thousands)	
Primary:		
Common shares outstanding	138,616	133,229
Employee stock plans	7,873	4,374
Warrants	262	796
	-----	-----
	146,751	138,399
	=====	=====
Fully diluted:		
Common shares outstanding	138,616	133,229
Employee stock plans	8,437	4,374
Warrants	269	796
	-----	-----
	147,322	138,399
	=====	=====

In February, 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 (SFAS 128), "Earnings per Share." SFAS 128 supersedes Accounting Principles Board Opinion No. 15 (APB 15), "Earnings per Share," and other related interpretations and is effective for the periods ending after December 15, 1997. Upon adoption of SFAS 128, all prior-period earnings per share amounts are required to be restated. The Company's pro forma basic and diluted earnings per share as if SFAS 128 were effective for the periods presented, are \$0.09 and \$0.09 for the quarter ended March 30, 1997, respectively, and \$0.19 and \$0.18 for the quarter ended March 31, 1996, respectively.

4. On July 19, 1996 the Company entered into a syndicated bank loan agreement (the Credit Agreement) which provided for a new \$400 million term loan and revolving credit facility. The Credit Agreement provided for a \$150 million three-year secured revolving line of credit (which can be extended for one additional year, subject to approval of the lending banks) and a \$250 million four-year secured term loan, the latter of which the Company utilized fully in January, 1997.

7

5. In 1993, AMD and Fujitsu Limited formed a joint venture, Fujitsu AMD Semiconductor Limited (FASL), for the development and manufacture of non-volatile memory devices. FASL operates an advanced integrated circuit manufacturing facility in Aizu-Wakamatsu, Japan, to produce Flash memory devices. The Company's share of FASL is 49.992 percent and the investment is being accounted for under the equity method. At March 30, 1997, the

accumulated adjustment related to the translation of the FASL financial statements into U.S. dollars resulted in a decrease of approximately \$45 million to the investment in FASL. In the first quarter of 1997 and of 1996, the Company purchased \$50 million and \$69 million, respectively, of Flash memory devices from FASL. At March 30, 1997 and March 31, 1996, the Company had outstanding payables to FASL of \$24 million and \$55 million, respectively, for Flash memory device purchases. In the first quarter of 1997 and of 1996, the Company earned royalty income of \$4 million and \$5 million, respectively, as a result of purchases from FASL.

The following is condensed unaudited financial data of FASL:

(Unaudited) (Thousands)	Quarter Ended	
	March 30, 1997	March 31, 1996
Net sales	\$103,711	\$134,340
Gross profit	35,583	83,732
Operating income	25,205	66,630
Net income	27,314	54,457

The Company's share of the above FASL net income differs from the equity in net income of joint venture reported on the condensed Consolidated Statements of Operations due to differences in tax rates, as the above table reflects the FASL tax expense (benefit) and the Statements of Operations reflects the tax AMD would expect to pay if the Company's share of FASL profits were remitted to AMD as a dividend.

8

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

FINANCIAL CONDITION

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements in this Management's Discussion and Analysis of Results of Operations and Financial Condition that are forward-looking are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially. The forward-looking statements relate to operating results, cash flows, capital expenditures, tax rates and adequacy of resources to fund operations and capital investments; future business prospects for microprocessors, Flash memory device products and other product lines; the effect of foreign exchange contracts and interest rate swaps; the development, validation, certification, introduction, market acceptance and pricing of the K86(TM) products; the Company's commitment to research and development; the effective utilization of the Company's manufacturing facilities; the proposed Dresden (as defined below) and FASL manufacturing facilities; and the assembly and test facility being constructed in Suzhou, China. See Financial Condition and Risk Factors below, as well as such other risks and uncertainties as are detailed in the Company's Securities and Exchange Commission reports and filings for a discussion of the factors that could cause the actual results to differ materially from the forward-looking statements.

The following discussion should be read in conjunction with the attached condensed Consolidated Financial Statements and Notes thereto, and with the Company's Consolidated Financial Statements and Notes thereto at December 29, 1996 and December 31, 1995 and for each of the three years in the period ended December 29, 1996.

AMD, the AMD logo, and combinations thereof, Advanced Micro Devices, Vantis and NexGen, are either registered trademarks or trademarks of Advanced Micro Devices, Inc. Other terms used to identify companies and products may be trademarks of their respective owners. MACH, Am486, K86, K86 RISC SUPERSCALAR, AMD-K5, AMD-K6, Nx586 and Nx686 are trademarks or registered trademarks of AMD. Microsoft, MS-DOS, Windows and Windows NT are either registered trademarks or trademarks of Microsoft Corporation. Pentium is a registered trademark and MMX is a trademark of Intel Corporation.

9

RESULTS OF OPERATIONS

AMD participates in the digital integrated circuit (IC) market - memory circuits, microprocessors and logic circuits - through, collectively, its Memory Group, its Communications Group, its Computation Products Group (CPG) and its Programmable Logic Division (Vantis). Memory Group products include Flash memory devices and Erasable Programmable Read-Only Memory (EPROM) devices. Communications Group products include voice and data communications products, embedded processors, input/output (I/O) devices, network products and bipolar programmable logic devices, an older line of programmable logic devices that the

Company manufactures. CPG products include microprocessors and chip sets. Vantis products are high-speed CMOS programmable logic devices.

The following is a summary of the net sales of the Memory Group, Communications Group, CPG and Vantis for the first quarter of 1997 and of 1996, and the fourth quarter of 1996:

Quarter Ended	March 30, 1997	December 29, 1996	March 31, 1996
(Millions)	-----	-----	-----
Memory Group	\$184	\$162	\$210
Communications Group	171	166	182
CPG	128	110	82
Vantis	69	59	70
	----	----	----
Total	\$552	\$497	\$544
	=====	=====	=====

Revenue Comparison of Quarters Ended March 30, 1997 and March 31, 1996

Net sales increased as a result of increases in AMD-K5(TM) microprocessor sales, which more than offset declines in Am486(R) microprocessor and memory product sales.

Memory Group net sales decreased due to a decline in both the average selling price and unit shipments for EPROM products. Flash memory device sales were slightly lower as substantial unit growth was offset by average selling price declines.

Communications Group net sales decreased primarily due to a decline in the average selling price for network products and secondarily due to a decline in both unit shipments and average selling price of bipolar programmable logic devices. These declines were partially offset by increased sales, due to unit growth, of the Company's telecommunication products.

10

CPG net sales increased due to sales of AMD-K5 microprocessors at higher average selling prices than the Am486 microprocessor which represented most of the Company's microprocessor sales in the first quarter of 1996. The Company expects AMD-K5 microprocessor sales to substantially decrease as the Company ramps up production of its sixth generation processor, the AMD-K6(TM) MMX(TM) Enhanced processor. The Company began shipments of its AMD-K6 processor at the end of the first quarter of 1997. AMD-K6 microprocessor sales did not materially impact the first quarter results.

Vantis net sales remained relatively flat in the first quarter of 1997 as compared to the same period in 1996. The Company is in the process of transferring its programmable logic device operations to a wholly owned subsidiary, Vantis Corporation. Vantis Corporation will continue to rely upon the Company for manufacturing and administrative services.

Revenue Comparison of Quarters Ended March 30, 1997 and December 29, 1996

Net sales increased as a result of strength in nearly all product lines, led by sales growth in AMD-K5 microprocessors and Flash memory devices.

Memory Group net sales increased due to strong unit growth in Flash memory device sales offset by slight average selling price declines.

Communications Group net sales increased primarily due to increased unit shipments of network products.

CPG net sales increased due to sales of higher performance AMD-K5 microprocessors.

Vantis net sales increased as a result of unit growth in both MACH(R) and simple programmable logic products.

Comparison of Expenses and Interest

The following is a summary of expenses and interest income for the first quarter of 1997 and of 1996, and the fourth quarter of 1996:

Quarter Ended	March 30, 1997	December 29, 1996	March 31, 1996
(Millions except for gross margin percentages)	-----	-----	-----
Cost of sales	\$349	\$355	\$369

Gross margin percentage	37%	29%	32%
Research and development	\$105	\$107	\$ 95
Marketing, general and administrative	95	88	103
Interest income and other, net	13	4	28
Interest expense	9	8	2

11

Gross margin percentage increased as compared to the first quarter of 1996 and the fourth quarter of 1996 primarily due to better utilization of the Company's Fab 25 wafer production facilities and the transition of a higher proportion of Submicron Development Center (SDC) activities to research and development.

Research and development expenses increased as compared to the first quarter of 1996 due to the transition of a higher proportion of SDC activities to research and development, partially offset by reduced research and development spending related to the AMD-K5 processor.

Marketing, general and administrative expenses decreased as compared to the first quarter of 1996 primarily due to (i) non-recurring costs associated with the merger with NexGen, Inc. (NexGen) in the first quarter of 1996 and (ii) effective cost containment efforts. During the first quarter of 1997 the Company incurred higher advertising and marketing expenses primarily due to corporate image and AMD-K6 microprocessor advertising.

Interest income and other, net decreased as compared to the first quarter of 1996 primarily due to a pre-tax gain of \$25 million resulting from the sale of equity securities in the first quarter of 1996, compared to a pre-tax gain of \$5 million resulting from the sale of equity securities in the first quarter of 1997. The Company also fully utilized its \$250 million four-year secured term loan in the first quarter of 1997, increasing the average cash and cash equivalents balance and the corresponding interest income. Interest income and other, net increased as compared to the fourth quarter of 1996 primarily due to the \$5 million pre-tax gain and the utilization of the \$250 million four-year secured term loan as described above. Interest expense increased as compared to the first quarter of 1996 primarily due to interest expense incurred on the Company's \$400 million Senior Secured Notes sold in August, 1996 and interest expense on the \$250 million four-year secured term loan. Interest expense increased slightly as compared to the fourth quarter of 1996 due to the interest expense on the \$250 million four-year secured term loan.

Income Tax
- - - - -

The Company's effective tax rate for the first quarter of 1997 was 29 percent. No tax provision was recorded in the first quarter of 1996. Management currently estimates that the 29 percent effective tax rate will continue throughout 1997.

Other Items
- - - - -

International sales were 56 percent of total sales in the first quarter of 1997 as compared to 52 percent for the same period in 1996, and 55 percent for the immediate prior quarter. In the first quarter of 1997, 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

12

inflationary economies. (A highly inflationary economy is defined in accordance with the Statement of Financial Accounting Standards No. 52 as one in which the cumulative inflation over a three-year consecutive period approximates 100 percent or more.) 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 including the Company's liabilities for products purchased from FASL. In 1996 and 1997, these hedging transactions were denominated in lira, yen, French franc, deutsche mark (DM) 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 March 30, 1997, the Company had approximately \$34 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 March 30, 1997, the net outstanding notional amount of interest rate swaps was \$40 million, which will mature June 30, 1997. Gains and losses related to these interest rate swaps

have not been material. The Company anticipates that it will engage in future swap arrangements after the outstanding amount has matured.

The Company participates 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 monitors their credit ratings, and reduces the financial exposure by limiting the notional amount of agreements entered into with any one financial institution.

FINANCIAL CONDITION

The Company's working capital balance increased to \$652 million at March 30, 1997 from \$446 million at December 29, 1996, primarily due to proceeds from a \$250 million four-year secured term loan and receipt of a tax refund, partially offset by capital expenditures during the period. The Company's cash, cash equivalents and short-term investments balance was approximately \$629 million at March 30, 1997 compared to \$386 million at December 29, 1996.

13

As a result of the Company's improved operating performance and a \$101 million tax refund received during the first quarter of 1997, the Company generated \$115 million of cash flow from operating activities. The Company plans to continue to make significant capital investments through 1997, including those relating to the Dresden Facility (as defined below) and FASL. The Company's current capital plan and requirements are based on the availability of financial resources and various product-mix, selling-price, and unit-demand assumptions and are, therefore, subject to revision.

AMD Saxony Manufacturing GmbH (AMD Saxony), a German subsidiary wholly owned by the Company through a German holding company, is building a 900,000 square foot submicron integrated circuit manufacturing and design facility in Dresden, in the State of Saxony, Germany (the Dresden Facility) over the next five years at a presently estimated cost of approximately \$1.5 billion. The Dresden Facility is being designed for the production of microprocessors and other advanced logic products. The Federal Republic of Germany and the State of Saxony have agreed to support the project in the form of (i) a guarantee of 65% of the bank debt to be incurred by AMD Saxony up to a maximum of DM1.65 billion, (ii) investment grants and subsidies totaling DM500.5 million, and (iii) interest subsidies from the State of Saxony totaling DM300 million. In March, 1997 AMD Saxony entered into a loan agreement with a consortium of banks led by Dresdner Bank AG under which loan facilities totaling DM1.65 billion will be made available. In connection with the financing, the Company has agreed to invest in AMD Saxony over the next three years equity and subordinated loans in an amount totaling approximately DM507.5 million. Until the Dresden Facility has been completed, AMD has also agreed to guarantee AMD Saxony's obligations under the loan agreement up to a maximum of DM217.5 million. After completion of the Dresden Facility, AMD has agreed to make available to AMD Saxony up to DM145 million if the subsidiary does not meet its fixed charge coverage ratio covenant. Finally, AMD has agreed to undertake certain contingent obligations, including various obligations to fund project cost overruns. The Company began site preparation of the Dresden Facility in the fourth quarter of 1996, and has commenced construction in the second quarter of 1997. The planned Dresden Facility costs are denominated in deutsche marks and, therefore, are subject to change due to foreign exchange rate fluctuations. The Company plans to hedge future foreign exchange transaction exposure for the Dresden Facility.

The Company's total cash investment in FASL was \$160 million at March 30, 1997 and at the end of 1996. In March of 1996, FASL began construction of a second Flash memory device wafer fabrication facility (FASL II) at a site contiguous to the existing FASL facility in Aizu-Wakamatsu, Japan. The facility is expected to cost approximately \$1.1 billion when fully equipped. Capital expenditures for FASL II construction are expected to be funded by cash generated from FASL operations and borrowings by FASL. To the extent that FASL is unable to secure the necessary funds for FASL II, AMD may be required to contribute cash or guarantee third-party loans in proportion to its percentage interest in FASL. At March 30, 1997, AMD had loan guarantees of \$26 million outstanding with respect to such loans. The planned

14

FASL II costs are denominated in yen and, therefore, are subject to change due to foreign exchange rate fluctuations.

The Company has a syndicated bank loan agreement providing for a \$150 million three-year secured revolving line of credit (which can be extended for one additional year, subject to approval of the lending banks) and a \$250 million four-year secured term loan, the latter of which the Company fully utilized in January, 1997. Additionally, as of March 30, 1997, the Company has available unsecured uncommitted bank lines of credit in the amount of \$84 million, of which \$16 million was utilized.

The Company believes that current cash balances, together with cash flows, will be sufficient to fund operations and capital investments currently planned through 1997.

RISK FACTORS

The Company's business, results of operations and financial condition are subject to the following risk factors:

Microprocessor Products

Intel Dominance. Intel Corporation (Intel) has long held a dominant position in

the market for microprocessors used in personal computers (PCs). Intel Corporation's dominant market position has to date allowed it to set and control x86 microprocessor standards and thus dictate the type of product the market requires of Intel Corporation's competitors. In addition, Intel Corporation's financial strength has enabled it to reduce prices on its microprocessor products within a short period of time following their introduction, which reduces the margins and profitability of its competitors, to exert substantial influence and control over PC manufacturers through the Intel Inside advertising rebate program and to invest hundreds of millions of dollars in, and as a result exert influence over, other technology companies. The Company expects Intel to continue to invest heavily in research and development and new manufacturing facilities, and to maintain its dominant position through the Intel Inside program, through other contractual constraints on customers and other third parties, and by controlling industry standards. As an extension of its dominant microprocessor market share, Intel also increasingly dominates the PC platform. The Company does not have the financial resources to compete with Intel on such a large scale. As long as Intel remains in this dominant position, its product introduction schedule, product pricing strategy, customer brand loyalty and control over industry standards, PC manufacturers and other PC industry participants may have a material adverse effect on the Company.

As Intel has expanded its dominance in designing and setting standards for PC systems, many PC original equipment manufacturers (OEMs) have reduced their system development expenditures and have begun to purchase microprocessors in conjunction with chip sets or in assembled motherboards. In marketing its microprocessors to these OEMs and dealers, AMD is dependent upon companies

15

other than Intel for the design and manufacture of core-logic chip sets, motherboards, basic input/output system (BIOS) software and other components. In recent years, these third-party designers and manufacturers have lost significant market share to Intel. In addition, these companies are able to produce chip sets, motherboards, BIOS software and other components to support each new generation of Intel Corporation's microprocessors only to the extent that Intel makes its related proprietary technology available. Any delay in the availability of such technologies would make it increasingly difficult for them to retain or regain market share. To compete with Intel in this market in the future, the Company intends to continue to form closer relationships with third-party designers and manufacturers of core-logic chip sets, motherboards, BIOS software and other components. The Company similarly intends to expand its chip set and system design capabilities, and offer to OEMs a portion of the Company's processors together with chip sets and licensed system designs incorporating the Company's processors and companion products. There can be no assurance, however, that such efforts by the Company will be successful. The Company expects that as Intel introduces future generations of microprocessors, chip sets and motherboards, the design of chip sets and higher level board products which support Intel microprocessors will become increasingly dependent on the Intel microprocessor design and may become incompatible with non-Intel processor-based PC systems. Intel has announced that the Pentium II will be sold only in the form of a daughtercard that is not compatible with "Socket 7" motherboards currently used with Intel Pentium(R) processors. Thus, Intel will cease supporting the Socket 7 infrastructure as it transitions away from its Pentium processors. Because the AMD-K6 processor is designed to be Socket 7 compatible, and will not work with motherboards designed for Pentium II processors, the Company intends to work with third party designers and manufacturers of motherboards, chip sets and other products to assure the continued availability of Socket 7 infrastructure support for the AMD-K6 processor, including support for enhancements and features the Company plans to add to the processor. The Company's ability to compete with Intel in the market for seventh- and future generation microprocessors will depend not only upon its success in designing and developing the microprocessors themselves, but also in ensuring either that they can be used in PC platforms designed to support future Intel microprocessors or that alternative platforms are available which are competitive with those used with Intel processors. A failure for any reason of the designers and producers of motherboards, chip sets and other system components to support the Company's x86 microprocessor offerings could have a material adverse effect on the Company.

Dependence on New AMD Microprocessor Products. The Company's microprocessor

products have traditionally made significant contributions to the Company's revenues, profits and margins. The Company's AMD-K5 microprocessor, its fifth-generation microprocessor and its first K86 RISC SUPERSCALAR(TM) microprocessor, was introduced relatively late in the life cycle of fifth-generation products and has not resulted in the levels of revenue that the Company realized from its fourth-generation product. The Company expects AMD-K5 microprocessor sales

16

to substantially decrease as the Company ramps up production for the AMD-K6 microprocessor. The Company's ability to expand its current levels of revenues from microprocessor products and to benefit fully from the substantial financial commitments it has made related to microprocessors will depend upon the success of the AMD-K6 microprocessor and future generations of K86 microprocessors. The Company's production and sales plans for its AMD-K6 microprocessors are subject to numerous risks and uncertainties, including the pace at which the Company will be able to ramp production in Feb 25, the effects of marketing and pricing strategies adopted by Intel, the development of market acceptance for the products particularly with leading PC OEMs, the possibility that products newly introduced by the Company may be found to be defective, possible adverse conditions in the personal computer market and unexpected interruptions in the Company's manufacturing operations. A failure of the Company's AMD-K6 processors to achieve market acceptance would have a material adverse effect on the Company. AMD is also devoting substantial resources to the development of its seventh-generation Microsoft(R) Windows(R) compatible microprocessor.

Compatibility Certifications. For its future generations of K86 microprocessors,
- -----

AMD intends to obtain Windows, Windows 95 and Windows NT(R) certifications from Microsoft and other appropriate certifications from recognized testing organizations. A failure to obtain certifications from Microsoft would prevent the Company from describing and labeling its K86 microprocessors as Microsoft Windows compatible. This could substantially impair the Company's ability to market the products and could have a material adverse effect on the Company.

Fluctuation in PC Market. Since most of the Company's microprocessor products
- -----

are used in personal computers and related peripherals, the Company's future growth is closely tied to the performance of the PC industry. The Company could be materially and adversely affected by industry-wide fluctuations in the PC marketplace in the future.

Possible Rights of Others. Prior to its acquisition by AMD, NexGen granted
- -----

limited manufacturing rights regarding certain of its current and future microprocessors, including the Nx586 and Nx686(TM), to other companies. The Company does not intend to produce any NexGen products. The Company believes that its AMD-K6 processors are AMD products and not NexGen products. There can be no assurance that another company will not seek to establish rights with respect to the processors. If another company were deemed to have rights to produce the Company's AMD-K6 processors for its own use or for sale to third parties, such production could reduce the potential market for microprocessor products produced by AMD, the profit margin achievable with respect to such products, or both.

17

Flash Memory Products

Importance of Flash Memory Device Business; Increasing Competition. In 1996, the
- -----

market for Flash memory devices experienced rapid growth and increased competition as additional manufacturers introduced competitive products and industry-wide production capacity increased. The Company expects that the marketplace for Flash memory devices will continue to be increasingly competitive. A substantial portion of the Company's revenues are derived from sales of Flash memory devices, and the Company expects that this will continue to be the case for the foreseeable future. During 1996 and the first quarter of 1997, the Company experienced declines in the selling prices of Flash memory devices. There can be no assurance that the Company will be able to maintain its market share in Flash memory devices or that price declines may not accelerate as the market develops and as new competitors emerge. A decline in the Company's Flash memory device business could have a material adverse effect on the Company.

Manufacturing

Capacity. The Company's manufacturing facilities have been underutilized from
- -----

time to time as a result of reduced demand for certain of the Company's products. The Company's operations related to microprocessors have been particularly affected by this situation. Any future underutilization of the Company's manufacturing facilities could have a material adverse effect on the Company. The Company plans to increase its manufacturing capacity by making significant capital investments in Feb 25 and in Feb 30 in Dresden, Germany. In

addition, FASL has begun construction of a second Flash memory device manufacturing facility (FASL II). There can be no assurance that the industry projections for future growth upon which the Company is basing its strategy of increasing its manufacturing capacity will prove to be accurate. If demand for the Company's products does not increase, underutilization of the Company's manufacturing facilities will likely occur and have a material adverse effect on the Company.

There have been situations in the past in which the Company's manufacturing facilities were inadequate to enable the Company to meet demand for certain of its products. In addition to having its own fabrication facilities, AMD has foundry arrangements for the production of its products by third parties. Any inability of AMD to generate sufficient manufacturing capabilities to meet demand, either in its own facilities or through foundry or similar arrangements with others, could have a material adverse effect on the Company.

Process Technology. Manufacturers of integrated circuits are constantly seeking
- -----
to improve the process technologies used to manufacture their products. In order to remain competitive, the Company must make continuing substantial investments in improving its process technologies. In particular, the Company has made and continues to make significant research and development investments in the

18

technologies and equipment used to fabricate its microprocessor products and its Flash memory devices. Portions of these investments might not be recoverable if the Company's microprocessors fail to gain market acceptance or if the market for its Flash memory products should significantly deteriorate. This could have a material adverse effect on the Company. In addition, any inability of the Company to remain competitive with respect to process technology could have a material adverse effect on the Company.

Manufacturing Interruptions. Any substantial interruption with respect to any of
- -----
the Company's manufacturing operations, either as a result of a labor dispute, equipment failure or other cause, could have a material adverse effect on the Company. The Company may also be materially adversely affected by fluctuations in manufacturing yields.

Essential Manufacturing Materials. Certain raw materials used by the Company in
- -----
the manufacture of its products are available from a limited number of suppliers. For example, several types of the integrated circuit packages purchased by AMD, as well as by the majority of other companies in the semiconductor industry, are principally supplied by Japanese companies. Shortages could occur in various essential materials due to interruption of supply or increased demand in the industry. If AMD were unable to procure certain of such materials, it would be required to reduce its manufacturing operations which could have a material adverse effect on the Company. To date, AMD has not experienced significant difficulty in obtaining necessary raw materials.

International Manufacturing. Nearly all product assembly and final testing of
- -----
the Company's products are performed at the Company's manufacturing facilities in Penang, Malaysia; Bangkok, Thailand; and Singapore; or by subcontractors in Asia. AMD has a 50 year land lease in Suzhou, China, to be used for the construction and operation of an additional assembly and test facility. Foreign manufacturing and construction of foreign facilities entail political and economic risks, including political instability, expropriation, currency controls and fluctuations, changes in freight and interest rates, and loss or modification of exemptions for taxes and tariffs. For example, if AMD were unable to assemble and test its products abroad, or if air transportation between the United States and the Company's overseas facilities were disrupted, there could be a material adverse effect on the Company.

Other Risk Factors

Debt Restrictions. The Credit Agreement and the Indenture related to the
- -----
Senior Secured Notes contain significant covenants that limit the Company's and its subsidiaries' ability to engage in various transactions and require satisfaction of specified financial performance criteria. In addition, the occurrence of certain events (including, without limitation, failure to comply with the foregoing covenants, material inaccuracies of representations and warranties, certain defaults under or acceleration of other indebtedness and events of bankruptcy or insolvency) would, in

19

certain cases after notice and grace periods, constitute events of default permitting acceleration of indebtedness. The limitations imposed by the Credit Agreement and the Indenture are substantial, and failure to comply with such limitations could have a material adverse effect on the Company. In addition,

the agreements entered into by AMD Saxony in connection with the Dresden Facility loan substantially prohibit the transfer of assets from AMD Saxony to the Company, which will prevent the Company from utilizing current or future assets of AMD Saxony other than to satisfy obligations of AMD Saxony.

Dependence on Third Parties for Programmable Logic Software. Customers utilizing

programmable logic devices must use special software packages, generally provided by the suppliers of the programmable logic devices, to program these devices. AMD provides its programmable logic device customers with software which it licenses from third parties and is dependent upon third parties for the software and continuing improvements in the quality of the software. No assurance can be made that the Company will be able to maintain its existing relationships with these third parties. An inability of AMD to continue to obtain appropriate software and improvements from third parties or to develop its own software internally could materially adversely affect the Company's Vantis business, including the timing of new or improved product introductions, which could have a material adverse effect on the Company.

Technological Change and Industry Standards. The market for the Company's

products is generally characterized by rapid technological developments, evolving industry standards, changes in customer requirements, frequent new product introductions and enhancements, short product life cycles and severe price competition. The establishment of industry standards is a function of market acceptance. Currently accepted industry standards may change. The Company's success depends substantially upon its ability, on a cost-effective and timely basis, to continue to enhance its existing products and to develop and introduce new products that take advantage of technological advances and adhere to evolving industry standards. An unexpected change in one or more of the technologies related to its products, in market demand for products based on a particular technology or on accepted industry standards could have a material adverse effect on the Company. There can be no assurance that AMD will be able to develop new products in a timely and satisfactory manner to address new industry standards and technological changes, or to respond to new product announcements by others, or that any such new products will achieve market acceptance.

Product Incompatibility. While AMD submits its products to rigorous internal and

external testing, there can be no assurance that the Company's products will be compatible with all industry-standard software and hardware. Any inability of the Company's customers to achieve such compatibility or compatibility with other software or hardware after the Company's products are shipped in volume could have a material adverse effect on the Company. There can be no assurance that AMD will be successful in correcting any such compatibility problems that are discovered or

20

that such corrections will be acceptable to customers or made in a timely manner. In addition, the mere announcement of an incompatibility problem relating to the Company's products could have a material adverse effect on the Company.

Competition. The IC industry is intensely competitive and, historically, has

experienced rapid technological advances in product and system technologies together with substantial price reductions in maturing products. After a product is introduced, prices normally decrease over time as production efficiency and competition increase, and as a successive generation of products is developed and introduced for sale. Technological advances in the industry result in frequent product introductions, regular price reductions, short product life cycles and increased product performance. Competition in the sale of ICs is based on performance, product quality and reliability, price, compatibility with industry standards, software and hardware compatibility, marketing and distribution capability, brand recognition, financial strength and ability to deliver in large volumes on a timely basis.

Fluctuations in Operating Results. The Company's operating results are subject

to substantial quarterly and annual fluctuations due to a variety of factors, including the effects of competition with Intel in the microprocessor industry, competitive pricing pressures, anticipated decreases in unit average selling prices of the Company's products, production capacity levels and fluctuations in manufacturing yields, availability and cost of products from the Company's suppliers, the gain or loss of significant customers, new product introductions by AMD or its competitors, changes in the mix of products sold and in the mix of sales by distribution channels, market acceptance of new or enhanced versions of the Company's products, seasonal customer demand, the timing of significant orders and the timing and extent of product development costs. In addition, operating results could be adversely affected by general economic and other conditions causing a downturn in the market for semiconductor devices, or otherwise affecting the timing of customer orders or causing order cancellations or rescheduling. The Company's customers may change delivery schedules or cancel

orders without significant penalty. Many of the factors listed above are outside of the Company's control. These factors are difficult to forecast, and these or other factors could materially adversely affect the Company's quarterly or annual operating results.

Order Revision and Cancellation Policies. AMD manufactures and markets standard

lines of products. Sales are made primarily pursuant to purchase orders for current delivery, or agreements covering purchases over a period of time, which are frequently subject to revision and cancellation without penalty. As a result, AMD must commit resources to the production of products without having received advance purchase commitments from customers. Any inability to sell products to which it had devoted significant resources could have a material adverse effect on the Company. Distributors typically maintain an inventory of the Company's products. Pursuant to the Company's agreements with distributors, AMD protects its distributors' inventory of the Company's products against price reductions as well as

21

products that are slow moving or have been discontinued. These agreements, which may be canceled by either party on a specified notice, generally contain a provision for the return of the Company's products in the event the agreement with the distributor is terminated. The price protection and return rights AMD offers to its distributors may materially adversely affect the Company.

Key Personnel. The Company's future success depends upon the continued service

of numerous key engineering, manufacturing, sales and executive personnel. There can be no assurance that AMD will be able to continue to attract and retain qualified personnel necessary for the development and manufacture of its products. Loss of the service of, or failure to recruit, key engineering design personnel could be significantly detrimental to the Company's product development programs or otherwise have a material adverse effect on the Company.

Product Defects. One or more of the Company's products may possibly be found to

be defective after AMD has already shipped such products in volume, requiring a product replacement, recall, or a software fix which would cure such defect but impede performance. Product returns could impose substantial costs on AMD and have a material adverse effect on the Company.

Intellectual Property Rights; Potential Litigation. Although the Company

attempts to protect its intellectual property rights through patents, copyrights, trade secrets, trademarks and other measures, there can be no assurance that the Company will be able to protect its technology or other intellectual property adequately or that competitors will not be able to develop similar technology independently. There can be no assurance that any patent applications that the Company may file will be issued or that foreign intellectual property laws will protect the Company's intellectual property rights. There can be no assurance that any patent licensed by or issued to the Company will not be challenged, invalidated or circumvented or that the rights granted thereunder will provide competitive advantages to the Company. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate the Company's products or design around the Company's patents and other rights.

From time to time, AMD has been notified that it may be infringing intellectual property rights of others. If any such claims are asserted against the Company, the Company may seek to obtain a license under the third party's intellectual property rights. AMD could decide, in the alternative, to resort to litigation to challenge such claims. Such challenges could be extremely expensive and time-consuming and could materially adversely affect the Company. No assurance can be given that all necessary licenses can be obtained on satisfactory terms, or that litigation may always be avoided or successfully concluded.

Environmental Regulations. The failure to comply with present or future

governmental regulations related to the use, storage, handling, discharge or disposal

22

of toxic, volatile or otherwise hazardous chemicals used in the manufacturing process could result in fines being imposed on the Company, suspension of production, alteration of the Company's manufacturing processes or cessation of operations. Such regulations could require the Company to acquire expensive remediation equipment or to incur other expenses to comply with environmental regulations. Any failure by the Company to control the use, disposal or storage of, or adequately restrict the discharge of, hazardous substances could subject the Company to future liabilities and could have a material adverse effect on the Company.

International Sales. AMD derives a substantial portion of its revenues from its

sales subsidiaries located in Europe and Asia Pacific. The Company's international sales operations entail political and economic risks, including expropriation, currency controls, exchange rate fluctuations, changes in freight rates and changes in rates for taxes and tariffs.

Domestic and International Economic Conditions. The Company's business is

subject to general economic conditions, both in the United States and abroad. A significant decline in economic conditions in any significant geographic area could have a material adverse effect on the Company.

Volatility of Stock Price; Ability to Access Capital. Based on the trading

history of its stock, AMD believes factors such as quarterly fluctuations in the Company's financial results, announcements of new products by AMD or its competitors and general conditions in the semiconductor industry have caused and are likely to continue to cause the market price of AMD common stock to fluctuate substantially. Technology company stocks in general have experienced extreme price and volume fluctuations that often have been unrelated to the operating performance of the companies. This market volatility may adversely affect the market price of the Company's common stock and consequently limit the Company's ability to raise capital. In addition, an actual or anticipated shortfall in revenue, gross margins or earnings from securities analysts' expectations could have an immediate effect on the trading price of AMD common stock in any given period.

Earthquake Danger. The Company's corporate headquarters, a portion of its

manufacturing facilities, assembly and research and development activities and certain other critical business operations are located near major earthquake fault lines. The Company could be materially adversely affected in the event of a major earthquake.

23

II. Other Information

Item 1. Legal Proceedings

Advanced Micro Devices, Inc. v. Altera Corporation (Case No. C94-20567-RMW, U.S.

District Ct., San Jose, California). This litigation, which began in 1994,

involves multiple claims and counterclaims for patent infringement relating to the Company's and Altera Corporation's programmable logic devices. On June 27, 1996, the jury returned a verdict and found four of the eight patents-in-suit were licensed to Altera. The parties have stipulated that the court, not a jury, will decide which of the remaining AMD patents-in-suit fall within the scope of the license that the jury found. The court has set August 7 and August 8, 1997 for the next phase regarding the remaining patents. Based upon information presently known to management the Company does not believe that the ultimate resolution of this lawsuit will have a material adverse effect on the financial condition or results of operations of the Company.

Intel Corporation v. Advanced Micro Devices, Inc., et al. (Case No. 97-118, D.

Del.). On March 14, 1997, Intel Corporation (Intel) filed suit against the

Company and Cyrix Corporation in the United States District Court for the District of Delaware alleging false designation of origin and false advertising, trademark infringement and trademark dilution, and deceptive trade practices arising out of alleged misuse by the Company of the term "MMX," which Intel claims as a trademark. On April 2, 1997, Intel was denied a temporary restraining order to prohibit the Company from using the term "MMX" until the preliminary injunction hearing. In a related matter filed by Intel against the Company on March 14, 1997, in the regional Court of Braunschweig, Germany (Case Ref. No. 9 0 89/97), Intel was granted a temporary injunction prohibiting the Company from using the term "MMX" to identify, advertise or market its processors. These litigations have now been settled and dismissed. The settlement gives AMD worldwide rights to use the term MMX in a variety of ways in the marketing of AMD-K6 processors, and also provides analogous rights to AMD customers in marketing AMD-K6 processor-based systems. In return, AMD agreed to acknowledge MMX as an Intel trademark.

24

Item 5. Other Information

On March 11, 1997, the Company, AMD Saxony and bank syndicate representatives executed definitive agreements relating to the financing of the Dresden Facility. In addition to the obligations discussed above in Management's Discussion and Analysis of Results of Operations and Financial Condition, the agreements require the Company (directly or indirectly) to (1) return all federal and state government grants, allowances and interest subsidies, or

replace all such subsidies that are not made available, if the Company or AMD Saxony fails to meet certain material obligations to the Federal Republic of Germany or the State of Saxony; (2) purchase the output of the Dresden Facility at transfer prices to be set pursuant to specific formulas, and which adjust downwards when the Dresden Facility is operating at less than 75% capacity because of a lack of market demand for the products being fabricated there (the Company's product purchase obligation can be terminated once the syndicated loan has been repaid or under circumstances relating to a change of control of AMD Saxony or the destruction or abandonment of the Dresden Facility); (3) cause AMD Saxony to undertake bona fide research and development activities at the design center of the Dresden Facility; and (4) grant a non-exclusive license to AMD Saxony to use, at the Dresden Facility and in products manufactured at the Dresden Facility, intellectual property developed at the Dresden design center.

25

Item 6. Exhibits and Reports on Form 8-K

- (a). Exhibits
- *10.48(a) Amendment No. 1 to the C-4 Technology Transfer and Licensing Agreement, dated as of February 23, 1997, between the Company and International Business Machine Corporation.
 - *10.50(a) Syndicated Loan Agreement with Schedules 1, 2 and 17, dated as of March 11, 1997, among AMD Saxony Manufacturing GmbH, Dresdner Bank AG and Dresdner Bank Luxembourg S.A.
 - *10.50(b) Determination Regarding the Request for a Guarantee by AMD Saxony Manufacturing GmbH.
 - *10.50(c) AMD Subsidy Agreement, among AMD Saxony Manufacturing GmbH and Dresdner Bank AG.
 - *10.50(d) Subsidy Agreement, dated February 12, 1997, among Sachsische Aufbaubank and Dresdner Bank AG with Appendix 1, 2a, 2b, 3 and 4.
 - 10.50(e) AMD, Inc. Guaranty, dated as of March 11, 1997, among the Company and Saxony Manufacturing GmbH and Dresdner Bank AG.
 - 10.50(f) Sponsors' Support Agreement, dated as of March 11, 1997, among the Company, AMD Saxony Holding GmbH and Dresdner Bank AG.
 - 10.50(g) Sponsors' Loan Agreement, dated as of March 11, 1997, among the Company, AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH.
 - 10.50(h) Sponsors' Subordination Agreement, dated as of March 11, 1997, among the Company, AMD Saxony Holding GmbH, AMD Saxony Manufacturing GmbH and Dresdner Bank AG.
 - 10.50(i) Sponsors' Guaranty, dated as of March 11, 1997, among the Company, AMD Saxony Holding GmbH and Dresdner Bank AG.

26

- *10.50(j) AMD Holding Wafer Purchase Agreement, dated as of March 11, 1997, among the Company and AMD Saxony Holding GmbH.
- *10.50(k) AMD Holding Research, Design and Development Agreement, dated as of March 11, 1997, among AMD Saxony Holding GmbH and the Company.
- *10.50(l) AMD Saxonia Wafer Purchase Agreement, dated as of March 11, 1997, among AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH.
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- 10.50(n) License Agreement, dated March 11, 1997, among the Company, AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH.
- 10.50(o) AMD, Inc. Subordination Agreement, dated March 11, 1997, among the Company, AMD Saxony Holding GmbH and Dresdner Bank AG.

*10.50(p) ISDA Agreement, dated March 11, 1997, among the Company and AMD Saxony Manufacturing GmbH.

27.1 Financial Data Schedule

* Confidential treatment has been requested as to certain portions of this Exhibit.

(b). Reports on Form 8-K

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

1. Current Report on Form 8-K dated January 13, 1997 reporting under Item 5 - Other Events - fourth quarter earnings.
2. Current Report on Form 8-K dated March 13, 1997 reporting under Item 5 - Other Events - announcement of the Dresden loan agreement.

27

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly earned this report to be signed on its behalf by the undersigned thereunto duly authorized.

ADVANCED MICRO DEVICES, INC.

Date: May 13, 1997

By: /s/ Geoffrey Ribar

Geoffrey Ribar
Vice President and
Corporate Controller

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

28

EXHIBIT INDEX

Exhibits

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- 27.1 Financial Data Schedule

* Confidential treatment has been requested as to certain portions of this Exhibit.

AMENDMENT NO. 1 to the
C-4 TECHNOLOGY TRANSFER AND LICENSE AGREEMENT

The C-4 TECHNOLOGY TRANSFER AND LICENSE AGREEMENT between Advanced Micro Devices and International Business Machines Corporation, effective as of June 17, 1996, is hereby amended as follows:

1. On page 1 of the Agreement, new WHEREAS clauses are added and the last WHEREAS clause on page 1 is amended as follows:

Add the following new WHEREAS clauses after the third WHEREAS clause:

"WHEREAS, IBM has developed certain [*] and [*] processes known as [*] processes, and these are the subject of proprietary rights of IBM in the valuable technology related thereto;

WHEREAS, AMD desires to obtain licenses and other information and rights from IBM in order to become a user of such [*] processes of IBM, upon the terms and conditions provided herein;"

Amend the fourth line of the last WHEREAS clause by adding, after "processes", "and [*] processes".

2. In Section 1 - Definitions, amend the definitions for LICENSED PRODUCTS and LICENSED TECHNOLOGY and add new definitions for [*] ELEMENTS, [*] PRODUCT, [*] and [*] TECHNOLOGY as follows:

In "LICENSED PRODUCTS", delete "and" in the fourth line, replace "." in the fifth line with ", and", and add "v.) [*] PRODUCTS." in the sixth line.

AMD/IBM CONFIDENTIAL -1- February 20, 1997

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

In "LICENSED TECHNOLOGY", in the third line, replace "C-4 TECHNOLOGY" with "C-4 TECHNOLOGY and [*] TECHNOLOGY", and in the eighth and ninth lines, delete "or to the forming of the pads and solder elements of a [*] for a [*] substrate,".

Add new definitions for [*] ELEMENTS, [*] PRODUCT, [*] SUBSTRATE and [*] TECHNOLOGY as follows:

"[*] shall mean [*].

'[*] ELEMENTS' shall mean an [*] used to join a [*] SUBSTRATE to the next (higher) level of packaging.

'[*] PRODUCT' shall mean a [*] SUBSTRATE having at least one [*] ELEMENT.

'[*] SUBSTRATE' shall mean a [*] article, having an [*], which is used to join together and/or carry one or more electronic components and which is prepared for use with the [*] TECHNOLOGY.

'[*] TECHNOLOGY' shall mean: (1) the [*] in an [*]; (2) the [*] of [*] ELEMENTS to an [*] on a [*] SUBSTRATE; (3) the joining of the [*] ELEMENTS to the [*] on the [*]; and (4) the [*] of the [*] SUBSTRATE with the [*] ELEMENTS; and (5) the [*] of [*] ELEMENTS from the [*] of a [*] SUBSTRATE and the [*] of the [*]."

3. In Section 2 - Licenses, amend Sections 2.1 and 2.3 as follows:

In Section 2.1, fourth line, after "royalty-bearing" insert "(except for LICENSED PRODUCTS which are made, used or sold using the [*] TECHNOLOGY and require no other portion of the LICENSED TECHNOLOGY for their manufacture, use or sale)", and add a new Section 2.1.7 as follows:

"2.1.7 after three (3) years from the EFFECTIVE DATE, to have another manufacturer (but only one manufacturer at any one

AMD/IBM CONFIDENTIAL -2- February 20, 1997

time) perform [*] TECHNOLOGY solely for LICENSED PRODUCTS, and solely for AMD for resale under Section 2.1.4, provided that:

2.1.7.1 such another manufacturer enters into an agreement with AMD with terms and conditions acceptable to IBM regarding confidentiality, reverse engineering of the MATERIALS per Section 3.3.2, such another manufacturer's improvements to the LICENSED TECHNOLOGY, and the licensing of such another manufacturer's improvements to the LICENSED TECHNOLOGY to IBM at no cost to IBM, and

2.1.7.2 such another manufacturer is either:

- 2.1.7.2.1 geographically located in the United States, or
- 2.1.7.2.2 with IBM's prior written approval, geographically located outside the United States. IBM reserves the right to grant written approval so that both parties are assured that intellectual property licensed in this Agreement will be accorded adequate protection or enforcement in the geographic location of the proposed another manufacturer or with respect to the potential partner(s), if any, with AMD in the proposed another manufacturer. IBM will share with AMD information that is considered to be objective, or information available in the trade that IBM feels to be reliable, which reasonably identifies legitimate concerns regarding the commercial and/or intellectual property integrity and/or geographic location and/or financial stability of the proposed another manufacturer;".

In Section 2.3.2, first line, replace "BA" with "BA and [*] TECHNOLOGY".

4. In Section 3 - Transfer of LICENSED TECHNOLOGY, amend Sections 3.1 and 3.2

as follows:

Replace the first 19 lines of Section 3.1 with the following:

"3.1 IBM shall transfer to AMD, only at its wholly-owned Austin, Texas or Santa Clara County, California facility, the LICENSED TECHNOLOGY as practiced as of the EFFECTIVE DATE (except as of the effective date of Amendment No. 1 to this Agreement for the [*] TECHNOLOGY) in IBM's Burlington, Vermont and Bromont, Canada facilities (or IBM's East Fishkill, New York facility for the [*]

AMD/IBM CONFIDENTIAL

-3-

February 20, 1997

TECHNOLOGY). The parties understand and agree that the only processes to be transferred and installed at AMD are the [*] (wherein [*] and [*] are evaporated through a metal mask onto selected sites of an integrated circuit, the integrated circuit with [*] and [*] is joined to a CERAMIC CHIP CARRIER, and the joined integrated circuit and CERAMIC CHIP CARRIER are [*] and the [*] TECHNOLOGY, both as more particularly defined as the LICENSED TECHNOLOGY. Except as provided herein, there is no obligation whatsoever to transfer any other know-how or other information including know-how or information relating: to MATERIALS, or the joining of an integrated circuit to an ORGANIC CHIP CARRIER, or to the forming of the pads and solder elements of a ball grid array for an organic ball grid array substrate;"

Amend Section 3.2, line 1, by adding "East Fishkill, New York," before "Burlington", line 9, by adding, after "Agreement", "(except for documentation items for the [*] TECHNOLOGY)", and line 11, by adding at the end of the following:

"The transfer of documentation items related to the [*] TECHNOLOGY as specified in Appendix A shall commence within thirty (30) days from the effective date of Amendment No. 1 to this Agreement and be completed within ninety (90) days thereafter."

5. In Section 5 - Technical Assistance, amend Sections 5.1.1, 5.3 and 5.4 as

follows:

In Section 5.1.1, line 2 after "facilities" insert "(or IBM's East Fishkill, New York facility for the [*] TECHNOLOGY)".

In Section 5.3, line 4, after "TECHNOLOGY" insert "(except for the [*] TECHNOLOGY)", line 5, after "therewith," insert "and a maximum of 100 person-hours of assistance in the transfer of the [*] TECHNOLOGY to AMD and technical assistance in connection therewith,", and line 8, after "facilities" insert "(or IBM's East Fishkill, New York facility for the

[*] TECHNOLOGY)".

In Section 5.4, line 1, after "person-weeks" insert "and 100 person-hours", and line 11, after "facilities" insert "(or

AMD/IBM CONFIDENTIAL

-4-

February 20, 1997

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

IBM's East Fishkill, New York facility for the [*] TECHNOLOGY)".

6. In Section 6 - Compensation, amend Sections 6.1, 6.11, 6.12, 6.13 and 6.14

and add a new Section 6.11 as follows:

In Section 6.1, first line, after "TECHNOLOGY" add "(except for the [*] TECHNOLOGY)".

Renumber present Sections "6.11", "6.12", "6.13" and "6.14" to "6.12", "6.13", "6.14" and "6.15".

Add a new Section 6.11 as follows:

"6.11 In consideration for the [*] TECHNOLOGY to be transferred, and transfer thereof and technical assistance to be provided and license granted therefor hereunder, AMD agrees to pay IBM upon the execution of Amendment No. 1 to this Agreement a technology license fee in the sum of [*], which sum shall be nonrefundable and noncancelable, notwithstanding any termination or expiration of this Agreement under any Section of this Agreement, provided,

however, such nonrefundability and noncancelability will not

preclude the award of damages by a court of competent jurisdiction."

7. In APPENDIX A, amend Sections A5, A6, A7 and A8 and add new Sections A5 and

A10 as follows:

Amend Section A5, third line, by replacing "A4" with "A5", and renumber Sections "A5", "A6", "A7" and "A8" to "A6", "A7", "A8" and "A9".

Add new Sections A5 and A10 as follows:

"A5 Engineering, process, manufacturing and material specifications, as applicable, for [*] TECHNOLOGY, as of the effective date of Amendment No. 1 to this Agreement. The process for [*] TECHNOLOGY to be transferred is made up of the following process

AMD/IBM CONFIDENTIAL

-5-

February 20, 1997

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steps for which applicable documentation will be provided:

[*]

"A10 with respect to the [*] TECHNOLOGY, documentation as to test vehicle design, [*] test vehicle and thermal parts; design guidelines (i.e., chip size, C4 footprint, leads per substrate (populated and depopulated) reliability data and models, failure analysis methods and layer optimization); test and product sockets (documentation limited to supplying vendors and test and damage limits; no socket design information to be provided); testers and test handling equipment; and second level assembly processes."

8. In APPENDIX B, amend Sections B2, B2.3 and B3.1 and add new Section B3.2 as

follows:

Amend Sections B2, B2.3 and B3.1 as follows:

In Section B2, first paragraph, third line, after "effort" add (except for technical assistance pertaining to the [*] TECHNOLOGY) and 100

person-hours for technical assistance pertaining to the [*] TECHNOLOGY."

In Section B2.3, third line, after "facilities" add "(or IBM's East Fishkill, New York facility for the [*] TECHNOLOGY)", and fifth line, after "Licensed Technology." add "Tours of IBM's test operations in Burlington, Vermont associated with the [*] TECHNOLOGY are excluded from this Section B2.3".

In Section B3.1, first line, after "assistance" add "pertaining to the LICENSED TECHNOLOGY (not including the [*] TECHNOLOGY)" and change "and" to "and/", and third line, replace "5.3" with "5.4".

-6-

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Add new Section B3.2 as follows:

"B3.2 Additional technical assistance pertaining to the [*] TECHNOLOGY beyond 100 person-hours and/or 24 months from the EFFECTIVE DATE will be supplied by IBM at AMD's expense, as specified in Section 5.4 of the Agreement."

Except as hereby amended, all other terms and conditions of the C-4 TECHNOLOGY TRANSFER AND LICENSE AGREEMENT shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment No. 1 to be executed as of the date written below. This Amendment No. 1 shall be effective as of the date of the last signature below.

INTERNATIONAL BUSINESS
MACHINES CORPORATION

ADVANCED MICRO
DEVICES

/s/ Mike Cadigan
By: _____
Mike Cadigan

/s/ Don Brettner
By: _____
D. Brettner

2/21/97
Date: _____

2/20/97
Date: _____

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

-7-

ADVANCED MICRO DEVICES, INC.

SECRETARY'S CERTIFICATE

The undersigned, Thomas M. McCoy, certifies that he is the Secretary of Advanced Micro Devices, Inc., a Delaware Corporation ("the Company"), and that, as such, he is authorized to execute this Certificate on behalf of the Company, and further certifies that the attached is a fair and accurate translation of the Syndicated Loan Agreement dated March 11, 1997 among AMD Saxony Manufacturing GmbH and Dresdner Bank AG and Dresdner Bank Luxembourg SA and other financial institutions named therein as lenders.

WITNESS the signature of the undersigned this 13th day of May 1997.

/s/ Thomas M. McCoy

Thomas M. McCoy
Secretary

[SEAL APPEARS HERE]

ENGLISH TRANSLATION OF THE LEGALLY
BINDING GERMAN LOAN AGREEMENT.
TRANSLATION PREPARED FOR CONVENIENCE ONLY.

SYNDICATED LOAN AGREEMENT

11 MARCH 1997

BETWEEN

AMD SAXONY MANUFACTURING GMBH
-AS BORROWER-

AND

DRESDNER BANK AG
(AGENT AND SECURITY AGENT)

AND

THE OTHER BANKS AND FINANCIAL INSTITUTIONS
NAMED HEREIN

-AS LENDERS-

AND

DRESDNER BANK LUXEMBOURG S.A.
- AS PAYING AGENT -

DOSER AMERELLER NOACK/BAKER & MCKENZIE

FRANKFURT

<TABLE>
<CAPTION>

INDEX

(S)1	Definitions and Interpretation	6
(S)2	Facilities	12
(S)3	Purpose	12
(S)4	Utilisation of the Facilities	13
(S)5	Conditions to Drawing	15
(S)6	Interest, Commitment Fee, Payments	21
(S)7	Term and Repayment	24
(S)8	Security	25
(S)9	Illegality	28
(S)10	Market Disruption; Alternative Method of Calculation	28
(S)11	Increased Costs	29
(S)12	Indemnity	30
(S)13	No Deductions or Withholdings	31
(S)14	Continuity Clause	32
(S)15	Representations and Warranties	32
(S)16	Reporting and Information Requirements	35
(S)17	Covenants	37
(S)18	Project Budget; Project Schedule	42
(S)19	Project Accounts	43
(S)20	Consent of the Banks	44
(S)21	Termination of the Facilities by the Banks	44
(S)22	Agency Provisions	48
(S)23	Administration of Security	51
(S)24	Paying Agent	53
(S)25	Costs	54
(S)26	Assignment; Sub-participations	55
(S)27	Miscellaneous	55
(S)28	Governing Law	59
(S)29	Jurisdiction	59

</TABLE>

SCHEDULES

Schedule 1	Commitments of the Banks
Schedule 2	Drawdown Schedule
Schedule 3	Drawdown Notice
Schedule 4	Interest Rate Notice
Schedule 5	Notice of Prepayment
Schedule 6	Project Budget
Schedule 7	Project Schedule / Project Phases
Schedule 8	Construction Status Report
Schedule 9	[Scheduled Project Phase] Technical Completion Certificate (Obligors)
Schedule 10	[Scheduled Project Phase] Technical Completion Certificate (Technical Advisor)
Schedule 11	Financial Completion Certificate (Obligors)
Schedule 12	Financial Completion Certificate (Banks' Auditor)
Schedule 13	Financial Completion Certificate (Technical Advisor)
Schedule 14	Management Plan
Schedule 15	Disclosure Schedule
Schedule 16	Statement of Use and Source of Funds
Schedule 17	Financial Covenants and Excess Cash
Schedule 18	Certificate of Compliance (Financial Covenants)
Schedule 19	Statement to Report of the Technical Advisor
Schedule 20	Governmental Approvals, Permits and Measures
Schedule 21	Confirmations of Project Manager/Banks' Auditor
Schedule 22	Insurance Provisions
Schedule 23	Cash Equivalent Investments
Schedule 24	Guaranty Decision
Schedule 25	AMD/Dresdner Subsidy Agreement
Schedule 26	SAB/Dresdner Subsidy Agreement
Schedule 27	AMD Inc. Guaranty
Schedule 28	Sponsors' Support Agreement
Schedule 29	Sponsors' Loan Agreement
Schedule 30	Sponsors' Subordination Agreement
Schedule 31	Sponsors' Consent and Agreement
Schedule 32	Sponsors' Guaranty
Schedule 33	AMD Holding Wafer Purchase Agreement
Schedule 34	AMD Holding Research, Design and Development Agreement
Schedule 35	AMD Saxonia Wafer Purchase Agreement
Schedule 36	AMD Saxonia Research, Design and Development Agreement
Schedule 37	Management Service Agreement
Schedule 38	License Agreement
Schedule 39	Design/Build Agreement; Contractors' Consent and Agreement
Schedule 40	Material Equipment Supply/Service Contracts; Consent and Agreement
Schedule 41	AMD Inc. Share Pledge Agreement
Schedule 42	AMD Inc. Subordination Agreement

Schedule 43 AMD Saxonia Land Charge
Schedule 44 AMD Saxonia Security Assignment of Current Assets
Schedule 45 AMD Saxonia Security Assignment of Fixed Assets

4

Schedule 46 AMD Saxonia Assignment of Insurances
Schedule 47 AMD Saxonia Global Assignment
Schedule 48 AMD Saxonia Charge of Project Accounts
Schedule 49 AMD Saxonia Assignment of Contractual Rights
Schedule 50 AMD Saxonia Assignment (U.S.A.)
Schedule 50a AMD Saxonia Hedging Agreement

Schedule 51 AMD Holding Share Pledge Agreement
Schedule 52 AMD Holding Security Assignment of Current Assets
Schedule 53 AMD Holding Global Assignment
Schedule 54 AMD Holding Charge of Bank Accounts
Schedule 55 AMD Holding Assignment of Contractual Rights
Schedule 56 AMD Holding Assignment (U.S.A.)

Schedule 57 Legal Opinion of Bronson, Bronson & McKinnon LLP (Indenture, Credit Agreement)
Schedule 58 Legal Opinion of O'Melveny & Myers LLP
Schedule 59 Legal Opinion of Norr Stiefenhofer & Lutz
Schedule 60 Legal Opinion of Doser Amereller Noack/Baker & McKenzie
Schedule 61 Legal Opinion of Feddersen Laule Scherzberg & Ohle Hansen Ewerwahn

Schedule 62 General Terms and Conditions

5

SYNDICATED LOAN AGREEMENT

between

1. AMD SAXONY MANUFACTURING GMBH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13186,

- hereinafter referred to as "AMD Saxonia" -
- AS BORROWER -
2. DRESDNER BANK AG in Dresden,

- hereinafter also referred to as
"Agent" and "Security Agent", as the case may be -
3. The Banks and financial institutions listed in Schedule 1

- the parties referred to at 2 and 3
hereinafter each referred to as a "Bank" or together as the
"Banks", as the case may be -

- AS LENDERS -.

and

4. DRESDNER BANK LUXEMBOURG S.A.

- hereinafter referred to as "Paying Agent" -

PREAMBLE

1. AMD Saxonia proposes to construct, own and operate a fabrication facility in Dresden for the manufacture of microchip silicon wafers (the "Fabrication Facility") together with an integrated research and development center (the "Design Center") (which together are referred to as the "Project"). AMD Saxonia is a wholly owned subsidiary of AMD Saxony Holding GmbH domiciled in Dresden, registered in the Commercial Register of the Dresden County Court under HRB 13931 ("AMD Holding") whose sole shareholder is Advanced Micro Devices, Inc., a Delaware corporation of One AMD Place, Sunnyvale, California 94088 - 3453 ("AMD Inc.").
2. The projected total investment cost required for implementation of the Project, estimated by AMD Saxonia, AMD Holding and AMD Inc. (together the "AMD Companies") at DM 2,430,000,000, is to be partially financed in an amount of up to DM 1,500,000,000 through the credit facilities made available to AMD Saxonia on and subject to the terms and conditions of this syndicated loan agreement (the "Agreement"). In addition, the Banks have agreed to make available to AMD Saxonia a standby facility in an amount of up to DM 150,000,000 on and subject to the terms and conditions of this Agreement to partially finance potential cost overruns over the projected

3. AMD Inc. will make available to AMD Saxonia, via AMD Holding, equity in the form of ordinary share capital in an aggregate amount of DM 217,500,000 and AMD Inc. and/or AMD Holding will make subordinated loans to or, in the case of AMD Holding, additional equity contributions in cash to the reserves of AMD Saxonia in an aggregate amount of DM 290,000,000. The Free State of Saxony has agreed to provide regional aid for the Project comprising (i) a dedicated purpose investment grant in an aggregate amount of DM 476,687,000 (which together with investment subsidies in an aggregate amount of DM 23,813,000 totals an aggregate amount of DM 500,500,000), and (ii) a dedicated purpose interest subsidy in an amount of DM 300,000,000 which in each case will be paid to AMD Saxonia by Dresdner Bank AG in Dresden, in its capacity as house bank.
4. The Banks have agreed to make available to AMD Saxonia the facilities referred to above on and subject to the following terms and conditions.

IT IS AGREED AS FOLLOWS:

(S)1
DEFINITIONS AND INTERPRETATION

1.1 Definitions of terms not defined above are as follows:

AMD/DRESDNER SUBSIDY AGREEMENT (AMD/DRESDNER ZUSCHUSSVERTRAG):
the agreement between AMD Saxonia and Dresdner Bank AG in its capacity as house bank to AMD Saxonia, in the form set out in Schedule 25.

AMD HOLDING WAFER PURCHASE AGREEMENT:
the agreement between AMD Holding and AMD Inc., in the form set out in Schedule 33.

AMD K6 MICROPROCESSOR:
the Microsoft Windows compatible general purpose microprocessor under development by AMD Inc. to compete with Intel Corporation's Pentium Pro microprocessor.

AMD SAXONIA WAFER PURCHASE AGREEMENT:
the agreement between AMD Saxonia and AMD Holding, in the form set out in Schedule 35.

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

BANKS' AUDITOR (WIRTSCHAFTSPRUFER DER BANKEN):
BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft or such other firm of auditors charged with duties relating to the Project as may be appointed by the Banks with the consent of AMD Saxonia, such consent not to be unreasonably withheld.

7

BANKING DAY (BANKARBEITSTAG):
any day on which banks are generally open for business in London, Frankfurt am Main and Dresden and, to the extent that the same concerns the duties of the Paying Agent under this Agreement, Luxembourg.

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

COMPLETION (FERTIGSTELLUNG):
the date on which the initial satisfaction of all conditions set forth in the Technical Completion Certificate (Obligors), the Technical Completion Certificate (Technical Advisor), the Financial Completion Certificate (Obligors), the Financial Completion Certificate (Banks' Auditor) and the Financial Completion Certificate (Technical Advisor) set out in Schedules 9, 10, 11, 12 and 13 is confirmed to the Agent by

the submission of properly executed originals of such Certificates.

COST OVERRUN (PLANKOSTENUBERSCHREITUNG):

at any time, the difference at such time between Capital Expenditure estimated in the initial Project Budget pursuant to Schedule 6 and, if

more, the actual Capital Expenditure incurred, in each case calculated on a cumulative basis.

COSTS to Complete (FERTIGSTELLUNGSKOSTEN):

as defined in (S)21.2 (xxii).

DISCLOSURE SCHEDULE:

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

DRAWDOWN NOTICE (AUSZAHLUNGSVERLANGEN):

a Drawdown Notice in the form of the specimen set out in Schedule 3.

DRAWDOWN SCHEDULE (AUSZAHLUNGSPLAN):

the drawdown schedule set out in Schedule 2, as the same may be revised

in accordance with the Project Budget.

EQUIPMENT SUPPLY CONTRACT (LIEFERVERTRAG):

each agreement (also in the form of an order) between AMD Saxonia and suppliers (including AMD Inc. or one of its affiliates) relating to the acquisition by, and delivery to, AMD Saxonia of fixed or tangible current assets for the Project.

EVENT OF DEFAULT (KUNDIGUNGSGRUND):

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

EXCESS CASH (UBERSCHUSSLIQUIDITAT):

as defined in (S)2 of Schedule 17.

FACILITIES (KREDITE):

as defined in (S)2.1.

8

GUARANTORS (BURGEN):

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

GUARANTY DECISION (BURGSCHAFTSENTSCHEIDUNG):

the decision dated 2 July 1996 set out in Schedule 24 concerning the

guaranty application made by AMD Saxonia, including the following documents as referred to therein:

- (i) the specimen credit agreement F 13.09.1990 (1993 Edition)
Federal/State or THA
- (ii) the General Terms and Conditions applicable to the assumption of Guaranties by the Federal Republic of Germany and the States of the Accession Territory (States) in the edition dated F 04.01.1993
Federal/State, together with
- (iii) Notes relating to applications for guaranties and loans of the Treuhandanstalt Berlin and/or Federal and State guaranties for projects in the Accession Territory in the edition dated 1993 F 12.10.1990.

65/35 GUARANTY (65/35 BURGSCHAFT):

the several maximum amount shortfall guaranties issued by each of the Free State of Saxony (26%) and the Federal Republic of Germany (39%) in accordance with the Guaranty Decision up to a maximum aggregate amount of 65 % of the Facilities (in aggregate DM 1,072,500,000), together with the shortfall of interest and costs, vested with a first right of satisfaction in favour of the Banks over all security granted by the AMD Companies as security for the Banks' risk of recovery.

INSURANCE ADVISOR (VERSICHERUNGSBERATER):

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

INTEREST PERIOD (ZINSPERIODE):

the interest periods to be designated for individual advances, in each

case in accordance with (S) 6.1 to 6.4.

LENDING OFFICE (KREDITAUSREICHENDE GESCHAFTSSTELLE):

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

Agreement.

LIBOR-RATE (LIBOR-SATZ):

the LIBOR-rate so defined in (S)6.1.1.

MANAGEMENT PLAN:

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

MATERIAL SERVICE CONTRACT (WESENTLICHER LEISTUNGSVERTRAG):

each Service Contract

(i) pursuant to which AMD Saxonia incurs obligations in aggregate in excess of DM 2,500,000 during the term of the contract, or

9

(ii) which has an initial term in excess of 12 months, or which has an indefinite term, and in either case cannot be terminated by AMD Saxonia on less than 12 months' notice; or

(iii) which is listed in Part I of Schedule 40.

MATERIAL EQUIPMENT SUPPLY CONTRACT (WESENTLICHER LIEFERVERTRAG):

is each Equipment Supply Contract:

(i) pursuant to which AMD Saxonia incurs obligations in aggregate in excess of DM 3,750,000, or

(ii) which has an initial term in excess of 12 months, or which has an indefinite term, and in either case cannot be terminated by AMD Saxonia on less than 12 months' notice; or

(iii) which is listed in Part I of Schedule 40.

OPERATIVE DOCUMENTS (TRANSAKTIONSDOKUMENTE):

each of the following:

(i) the Project Agreements;

(ii) this Agreement, the Sponsors' Support Agreement, the Sponsors' Loan Agreement in the form set out in Schedule 29, the Security

Documents, the Sponsors' Consent and Agreement in the form set out in Schedule 31, the AMD Saxonia Hedging Agreement in the form set

out in Schedule 50a, the AMD/Dresdner Subsidy Agreement, the SAB/Dresdner Subsidy Agreement and the Sale and Settlement Agreement between AMD Saxonia and the City of Dresden dated 11 June 1996, together with amendments dated 25 October 1996 and 28 February 1997;

(iii) the Credit Agreement dated as of 19 July 1996 between, inter alia, AMD Inc. and the Bank of America National Trust and Savings Association, the AMD Inc. Senior Secured Note Indenture dated as of 1 August 1996 between AMD Inc. and United States Trust Company of New York, as trustee, the Management Plan, the Project Budget, the Project Schedule, the Plans and Specifications, the Information Memorandum of AMD Saxonia of September 1996, the [Scheduled Project Phase] Technical Completion Certificates (Obligors), the [Scheduled Project Phase] Technical Completion Certificates (Technical Advisor), the Financial Completion Certificate (Obligors), the Financial Completion Certificate (Banks' Auditor), and the Financial Completion Certificate (Technical Advisor) in the form set out in Schedules 9, 10, 11, 12 and 13, the Statement of the Use

and Source of Funds, in the form set out in the Schedule 16, the agreements entered into with the Project Manager relating to its appointment as Project Manager and each Consent and Agreement required pursuant to the agreements referred to in this definition in the form set out in Part II of Schedule 40, Annex 3 to Schedule

49, Annex 3 to Schedule 55 or in such other form to which the Agent

has consented and

(iv) all other Operative Documents within the meaning of the Sponsors' Support Agreement and each other instrument or document designated

Agreement or the Sponsors' Support Agreement.

PLANS AND SPECIFICATIONS (PLANE UND SPEZIFIKATIONEN):

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

PROJECT ACCOUNTS (PROJEKTKONTEN):

as defined in (S)19.1.

PROJECT AGREEMENTS (PROJEKTVERTRAGE):

the AMD Saxonia Wafer Purchase Agreement, the AMD Holding Wafer Purchase Agreement, the AMD Saxonia Research, Design and Development Agreement, in the form set out in Schedule 36, the AMD Holding Research, Design and

Development Agreement, in the form set out in Schedule 34, the

Management Service Agreement, in the form set out in Schedule 37, the

License Agreement, in the form set out in Schedule 38, the Design/Build

Agreement, in the form set out in Schedule 39, the Equipment Supply

Contracts, the Service Contracts, the AMD Inc. Guaranty, in the form set out in Schedule 27 and each other instrument or document designated by

the Agent (with the consent of AMD Saxonia) as a Project Agreement for the purposes of this Agreement.

PROJECT BUDGET (PROJEKTBUDGET):

the budget set out in Schedule 6, including such amendments thereto made

with the consent of the Agent in accordance with (S)18.2 of this Agreement.

PROJECT COSTS (PROJEKTKOSTEN):

all Capital Expenditure and other costs of the kind referred to in the Project Budget which are incurred by AMD Saxonia in connection with the Project up to Completion.

PROJECT MANAGER (PROJEKTMANAGER):

Hanscomb GmbH, or such other project manager as may be appointed by AMD Saxonia on terms approved by the Agent, which approval shall not be unreasonably withheld.

PROJECT PHASE (PROJEKTABSCHNITT):

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

PROJECT SCHEDULE (PROJEKTZEITPLAN):

the timetable in the form set out in Schedule 7, including amendments

thereto made with the consent of the Agent in accordance with (S)18.2 of this Agreement.

REFERENCE RATE (BASISSATZ):

the reference rate so defined in (S)6.1.1.

REFERENCE BANKS (REFERENZBANKEN):

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

SAB/DRESDNER SUBSIDY AGREEMENT (SAB/DRESDNER ZUWENDUNGSVERTRAG):

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

SECURITY DOCUMENTS (SICHERHEITENVERTRAGE):

the agreements and other documents referred to in (S)8.1.

SERVICE CONTRACT (LEISTUNGSVERTRAG):

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

SPONSORS (SPONSOREN):

together, AMD Inc. and AMD Holding.

SPONSORS' SUPPORT AGREEMENT:

the agreement entered into between AMD Inc., AMD Holding, the Agent and the Security Agent entitled "Sponsors' Support Agreement", in the form set out in Schedule 28.

SUBSIDY AGREEMENT (ZUSCHUSSVERTRAG/ZUWENDUNGSVERTRAG):

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

TECHNICAL ADVISOR (TECHNISCHER BERATER):

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

US GAAP:

the generally accepted accounting principles as set forth from time to time in the opinions and pronouncements of the United States Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

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

12

(S)2
FACILITIES

- 2.1 The Banks hereby agree to make available to AMD Saxonia the following facilities:

2.1.1 FACILITY A

A long term investment loan in an amount of up to DM 1,500,000,000 (in words: one billion five hundred million Deutsche Marks). The loan will be made available by each of the Banks in an amount corresponding to its commitment as set out in Schedule 1.

2.1.2 FACILITY B

A long term standby loan in an amount of up to DM 150,000,000 (in words: one hundred and fifty million Deutsche Marks). The loan will be made available by each of the Banks in an amount corresponding to its commitment as set out in Schedule 1.

Facility A and facility B are also referred to together as the "Facilities".

- 2.2 Each Bank shall make available its respective commitment under the Facilities pursuant to (S)2.1 and Schedule 1, separately and

independently from each other Bank, through its Lending Office. AMD Saxonia may draw the Facilities from all the Banks only in the proportion of their respective commitments in accordance with (S)2.1 and Schedule 1. No Bank shall be liable to provide or make available any

advance in respect of amounts to be provided or made available by the other Banks; any joint and several liability of the Banks is hereby excluded. The Paying Agent shall be obliged to distribute to AMD Saxonia the advances to be made by the other Banks only to the extent that the

Paying Agent has in fact received payment of such advances. Each Bank shall have a claim against AMD Saxonia in the amount of advances made by such Bank, secured pro rata by the security to be granted in accordance with the terms and conditions of this Agreement.

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

(S)3
PURPOSE

- 3.1 Facility A shall be used only for the purpose of the partial financing of the Project Costs in accordance with the Project Budget approved by the Banks prior to execution of this Agreement and thereafter in accordance with any revised Project Budget prepared in accordance with (S)18. Utilisation of Facility A to finance Project Costs which are not Capital Expenditure is permitted only up to a maximum amount of DM 100,000,000 and only in respect of costs incurred before 1 January 1999. Subject to the conditions referred to in (S)4.1.3., Facility A may also be utilised for the repayment of Facility B.
- 3.2 The use and source of funds in respect of each Project Phase shall be evidenced by furnishing to the Agent a statement of the use and source of funds, in the form set out in Schedule 16, certified by the Auditor

and the Project Manager, such statement to be delivered simultaneously with the Scheduled Project Phase Technical Completion

13

Certificates pursuant to Schedules 9 and 10 for the relevant Project

Phase and in any event promptly after the expiry of each calendar quarter, save as may, in individual cases, be otherwise agreed with the Agent.

- 3.3 Facility B shall be used on and subject to the terms set out in (S)4.1.2 only for the purpose of the partial financing of Cost Overruns which do not exceed in aggregate an amount of DM 225,000,000. Cost Overruns up to the aforesaid amount may be financed in an amount of up to two thirds thereof from drawings under Facility B on the terms and conditions referred to below.

(S)4
UTILISATION OF THE FACILITIES

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

4.1.1 FACILITY A

Advances shall be made up to the cumulative limit in each Project Phase set out in the Drawdown Schedule in accordance with the Project Schedule. Advances shall be in minimum amounts of DM 15,000,000 and in integral multiples of DM 5,000,000 or in an equal amount to the undrawn portion of Facility A available for the relevant Project Phase. No more than one advance may be made in any calendar month,

Drawdowns are permitted only in the amount of Project Costs which have been incurred during a Project Phase, as the same are documented by invoices and other supporting evidence to be furnished together with the Drawdown Notice, as required below.

Drawdown Notices, and the confirmation contained therein from AMD Saxonia in the form set out in Schedule 3, shall be furnished to the

Agent and the Paying Agent at the same time. The following documents shall be furnished to the Agent together with relevant Drawdown Notice:

- (i) written confirmation of the Managing Directors (Geschäftsführung) of AMD Saxonia and an authorised representative of AMD Inc. that the conditions precedent referred to in (S)5.2.2 to 5.2.4 with respect to it have been satisfied at the time of the Drawdown

Notice;

- (ii) unless the Agent has waived the same, copies of invoices and a description in reasonable detail of the deliveries and services performed in respect of amounts which are at least equal to the amount proposed to be drawn. Project Costs which are not Capital Expenditure may be supported by evidence other than invoices, in such form as is reasonably satisfactory to the Agent;
- (iii) written confirmation of (a) the Project Manager that the deliveries and services referred to in the evidence furnished pursuant to (ii) are in accordance with the Project Budget, have been performed in all material respects in accordance with the contractual obligations to which they relate and (b) written

14

confirmation of the Auditor that the amounts invoiced are, or were, to the extent already paid, due and any contractually agreed retentions and other deductions, such as discounts, have been deducted in each case, in the form set out in Schedule 21.

Amounts drawn and subsequently repaid may not be reborrowed.

4.1.2 FACILITY B -----

Utilisations of Facility B are permitted only to the extent that Facility A has been fully drawn for the relevant Project Phase in accordance with (S)4.1.1 and the Sponsors have complied in full with their then obligations with respect to such Cost Overruns in accordance with Section 4.1 of the Sponsors' Support Agreement. Advances may be made up to the relevant cumulative maximum amount for the relevant Project Phase in accordance with the Drawdown Schedule. Advances shall be in minimum amounts of DM 2,500,000 and in integral multiples of DM 500,000 or in an amount equal to the undrawn portion of the amount of Facility B available for the relevant Project Phase.

Drawdowns are permitted only in the amount of Capital Expenditure which has been incurred during a Project Phase, as the same is documented by invoices and the other supporting evidence set out below to be furnished together with the Drawdown Notice.

Drawdown Notices and the confirmation contained therein from AMD Saxonia in the form set out in Schedule 3 shall be furnished to the Paying Agent

and the Agent at the same time. The following documents shall be furnished to the Agent together with the relevant Drawdown Notice:

- (i) written confirmation of the Managing Directors (Geschäftsführung) of AMD Saxonia and an authorised representative of AMD Inc. that the conditions precedent referred to in (S)5.2.2 to 5.2.4 with respect to it and the first paragraph of this (S) 4.1.2 have been satisfied at the time of the Drawdown Notice;
- (ii) unless the Agent has waived the same, copies of invoices and a description in reasonable detail of the deliveries and services performed in respect of amounts which are at least equal to the amount proposed to be drawn;
- (iii) written confirmation of (a) the Project Manager that the deliveries and services referred to in the evidence furnished pursuant to (ii) have been performed in all material respects in accordance with the contractual obligations to which they relate and (b) the Auditor that the amounts invoiced are, or were, to the extent already paid, due and any contractually agreed retentions and other deductions, such as discounts, have been deducted and that all amounts relate to Cost Overruns for the amount in question, in each case, in the form set out in Schedule 21;

Amounts drawn may be reborrowed only to the extent that such amounts have been repaid in accordance with (S)4.1.3.

4.1.3 To the extent that at the end of any Project Phase the maximum amount available under Facility A for such Project Phase has not been fully drawn, AMD Saxonia shall be obliged to utilise the entire amount of the difference for repayment of Facility B. In such case, AMD Saxonia shall deliver to the Paying Agent, with a copy to the Agent, at the

15

latest on the tenth Banking Day after the end of the relevant Project Phase, a Drawdown Notice for the relevant amount of Facility A pursuant

to (S)4.1.1, and in conjunction with (S)6.2 (but without the documents referred to in (S)4.1.1 (i) to (iii)).

A drawing under Facility A and a repayment of Facility B shall be effected by netting with value at the latest on the fifth Banking Day after receipt of the Drawdown Notice by the Paying Agent and the Agent. Amounts so repaid may be reborrowed under Facility B. If a written Drawdown Notice is not received by the Paying Agent before the tenth Banking Day referred to above, the Agent shall be authorised to effect such repayment on the conditions applicable to the advance under Facility A last drawn.

- 4.2 Drawings of the Facilities are not permitted after whichever is the earlier of Completion and 29 June 2001.
- 4.3 Drawings under the Facilities shall be permitted only to the extent that the making of an advance would not result in the total amount advanced by the Banks exceeding by more than three times the total amount paid up on the ordinary share capital of AMD Saxonia and the total amount of subordinated loans advanced and/or cash contributions made to the reserves and not repaid in accordance with Section 4.4 or Section 6.3 second sentence of the Sponsors' Support Agreement and used for Project Costs.
- 4.4 Advances under the Facilities will be made available to AMD Saxonia by the Paying Agent crediting AMD Saxonia's [*] with the Agent.
- 4.5 The Banks shall be entitled to reject Drawdown Notices from AMD Saxonia if and to the extent that AMD Saxonia has assigned or charged its claims under this Agreement to any third party or if such claims have been subject to an attachment order without the consent of the Banks or if AMD Saxonia is in default in the payment of any amount due or is in breach of a material obligation, under this Agreement.

(S)5
CONDITIONS TO DRAWING

- 5.1 Initial utilisation of the Facilities is subject to the satisfaction of the conditions set out in (S)4 and all the following conditions (including those set out in (S)5.2) at the date of the Drawdown Notice and written confirmation from the Agent and/or the Paying Agent that it has received a duly completed Drawdown Notice and confirmation from the Agent that it has received the documents referred to in (S)5.1.1 to 5.1.16.
- 5.1.1 Written confirmation of the Chief Financial Officer of AMD Inc. that [*].
- 5.1.2 Written confirmation from AMD Saxonia and AMD Inc. that as at the date of the initial Drawdown Notice all governmental approvals, consents and measures which are necessary for the implementation and ongoing operation of the Project in accordance with the Plans and Specifications and the Operative Documents are available, or have been taken, as the case may be, which, according to the progress of the Project are

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

16

appropriate and there is no reason to believe that the same will be revoked, restricted or made subject to conditions or that governmental approvals, consents and measures necessary at a later stage of the Project will not be obtained or taken in a timely fashion. Schedule 20

contains a list of all material approvals, consents and measures within the meaning referred to above. To the extent applicable as aforesaid and if any Bank should so require, AMD Saxonia shall furnish the Agent with certified copies of all relevant documents required for the performance of the Operative Documents, and of the governmental approvals, consents and measures necessary for the operation of the Fabrication Facility and the Design Center.

- 5.1.3 Confirmation from AMD Inc. that as at the date of the initial Drawdown Notice all consents or approvals necessary from third party creditors in relation to the indebtedness or contingent liabilities of AMD Inc. and in relation to the execution, delivery and performance by each of the AMD Companies of their existing obligations and the subject matter of the Operative Documents have been obtained.
- 5.1.4 Receipt of an extract from the Land Register confirming that AMD Saxonia has been registered in the Register as the owner of parcels referred to as nos. Folio 764 parcels nos. 121/2, 154/2, 122, 123, 124, 126, 125/2, 127, 128/2, 129, 129/1, 129/2, 129/3, 130, 131, 132, 133/1, 134, 135,

136, 137, 138, 139, 140, 141, 142, 143, 143a, 144, 145, 146, 147, 148, 149, 151/2, 152, 153, 154/2, 155, 156, 157, 158, 159, 160/1, 160/2, 161, 162, 522/1, 547, 558/2, 558/3, 639, 694, 694/1, 695/2 und Folio 851 parcels no. 150/2 in the County Court of Dresden von Wilschdorf and that the land charge to be granted in accordance with (S)8.1.6 has been registered and that there are no prior registered charges.

- 5.1.5 All fees to be borne by AMD Saxonia pursuant to this Agreement and the other Operative Documents, to which the Agent, the Security Agent, the Paying Agent or the Banks are party, and other payments relating to costs incurred pursuant to (S)25.1 which are due have been paid.
- 5.1.6 The Agent has received the following duly executed legally binding documents whose effectiveness is not conditional (save solely in respect of any condition relating to this Agreement):
- (i) all Security Documents pursuant to (S)8 with the exception of such Consents and Agreements required in accordance with this Agreement and the Security Documents set out in Schedules 49 and 55 which are ----- --
to be furnished together with the relevant contracts when the same are entered into
 - (ii) Sponsors' Support Agreement, in the form set out in Schedule 28 -----
 - (iii) AMD Saxonia Wafer Purchase Agreement, in the form set out in Schedule 35. -----
 - (iv) AMD Holding Wafer Purchase Agreement, in the form set out in Schedule 33. -----
 - (v) AMD Saxonia Research, Design and Development Agreement, in the form set out in Schedule 36. -----
 - (vi) AMD Holding Research, Design and Development Agreement, in the form set out in Schedule 34. -----
 - (vii) Management Service Agreement, in the form set out in Schedule 37. -----
- 17
- (viii) License Agreement in the form set out in Schedule 38. -----
 - (ix) Sponsors' Loan Agreement, in the form set out in Schedule 29. -----
 - (x) Sponsors' Consent and Agreement, in the form set out in Schedule 31. -----
 - (xi) Design/Build Agreement including Contractor's Consent and Agreement, in the form set out in Schedule 39. -----
 - (xii) Material Equipment Supply Contracts and Material Service Contracts (to the extent executed as at the date of the initial Drawdown Notice), including relevant Consents and Agreements in the form set out in Schedule 40, Annex 3 of Schedule 49 or in such other form to -----
the Agent has consented to, as well as all other Consents and Agreements required in accordance with the Security Documents in the form set out in Schedules 49 and 55. ----- --
 - (xiii) AMD/Dresdner Subsidy Agreement (Zuschussvertrag).
 - (xiv) SAB/Dresdner Subsidy Agreement (Zuwendungsvertrag).
 - (xv) AMD Saxonia Hedging Agreement in the form set out in Schedule 50a. -----
 - (xvi) Letter from the European Commission confirming its non-objection to the interest subsidies to be paid under the Subsidy Agreements.
 - (xvii) Sale and Settlement Agreement between AMD Saxonia and the City of Dresden dated 11 June 1996, together with amendments dated 25 October 1996 and 28 February 1997.

5.1.7 The Agent has received from AMD Saxonia, AMD Holding and AMD Inc. respectively, confirmation that, as at the date of relevant Drawdown Notice, subject to any disclosure to the contrary in the Disclosure Schedule set out in Schedule 15, (i) its representations and warranties

in the Operative Documents are true and accurate in all material respects as at such date; (ii) none of the events referred to in (S)21 has occurred and is continuing, (iii) each of the Operative Documents to which it is a party is legally binding on it and in full force and effect and (iv) there has been no breach by AMD Saxonia of such Operative Documents.

5.1.8 The Agent has been furnished with the following documents:

(i) Documents relating to AMD INC.

- (a) a certificate of incorporation of AMD Inc. together with any amendments thereto duly certified by the Secretary of State of the State of Delaware, USA;
- (b) a certificate of the Secretary of State of the State Delaware, USA, referring to the certificate of incorporation of AMD Inc. and any amendments and confirming that the same are the only charter documents furnished to the Secretary of State concerning AMD Inc., that AMD Inc. is incorporated in the State of Delaware, USA, and is in good standing and at the date of the certificate all franchise taxes due up to that date have been paid;
- (c) a certificate signed by the Secretary of State of the State of California, USA,

18

in customary form, confirming that under Californian law, AMD Inc. satisfies all the conditions for intra-state business and as at the date of the confirmation is entitled to engage in intra-state business, subject to any required permits of the State of California otherwise required;

- (d) a duly signed confirmation of the Recorder of Deeds of New Castle County, Delaware, USA, in customary form, confirming that a certified copy of the certificate of incorporation of AMD Inc. together with all amendments referred to in the certificate delivered pursuant to (S)5.1.8 (b), has been furnished to his office;
- (e) a duly signed confirmation of the Secretary of the Franchise Tax Board of the State of California, USA, in customary form, confirming that AMD Inc. is in good standing, has no unpaid tax obligations known to the Franchise Tax Board and is entitled to carry on business in the State of California; the provision of such confirmation shall not, however, be necessary to the extent that such confirmation cannot be provided for the reasons disclosed in the Disclosure Schedule, provided the decisions concerning the tax assessments have been challenged bona fide in appropriate proceedings and provision has been made therefor in accordance with US GAAP.

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

(ii) Documents relating to AMD HOLDING

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

(iii) Documents relating to AMD SAXONIA

- (a) certified copy of the Commercial Registry extract and the articles of incorporation of AMD Saxonia in the form certified by the County Court; the date of the Commercial Registry extract shall not be

more than one month prior to the date of the initial Drawdown Notice;

- (b) written confirmation of the Managing Directors (Geschäftsführung) of AMD Saxonia that the documents referred to in (a) are true and accurate in all respects as they relate to the actual facts.
- (c) audited financial statements of AMD Saxonia including notes to the statements and a management report, together with an unqualified report by the Auditors for the year ended 31 December 1996.

19

5.1.9 The Agent has received from AMD Inc. confirmation in the form of Schedule 3, dated as of the date of the initial Drawdown Notice, stating

that there is attached (i) a written resolution of its Board of Directors authorising execution of the Operative Documents and (ii) a copy of its by-laws in effect at the date of the initial Drawdown Notice and (iii) a list of its agents and officers who have signed the Operative Documents and the documents relating thereto as authorised signatories.

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

5.1.11 The Agent has received the following legal opinions:

(i) legal opinion (including an Exhibit A thereto in a form satisfactory to the Agent) of Bronson, Bronson & McKinnon LLP, counsel to AMD Inc., in the form set out in Schedule 57, relating

to the Senior Secured Note Indenture dated 1 August 1996 and the Credit Agreement dated 19 July 1996 each as referred to in (S)15.1.13, dated not more than 21 calendar after the date hereof;

(ii) legal opinion of O'Melveny & Myers LLP, counsel to the AMD Companies, of even date herewith, in the form set out in Schedule 58, together with confirmation in accordance with

Schedule 58 from O'Melveny & Myers LLP that the statements referred

to in the legal opinion continue to be true and accurate as at a date not more than ten calendar days prior to the date of the initial Drawdown Notice;

(iii) legal opinion of Norr, Stiefenhofer & Lutz, counsel to the AMD Companies including an opinion relating to the completeness of the schedule of required governmental approvals, permits and measures (Schedule 20) as well as relating to the status of such required

approvals, permits and measures in accordance with the progress of the Project, in a form updated from that set out in Schedule 59

satisfactory to the Banks dated not more than ten calendar days prior to the date of the initial Drawdown Notice; and

(iv) legal opinion of Doser Amereller Noack / Baker & McKenzie, counsel to the Agent and the Banks of even date herewith, in the form set out in Schedule 60, together with confirmation from Doser Amereller

Noack/Baker & McKenzie that the statements referred to in the legal opinion continue to be true and accurate as at a date not more than ten calendar days prior to the date of the initial Drawdown Notice;

(v) legal opinions of Feddersen Laule Scherzberg & Ohle Hansen Ewerwahn, counsel to the Agent and the Banks of even date herewith in the form set out in Schedule 61, together with confirmation from

Feddersen Laule Scherzberg & Ohle Hansen Ewerwahn that the statements referred to in the legal opinion continue to be true and accurate as at a date not more than ten calendar days prior to the date of the initial Drawdown Notice.

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

20

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- 5.1.13 The Agent has received confirmations from AMD Saxonia's Insurance Brokers in the form of Annexes I and II of Schedule 22 as well as

confirmation from the Insurance Advisor in form and substance satisfactory to the Agent evidencing, in particular, that AMD Saxonia has taken out insurances in the scope required pursuant to (S)17.8 and Schedule 22.

- 5.1.14 AMD Saxonia has registered its stated capital of at least DM 217,500,00 in the Commercial Register of which an amount of at least DM 108,750,000 has been paid up, at the latest on the date of the initial Drawdown Notice and that a sum in this amount has been credited to a Project Account in accordance with (S)19.
- 5.1.15 The Agent has received the Plans and Specifications in substance satisfactory to the Technical Advisor.
- 5.1.16 The conditions to initial drawing referred to in the AMD/Dresdner Subsidy Agreement and the SAB/Dresdner Subsidy Agreement relating to the payment of grants and subsidies have been satisfied.
- 5.2 Each of the following conditions must be satisfied on each drawing (including the first) of the Facilities:
- 5.2.1 the Agent and the Paying Agent have received a Drawdown Notice and the Agent has received the documents to be submitted simultaneously with such notice pursuant to (S)4.1. Each Drawdown Notice shall in particular contain confirmation that the conditions referred to in (S)5.2.2 to (S)5.2.4 below are true and accurate;
- 5.2.2 the representations and warranties given by each of the AMD Companies in each of the Operative Documents are true and accurate in all material respects as at the date of the Drawdown Notice and will be true and accurate as at the date of drawing, save to the extent that their content relates solely to an earlier date;
- 5.2.3 as at the date of the Drawdown Notice and as at the date of drawing, none of the events referred to in (S)21 which would entitle the Banks to terminate this Agreement has occurred;
- 5.2.4 as at the date of the Drawdown Notice and as at the date of drawing no event which has a "Material Adverse Effect" within the meaning of the Sponsors' Support Agreement has occurred;
- 5.2.5 the Agent has received a certified copy of each Material Equipment Supply Contract and each Material Service Contract entered into by such date, together with the written Consent and Agreements of the other contracting party relating to the transfer of the relevant contracts in the form set out in Part II of Schedule 40 or in such other form to

which the Agent shall have consented together with all Consents and Agreements required pursuant to the Security Documents set out in Schedule 49 and 55 which have not already been obtained;
----- --
- 5.2.6 the Agent has received evidence reasonably requested by it that all the governmental approvals, permits and measures necessary according to the progress of the Project have been granted and, or taken, in accordance with Part B of Schedule 20 as well as, at the beginning of each Project

Phase, a legal opinion acceptable to it from Norr, Stiefenhofer
- 21
- & Lutz relating to the completeness and the legal validity of such approvals, permits and measures;
- 5.2.7 the Agent has received at the beginning of each then current Project Phase confirmation in the form of the Scheduled Project Phase Technical Completion Certificates in accordance with Schedules 9 and 10 stating
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that the relevant preceding Project Phase has been completed;
- 5.2.8 the Agent has received at the end of each calendar year confirmations from AMD Saxonia's Insurance Brokers in the form of Annexes I and II of Schedule 22 as well as confirmation of the Insurance Advisor pursuant to

(S)5.1.13;
- 5.2.9 the Agent has received all evidence reasonably requested by it relating to compliance with or the enforceability of AMD Saxonia's obligations under this Agreement and the Security Documents.

(S) 6
INTEREST, COMMITMENT FEE, PAYMENTS

6.1 AMD Saxonia may elect, by a notification in a Drawdown Notice and/or an interest rate notice, whether a variable rate, a fixed rate or a combination of variable and fixed rates should apply to drawings under Facility A. Subject to the provisions of (S)10.1, Facility B may only be drawn on the basis of a variable rate.

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

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

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

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

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

22

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

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

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

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

<TABLE> <CAPTION> RATING	UTILISATION PERCENTAGE	MARGIN
less than "investment grade (Baa3)" or no rating	70% or more	1.00% per annum;
less than "investment grade (Baa3)" or no rating	at least 50% but less than 70%	0.90% per annum;
less than "investment grade (Baa3)" or no rating	less than 50%	0.75% per annum;

"investment grade (Baa3) or better"	70% or more	0.75% per annum;
"investment grade (Baa3) or better"	at least 50% but less than 70%	0.70% per annum; and
"investment grade (Baa3) or better"	less than 50%	0.55% per annum.

</TABLE>

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

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

- 6.2 In respect of a variable interest rate, the Interest Periods shall be 1, 3, 6 or 12 months (to the extent available). The Interest Periods in respect of fixed interest rates shall not exceed 5 and shall not be less than 2 years and must always be in integral multiples of one year.

23

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

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

Interest Period, the relevant advance shall be for an Interest Period of the same duration as the previous Interest Period and bear interest on the same interest rate basis applicable to such Period.

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

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

- 6.6 Interest shall be paid on the last day of an interest period. In the case of an Interest Period for a variable rate advance of more than 3 months interest shall be due and payable at the end of every 3 months. In the case of a fixed rate advance, interest shall be paid on the last day of each calendar quarter or, if such day is not a Banking Day, on the next succeeding Banking Day.

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

the overdue interest amounts. Should there be no such rate following introduction of the single currency, the Banks shall determine the applicable rate in accordance with (S)315 BGB.

- 6.8 AMD Saxonia agrees to pay to the Paying Agent for the account of each Bank as from the date of execution of this Agreement until the end of the availability period pursuant to (S)4.2 a commitment fee at the rate of 0,2 % per annum on such Bank's commitment of

24

the unused portion of the Facilities calculated on the basis of the actual days elapsed and on the basis of a 360 day year. The commitment fee shall be calculated on a quarterly basis and shall be payable at the end of each calendar quarter for that quarter.

- 6.9 All payments by AMD Saxonia pursuant to this Agreement shall be made to the Paying Agent's Account No. 0809580200 with the Agent or such other account as the Paying Agent shall designate. Payments made otherwise than in accordance with this provision shall not constitute good discharge in favour of AMD Saxonia.
- 6.10 AMD Saxonia shall not be entitled to assert any rights of set off or retention against the claims of the Banks for payment hereunder.

(S)7
TERM AND REPAYMENT

- 7.1 The Facilities shall be for a term expiring on 31 December 2006.
- 7.2 The Facilities shall be amortized, commencing on whichever date is the earlier of:
- (i) the last Banking Day of the sixth full calendar month after Completion; and
 - (ii) 30 June 2001,

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

INSTALLMENTS	PERCENTAGE OF THE AGGREGATE PRINCIPAL AMOUNT OF THE FACILITIES OUTSTANDING AT THE END OF THE AVAILABILITY PERIOD PURSUANT TO (S)4.2
first and second installment	6.50% each
third and fourth installment	12.25% each
fifth and sixth installment	13.25% each
seventh and eighth installment	9.75% each
ninth and tenth installment	4.75% each
eleventh and twelfth installment	3.50% each

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

- 7.3 AMD Saxonia is entitled to prepay the outstanding amount of the Facilities, in whole or in part, but not in an amount of less than DM 10,000,000 or, if higher, an integral multiple of DM 5,000,000 or the total amount outstanding provided that it shall have notified the Paying Agent (with a copy to the Agent) at least five Banking Days in advance by notice in writing, substantially in the form of Schedule 5. Each
- repayment shall include accrued interest up to the date of repayment and shall be made (prior to any

25

consolidation pursuant to (S)6.3) pro rata as between Facility A and Facility B and as between advances drawn.

- 7.4 AMD Saxonia shall, commencing in the financial year ending in 2001 or, if earlier, the financial year in which Completion occurs, in each case within thirty days after finalisation of the report and accounts and, at the latest, by 31 March (or, if not a Banking Day, by the immediately succeeding Banking Day) of each year, make a mandatory prepayment of the outstanding amount of the Facilities up to an amount of DM 50,000,000

for each financial year from the aggregate Excess Cash in respect of such financial year. To the extent that, in respect of a LIBOR-Rate advance, an Interest Period does not expire on 31 March, the amounts in question will be credited to an account pursuant to (S)19 and will be used to repay the relevant advance at the end of the shortest existing Interest Period or at the next interest payment date. Until repayment amounts so standing to the credit of the Project Accounts shall bear interest at such rate of interest as is available, as determined by AMD Saxonia, or be invested pursuant to (S)19.3.

- 7.5 Prepayments shall be applied to payments pursuant to (S)7.2 in inverse order of maturity. In the event that the Banks incur a loss arising from a repayment (save for a repayment at the end of an Interest Period) by virtue of the fact that the reinvestment of any advances repaid by AMD Saxonia is only possible at interest rates lower than those agreed with AMD Saxonia, AMD Saxonia shall indemnify the Banks in respect of reinvestment losses so incurred as a result of prepayment. In such circumstances, the Banks shall be entitled to make a claim for the reinvestment loss which is equal to the difference between the rate of interest which would have been payable by AMD Saxonia for the relevant remaining term of the Interest Period on the basis of the applicable rates and the rate available to the Banks for such period as the reinvestment rate. For this purpose, the reinvestment rate for the remaining term and/or the remaining term of the Interest Period is capital market rate corresponding to the offered rate for German Pfandbriefe/Kommunalobligationen (Inhaberschuldverschreibungen) of an equivalent maturity in the interbank market, determined in accordance with (S)6.1. The difference in interest rates shall be discounted to net present value at a discount rate equivalent to the reinvestment rate. The Banks shall be entitled to make a claim for any loss incurred by them which is higher. AMD Saxonia shall have the right to prove that damages have not been incurred or not in the amount claimed. All notices in relation to a prepayment shall be irrevocable.

(S)8
SECURITY

- 8.1 The Facilities are secured by the 65/35 Guaranty in the form known to the Banks and AMD Saxonia, as set out in Schedule 24 including in

particular deeds of guaranty in the form set out in the specimen annexed thereto. A copy of the Guaranty Decision is also set out in Schedule 24

and the terms of such Decision constitute a material term of this Agreement. All terms and conditions of the Guaranty Decision to be incorporated herein are hereby agreed by the parties notwithstanding that the same are not expressly set out in this Agreement; this shall apply in particular to the obligation to agree to amendments to this Agreement only with the consent of the Guarantors. AMD Saxonia undertakes to observe and comply with all relevant conditions of the Guaranty Decision directly applicable to it and to do all things to enable AMD Inc. to observe and comply with all obligations incumbent on it in connection with the Guaranty Decision. The Guarantors

26

are entitled to appoint authorised representatives for the purpose of administering the 65/35 Guaranty. In addition, AMD Saxonia shall grant, or procure that there is granted, in favour of the Banks and the Security Agent the following security as security for all claims of the Banks as well as any potential claims of the Guarantors arising under or in connection with this Agreement:

- 8.1.1 a joint and several guaranty by the Sponsors (until Completion) in an amount of up to DM 217.500.000, in the form set out in Schedule 32;

- 8.1.2 a subordination agreement between AMD Saxonia, the Sponsors, the Agent and the Security Agent, in the form set out in Schedule 30;

- 8.1.3 a guaranty by AMD Inc. of obligations of AMD Holding under certain Operative Documents, in the form set out in Schedule 27;

- 8.1.4 a pledge of all shares in AMD Holding held by AMD Inc. in the form set as out in Schedule 41;

- 8.1.5 a subordination agreement between AMD Holding, AMD Inc., the Agent and the Security Agent, in the form set out in Schedule 42.

- 8.1.6 a first priority land charge over real property registered in the Land

Registry of the Dresden County Court, Dresden von Wilschdorf parcels numbers Folio 764 parcels nos. 121/2, 154/2, 122, 123, 124, 126, 125/2, 127, 128/2, 129, 129/1, 129/2, 129/3, 130, 131, 132, 133/1, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 143a, 144, 145, 146, 147, 148, 149, 151/2, 152, 153, 154/2, 155, 156, 157, 158, 159, 160/1, 160/2, 161, 162, 522/1, 547, 558/2, 558/3, 639, 694, 694/1, 695/2 und Folio 851 parcel no. 150/2 of AMD Saxonia in respect of an amount of DM 1,650,000,000 together with interest in an amount of 15 % per annum together with a lump sum payment in an amount of 5 % of the total charge amount as an immediately enforceable charge without prior charges in Section III of the Register in favour of the Security Agent together with a personal acknowledgment of enforceability by AMD Saxonia to be granted in the form set out in Schedule 43;

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- 8.1.7 a security assignment of the current assets of AMD Saxonia (raw materials, supplemental and operational materials, finished and unfinished products as well as trading products), in the form set out in Schedule 44;
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- 8.1.8 a security assignment of fixed assets of AMD Saxonia, in the form set out in Schedule 45;
-
- 8.1.9 a security assignment of insurance claims of AMD Saxonia, in the form set out in Schedule 46;
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- 8.1.10 a global assignment of all receivables of AMD Saxonia not otherwise assigned from the supply of equipment and other services and from other claims against debtors other than the Sponsors, in the form set out in Schedule 47;
-
- 8.1.11 a pledge of all amounts standing to the credit of AMD Saxonia in the Project Accounts in the form set out in Schedule 48;
-
- 8.1.12 an assignment of AMD Saxonia's rights under the Design/Build Agreement in the form set out in Schedule 39, the Equipment Supply Contracts, the Service Contracts and other contracts not governed by the laws of the United States of America or any state thereof together with an offer to transfer such contracts as required by Schedule 49 and with
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- 27
- Consents and Agreements in the form of Annex 3 to Schedule 49 as therein
-
- required. AMD Saxonia is hereby authorised by the Security Agent to enforce on its behalf rights in its name under the agreements referred to above as against the relevant obligor for as long as no circumstances exist which entitle the Banks to terminate this Agreement; AMD Saxonia hereby accepts such authorisation.
- 8.1.13 an assignment of claims and contractual rights of AMD Saxonia under the AMD Saxonia Wafer Purchase Agreement , the Equipment Supply Contracts, the Service Contracts and rights under other contracts governed by the laws of the United States of America or any state thereof, in the form set out in Schedule 50.
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- 8.1.14 a pledge of all shares in AMD Saxonia held by AMD Holding, in the form set out in Schedule 51;
-
- 8.1.15 a security assignment of current assets of AMD Holding (raw materials, supplemental and operational materials, finished and unfinished products as well as trading products), in the form set out in Schedule 52.
-
- 8.1.16 a global assignment of all receivables of AMD Holding not otherwise assigned from the supply of equipment and other services and of other claims against all debtors, with the exception of AMD Inc., in the form set out in Schedule 53;
-
- 8.1.17 a pledge of all amounts standing to the credit of AMD Holding in bank accounts, in the form set out in Schedule 54;
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- 8.1.18 an assignment of AMD Holding's rights under contracts not governed by laws of the United States of America or any state thereof and an offer to transfer such contracts, pursuant to the form set out in Schedule 55

together with Consents and Agreements in the form set out in Annex 3 to
Schedule 55 as therein required; AMD Holding will be authorised by the

Security Agent to enforce on its behalf rights in its name under the
agreements referred to above as against the relevant obligor for so long
as no circumstances exist which entitle the Banks to terminate this
Agreement.

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

Agreement Consents and Agreements in the form set out in Schedule 40 or

in such other form as the Agent has consented to.

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

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

Following receipt of the Guarantors' comments, the Security Agent and
the Banks will

28

release security to the extent a material over-collateralisation has
been adequately demonstrated.

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

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

(S)9
ILLEGALITY

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

(S)10
MARKET DISRUPTION; ALTERNATIVE METHOD OF CALCULATION

- 10.1 The Paying Agent shall immediately notify AMD Saxonia and the Banks if
any of the following events occur in relation to any interest period:

- (i) the Paying Agent, after consultation with the Reference Banks, determines that due to circumstances affecting the London interbank market, the LIBOR rate or the reference rate cannot be adequately and reasonably determined; or
- (ii) in the case of a LIBOR rate, no interest rate for the relevant interest period appears on the Telerate Monitor and less than two (2) Reference Banks provide the Paying Agent with a LIBOR rate or in the case of the reference rate, less than two Reference Banks provide the Paying Agent with a reference rate; or
- (iii) a majority of Banks, as determined pursuant to (S)22.5, inform the Paying Agent (with a copy to the Agent) that in respect of the relevant interest period no DM funds in the required amount are available in the London interbank market or that the average of the LIBOR-rates appearing on the Telerate Monitor do not

29

adequately reflect the cost to such Banks of making or maintaining their respective participations in the relevant advance for such interest period.

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

10.2 As soon as notification pursuant to (S)10.1 has been made, AMD Saxonia and the Paying Agent, in coordination with the Banks, will negotiate in good faith for a maximum period of thirty days with a view to setting an alternative method of refinancing the affected advances as well as the applicable interest rate, the interest period and the payment dates. To the extent that instead of a LIBOR rate, a reference rate can be determined or instead of a reference rate, a LIBOR rate can be determined, AMD Saxonia shall be entitled to require that the rate which is available shall apply to the relevant advance. If agreement as to the alternative interest rate is reached between the Banks and AMD, the alternative calculation method agreed shall apply for all relevant advances. If no agreement in respect of an alternative method of calculation is achieved within thirty days and agreed upon in writing or if AMD Saxonia does not require an alternative available Reference Rate or LIBOR-Rate, the following shall apply:

- (i) to the extent that the Facilities have not been drawn, no drawing will be permitted. AMD Saxonia shall then be obliged to pay immediately all amounts due to the Paying Agent for distribution to the Banks pursuant to the terms of this Agreement;
- (ii) to the extent that the Facilities have already been drawn, AMD Saxonia and the Agent (in consultation with the Paying Agent) may determine a repayment date for the entire outstanding amount of the Facilities affected of not less than thirty days. Repayment shall be effected on such day together with interest in an amount equivalent to the costs of the Banks of making or maintaining their respective participations in the relevant advance for such interest period together with the margin to the Paying Agent for distribution to the Banks. In the event that such costs of the Banks cannot be determined, the applicable rate shall be determined in accordance with (S)315 BGB.

(S)11
INCREASED COSTS

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

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

30

such Bank shall be entitled to inform AMD Saxonia through the Agent. AMD

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

11.2 An increase in costs or reduction of payment referred to in (S)11.1 does not include:

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

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

(S)12
INDEMNITY

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

- (i) the occurrence of circumstances which entitle the Banks to terminate this Agreement or breach by AMD Saxonia of its obligations under this Agreement;
- (ii) the failure to draw down funds under the Facilities following a Drawdown Notice;
- (iii) any amounts prepaid otherwise than in accordance with the terms of this Agreement (in particular also pursuant to (S)10 and (S)11).

12.2 The obligation to hold harmless and indemnify includes also all costs and expenses which a Bank incurs as result of the redeployment of funds which are obtained for the purposes of refinancing its commitment under the Facilities as well as all interest, fees and costs which arise as a result of the funding of the amounts not drawn.

12.3 The Paying Agent will maintain books of account in accordance with customary banking practice which will at all relevant times record the amounts owed by AMD Saxonia pursuant to this Agreement. In the event of disputes or other questions in connection with this Agreement, the contents of the Paying Agent's books of account as they relate to the obligations of AMD Saxonia pursuant to this Agreement and the amount thereof

31

shall be conclusive, save in the case of manifest error. AMD Saxonia's ability to prove any error in the contents of such books of account shall remain unaffected.

(S)13
NO DEDUCTIONS OR WITHHOLDINGS

13.1 All sums payable by AMD Saxonia under this Agreement shall be paid in full without set off or withholding in respect of tax or other deductions. The right to set off or the enforcement of any rights of retention or other claims is hereby excluded. To the extent that AMD Saxonia or a third party is obliged by law to make deductions or withholdings or to retain money for tax or other reasons, AMD Saxonia shall be obliged to make a payment of the difference together with the relevant amount in such additional amount as will ensure that the relevant Bank or the Paying Agent (as applicable) receives the full amount which would otherwise have been received by it if the relevant deduction or withholding had not been made. AMD Saxonia shall be obliged to furnish the Paying Agent, with a copy to the Agent, immediately with

copies of all the relevant documents confirming that the amount deducted or withheld has been paid to the relevant tax or other authority in the full amount.

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

32

(S)14
CONTINUITY CLAUSE

European Economic and Monetary Union anticipates the introduction of a single currency and the substitution of the national currencies of Member States participating in such Monetary Union. On the date on which the Deutsche Mark is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member States participating in such Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with such Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify, or renegotiate this Agreement or any of its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Agreement shall continue in full force and effect in accordance with its terms; in particular, interest rates which have been set for an interest period shall remain unchanged for such interest period, subject to any mandatory provisions.

(S)15
REPRESENTATIONS AND WARRANTIES

- 15.1 AMD Saxonia represents and warrants to the Banks as follows:
- 15.1.1 each of AMD Saxonia and AMD Holding is a duly organised and existing company under the laws of the Federal Republic of Germany;
- 15.1.2 each of AMD Saxonia and AMD Holding have taken all necessary steps and obtained all necessary consents to enter into legally binding obligations pursuant to the Operative Documents and the Security Documents and to exercise its respective rights thereunder;
- 15.1.3 the certified Commercial Registry extracts furnished to the Agent and the notarially certified articles of association of AMD Saxonia and AMD Holding and the other documents to be furnished pursuant to (S)16.5 reflect in all respects the actual position existing on the date furnished to the Agent;
- 15.1.4 the execution of the Operative Documents by AMD Saxonia, AMD Holding and

AMD Inc. and the compliance by each of them of their obligations thereunder and the exercise by each of them of their rights thereunder:

- (i) do not violate any provision of applicable law, any judgment or any requirements or any approvals of any authority or the like or contractual obligations applicable to them or any other obligations;
- (ii) will not result in the termination or acceleration of any of their other respective obligations;
- (iii) will not result in an obligation of any of them to create or grant any security in favour of any third party, save as contemplated in the Security Documents or in this Agreement.

15.1.5 All Operative Documents entered into by the AMD Companies constitute the legally valid and binding obligations of AMD Saxonia, AMD Holding and/or AMD Inc., respectively,

33

enforceable in accordance with their terms, subject, however, to the Opinion Reservations. For this purpose, "Opinion Reservations" means limitations on the enforceability of legal documents dictated by German law or the law of the United States of America or one of its states and used as qualifications in legal opinions delivered to and accepted by the Agent pursuant to (S)5.1.11. The granting of the security pursuant to (S)8.1.1 to (S)8.1.19 (inclusive) will be effective to grant to the Security Agent and / or the Banks a first priority security interest in each case, subject to retentions of title permitted in accordance with this Agreement. At the date of entering into this Agreement, AMD Saxonia does not own any real property, save for the real property referred to in (S)8.1.6.

15.1.6 The audited consolidated financial statements of AMD Holding and the audited financial statements of AMD Saxonia each as at 31 December 1996 which have been furnished to the Agent, together with the relevant cash flow statements as at such date were, and the financial statements to be delivered pursuant to (S)16.2.1 will be, prepared in accordance with generally accepted accounting principles consistently applied; in accordance with these principles they fairly represent, and, in the case of the financial statements to be delivered pursuant to (S)16.2.1, will fairly represent, the consolidated financial position of AMD Holding and AMD Saxonia respectively without qualification and make provision for all material indebtedness and other liabilities, actual or contingent, of AMD Holding and AMD Saxonia save to the extent set out in Schedule

15. Since their respective dates of incorporation, there has been no
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material adverse change in the business or financial position of AMD Saxonia and AMD Holding.

15.1.7 The audited financial statements of AMD Saxonia to be delivered in accordance with (S)5.1.8 (iii) and (S)16.2.2 were prepared in accordance with generally accepted accounting principles consistently applied. They are in accordance with those principles, true and accurate in all material respects and fairly represent the financial position of AMD Saxonia without qualification; in particular, provision has been made for all material indebtedness and all other liabilities, actual or contingent. Since the date of the latest audited accounts there has been no material adverse change in the business or financial position of AMD Saxonia.

15.1.8 There are no actions, suits, proceedings, claims or disputes or administrative proceedings pending or threatened against AMD Saxonia or AMD Holding or the assets or other sources of income of AMD Saxonia or AMD Holding which if an unfavourable outcome was reasonably probable, could reasonably be expected to have a material adverse effect on the financial position of AMD Saxonia or AMD Holding.

15.1.9 To the best of its knowledge and belief, no Event of Default in relation to any of the Operative Documents exists at the time of entering into this Agreement.

15.1.10 Neither AMD Holding nor AMD Saxonia is insolvent or incapable of paying its debts as they fall due; neither is in liquidation and no steps have been commenced for the dissolution of either of them.

15.1.11 AMD Saxonia is a wholly owned and the only subsidiary of AMD Holding which is, in turn, a wholly owned subsidiary of AMD Inc.

15.1.12 The ordinary share capital of AMD Holding has been paid up in full and the stated ordinary share capital of AMD Saxonia has been paid up in accordance with the provisions of the Sponsors' Support Agreement; there have been no repayments of capital. AMD Saxonia has no other equity

- 15.1.13 AMD Holding and AMD Saxonia are "Unrestricted Subsidiaries" and not "Restricted Subsidiaries" within the meaning of the Advanced Micro Devices Inc. 11% Senior Secured Note Indenture dated 1 August 1996 between AMD Inc. and the United States Trust Company of New York or the Credit Agreement of 9 July 1996 between AMD Inc. and the Bank of America National Trust and Savings Association.
- 15.1.14 The assets and rights of AMD Saxonia and AMD Holding are not subject to encumbrances nor has any security been granted in favour of third parties in respect thereof save in respect of customary retention of title in favour of suppliers agreed in the ordinary course of business. No agreements with respect to extended or prolonged retention of title nor current account or group retention of title agreements have been concluded with material suppliers.
- 15.1.15 The operation and assets of AMD Holding and AMD Saxonia are fully insured against all risks customarily insured against by similar businesses and on similar terms. All insurances have been entered into with first class reputable insurance companies which are not affiliates of AMD Inc. The insurances in force from time to time in accordance with the progress of the Project will at a minimum satisfy the requirements set out in (S)17.8 and Schedule 22.

- 15.1.16 AMD Saxonia and AMD Holding have submitted all necessary tax filings within a reasonable time of the relevant due date and in any event before penalties attach thereto. Neither AMD Saxonia nor AMD Holding is in default in relation to the payment of any tax claims or any other public law claims, other than those referred to in (S)15.1.17, which are due except for these which are being contested in good faith by appropriate proceedings and for which proper provision has been made in accordance with German generally accepted accounting principles. There is no proposed tax assessment against AMD Saxonia or AMD Holding which would, if made, have a material adverse effect on the financial position of AMD Holding or AMD Saxonia.
- 15.1.17 All governmental or public law approvals, consents and measures (including those from the European Union) necessary for the proper implementation of the Project and the compliance by AMD Saxonia and AMD Holding of their obligations pursuant to the Operative Documents including in particular all such approvals, consents and measures necessary to ensure the legally binding nature of all governmental subsidies and grants in connection with the Project have been obtained, save for those set out in Part B to Schedule 20 and there are no

grounds to believe that they could be revoked or cancelled or made subject to material restrictions.
- 15.1.18 All governmental or public law approvals, consents and measures set out in Part A of Schedule 20 have been obtained or taken and there is no

reason to believe that (i) the same would be revoked, cancelled, limited or made subject to conditions of a material adverse nature nor that (ii) the governmental approvals consents and measures set out in Part B of Schedule 20 will not ultimately be available on a timely

basis.
- 15.1.19 The business of AMD Saxonia and AMD Holding is not subject to any unusual limitations of a material nature which might affect compliance by them of their obligations pursuant to the Operative Documents.
- 15.1.20 Neither AMD Saxonia nor AMD Holding has engaged in any business or operation or incurred liabilities save in connection with their incorporation, the Project and the Operative Documents.
- 15.1.21 The factual information furnished by AMD Saxonia or AMD Holding to the Agent or to the Banks in connection with any of the Operative Documents or the subject matter thereof (including the Information Memorandum dated September 1996) is true and accurate in all material respects and have not become misleading as a result of the omission of any material fact. All assumptions, estimates and projections contained therein have been made with due care and attention.
- 15.1.22 AMD Saxonia has not entered into any Material Equipment Supply Contracts or Material Service Contracts other than those notified to the Agent in writing, together with copies of the relevant contract or orders.

15.2 The above representations and warranties (with the exception of the representation in (S)15.1.4) shall be deemed repeated in full on the date of each Drawdown Notice, on the completion of each Project Phase pursuant to the Project Schedule, and each submission of AMD Saxonia's annual financial statements by reference to the facts and circumstances then existing.

(S)16
REPORTING AND INFORMATION REQUIREMENTS

16.1 AMD Saxonia will as soon as possible and in any event within five Banking Days after becoming aware thereof inform the Agent of the occurrence of an Event of Default within the meaning of (S)21 or any other Event of Default which in the reasonable opinion of an experienced third party would affect the legal or risk position of the Banks under this Agreement in a manner which is more than immaterial by notice in writing setting out the relevant circumstances and describing the measures within its powers which AMD Saxonia proposes to take in relation thereto.

16.2 AMD Saxonia undertakes to keep the Agent regularly informed of its financial affairs during the term of the Facilities. In particular, it is agreed as follows:

16.2.1 AMD Saxonia will as soon as possible and in any event within sixty (60) days of the end of each quarter of each financial year or, in the case of the last quarter of a financial year, within ninety (90) days of such quarter, furnish the Agent with (i) quarterly financial statements (balance sheet and profit and loss statement as well as a cash flow statement) for the relevant quarter and the period of the four preceding financial quarters including a comparative statement for the four financial quarters preceding such period together with (ii) a certificate of compliance in respect of the financial covenants as set out in Schedule 18, in each case in a form reasonably satisfactory to

the Agent. The quarterly financial statements to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles applicable in Germany as consistently applied.

16.2.2 AMD Saxonia will as soon as possible and at the latest within ninety (90) days after the end of each financial year furnish to the Agent audited financial statements prepared by the Auditor confirming that the financial statements are unqualified and including notes to the statements and a management report, together with an audited cash flow statement including comparative figures for the preceding financial year and an updated Management Plan. At the same time, AMD Saxonia will furnish the Agent with confirmation of the Auditor that the quarterly financial statements furnished at the end of a financial quarter correspond with the audited annual financial statements and AMD Saxonia's books of account (including a reconciliation statement) and whether the financial covenants set out in Schedule 17 have been

properly calculated and have been

36

complied with in the relevant financial year, together with a confirmation in accordance with (S)15.2.

16.2.3 AMD Saxonia will furnish to the Agent, simultaneously with the annual financial statements and other documents pursuant to (S)16.2.1 and (S)16.2.2 written confirmation that as at the end of the relevant balance sheet date no Event of Default within the meaning of (S)21.2 has occurred or, alternatively, which events have lead to such an Event of Default during the relevant balance sheet period. If such Event of Default has occurred, written notice thereof in accordance with (S)16.1 shall be given to the Agent, together with written confirmation that, except as stated therein, to AMD Saxonia's knowledge no other Events of Default have occurred.

16.2.4 AMD Saxonia will furnish to the Agent immediately after receipt all reports and similar documents prepared by the auditors or other independent firms of accountants and which relate to audits undertaken as of the end of a financial year or any interim audits.

16.2.5 AMD Saxonia will furnish to the Agent promptly after receipt the Requirement Forecasts, Annual Pricing Compliance Certificates, the Quarterly Pricing Compliance Certificates and the Pari Passu Compliance Certificate, each as referred to in the AMD Saxonia Wafer Purchase Agreement as well as, at the request of the Agent, all other reports, statements, notifications and documents produced in accordance with the AMD Saxonia Wafer Purchase Agreement.

16.2.6 AMD Saxonia will furnish to the Agent within ten (10) Banking Days after

the end of each calendar month a status report relating to the progress of construction in the form set out in Schedule 8 as well as a Statement

as to the Use and Source of Funds in accordance with Schedule 16 within

ten (10) Banking Days after the end of each quarter and within ten (10) Banking Days after the end of each Project Phase.

- 16.3 AMD Saxonia will inform the Agent promptly in writing in the event that production in the Fabrication Facility or research activity in the Design Center is not undertaken at any time after first commercial shipment of Products (as defined pursuant to clause 3.09 of the AMD Saxonia Wafer Purchase Agreement) for a period of more than five (5) successive days or if legal administrative or arbitration proceedings are instituted or threatened against AMD Saxonia or AMD Holding which may have a material adverse affect on the assets or ability of AMD Saxonia or AMD Holding to comply with its obligations under the Operative Documents.
- 16.4 AMD Saxonia will inform and keep the Agent informed in a reasonable manner of all circumstances relating to the operations of AMD Saxonia and its other activities as well as its economic situation to the extent required by the Agent or any Bank or to the extent the same may have a material adverse effect on AMD Saxonia's financial position or the viability of the Project. This obligation also applies to circumstances affecting any affiliate of AMD Saxonia and which may materially adversely affect the operations or other activities or economic position of AMD Saxonia or the assets which are the subject matter of the Security Documents..
- 16.5 On any change to the Commercial or Land Registry extracts furnished to the Agent, AMD Saxonia will promptly inform the Agent of the relevant event by providing copies of the documents to be filed with the Commercial or Land Registry and, following filing, AMD Saxonia will provide the Agent with certified copies of the new extracts.

37

(S)17
COVENANTS

- 17.1 If at any time the Agent determines that the Actual Selling Price Per Wafer (as defined in the AMD Saxonia Wafer Purchase Agreement) has for any period of three consecutive calendar quarters, been substantially lower than the Adjusted Selling Price Per Wafer (as defined in the AMD Saxonia Wafer Purchase Agreement), the Agent may request the Banks' Auditor to review the Actual Selling Price Per Wafer (as so defined) for the period in question. If following such review, the Banks' Auditor determines that an adjustment to the Actual Selling Price Per Wafer (as so defined) is necessary according to the AMD Saxonia Wafer Purchase Agreement, the Agent shall notify AMD Saxonia, in writing of such adjustment (giving reasonable details of the calculation) and of the Actual Selling Price Per Wafer (as so defined) to be utilised for the purposes of Section 3.02 (f) of the AMD Saxonia Wafer Purchase Agreement. AMD Saxonia undertakes, immediately following receipt of any such notification to notify AMD Holding and AMD Inc. thereof pursuant to Section 3.02 (f) of the AMD Saxonia Wafer Purchase Agreement and to

insist upon such adjustment.
- 17.2 AMD Saxonia will comply in all material respects with all relevant laws and other regulations and administrative directives applicable to it and will on a timely basis comply with all reasonable requirements of the fiscal authorities.
- 17.3 AMD Saxonia will at all times promptly enforce to the full extent reasonable all its rights under the Operative Documents and at the Agent's request will take all reasonable steps to so do. AMD Saxonia hereby irrevocably appoints the Agent to take all measures and to enter into all undertakings which the Agent regards as necessary following the occurrence of an event which entitles the Banks to terminate this Agreement.
- 17.4 AMD Saxonia undertakes to complete the Project in accordance with:
- (i) the timetable contained in the Project Schedule (save that the completion date of any Project Phase (other than last) may be deferred for up to six (6) months in aggregate for all such deferrals) provided that Completion shall be no later than 30 December 2001; and
 - (ii) the Plans and Specifications.
- 17.5 AMD Saxonia will on a timely basis and to the full extent comply with

its obligations pursuant to the Operative Documents and particular, take all steps to enable AMD Inc. and/or AMD Holding to comply with its respective obligations under the Sponsors' Support Agreement, in particular in connection with the increase of AMD Saxonia's ordinary share capital as well as the contribution of other equity capital by the Sponsors. If AMD Saxonia intends not to comply with its obligations pursuant to the Operative Documents it will immediately inform the Agent thereof in writing.

- 17.6 AMD Saxonia will permit the Agent, the Banks' Auditor and the Technical Advisor as well as all other advisors of the Agent who are bound by a professional duty of confidence at all reasonable times to inspect its properties and to examine the financial and other records of AMD Saxonia and to discuss the affairs of AMD Saxonia and AMD Holding to the extent relevant to this Agreement and the risk position of the Banks hereunder with the management and competent employees. AMD Saxonia will provide unrestricted access to its relevant records and those of AMD Holding and make available a reasonable number of copies thereof at reasonable request. All such inspections and

38

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

- 17.7 AMD Saxonia will at all times maintain proper books of account and prepare its records in accordance with general accepted book keeping and accounting principles in Germany as consistently applied. The balance sheet assumptions will be applied consistently by reference to generally accepted valuation principles.

- 17.8 AMD Saxonia will at all times maintain insurance which in type (all buildings, machines, other equipment, stock, business interruption, third party liability and the like), scope and amount is at least equal to the insurance cover of a comparable business and which, in addition, satisfies the requirements of the Operative Documents. In particular, AMD Saxonia undertakes to maintain the insurances referred to in Schedule 22 in the scope and on the terms and conditions therein

referred to. The persons referred to in Schedule 22 shall be named in

all contracts of insurance as an additional insured and the Security Agent as "loss payee" in accordance with Schedule 22. At the end of each

financial year, AMD Saxonia will furnish to the Agent a complete list of the above insurances for the next succeeding financial year giving the details referred to in Schedule 22 together with confirmation from its

insurance brokers and the Insurance Advisor that AMD's insurance cover complies with the said requirements.

- 17.9 AMD Saxonia will construct the Plant and the Design Center in such a way as will ensure that the Plans and Specifications are complied with.

- 17.10 AMD Saxonia will at all times ensure that it has obtained and/or taken and will maintain and/or take on a timely basis all necessary governmental approvals, permits and measures required for performance by it of its obligations under the Operative Documents to which it is party.

- 17.11 AMD Saxonia will make payment of all fees and other amounts due in connection with the 65/35 Guaranty promptly. The Guarantors through their authorised representatives, C&L Deutsche Revision AG, Dhsseldorf, are entitled to payment of one-off and regular fees together with commitment fees and processing fees in connection with the 65/35 Guaranty in accordance with the following provisions (as a genuine contract for the direct benefit of third parties):

- (i) AMD Saxonia shall after acceptance, and for the duration, of the 65/35 Guaranty pay the following guaranty fees:
- on the issue of the guaranty commitment, 0.25 % of the maximum guaranty amount in relation to the guaranteed indebtedness, whereby the calculation of the fee will be determined in accordance with the drawdowns (in accordance with Section 5 of the Guaranty Decision) so that the fee due on the issue of the documents relating the Guaranty Decision are calculated only by reference to the first drawdown and the first fees due in respect of the following drawdowns are due when such drawdowns are included in the terms of the Guaranty and/or in the case of special guaranty issues on the issue of the Guaranty.
 - following the issue of the guaranty, on 1 April and 1 October of each year in respect of each half year commencing on such

dates, 0.25 % of the Guaranty amount outstanding at such times
(the maximum amount

39

referred to in the Guaranty in respect of the guaranteed
indebtedness less payments of principal).

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

- on any extension of the guaranty commitment, a commitment fee
up to an amount of 0.25 % of the extended guaranty commitment,
- in the event of material amendments to a guaranty which has
been approved but not yet issued, a processing fee in an
amount of up to DM 25,000;

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

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

17.13 AMD Saxonia undertakes to enter into the Equipment Supply Contracts and
Service Supply Contracts in accordance with the timetable set out in the
Project Schedule and to ensure that equipment or goods delivered
pursuant thereto are subject to retention of title only to the extent
customary and in the ordinary course of business. AMD Saxonia will use
its best endeavours to ensure that retention of title arrangements are
not entered into with material suppliers and in any event that no
current account, group or extended or prolonged retention of title
agreements are entered into. The Equipment Supply Contracts entered into
by AMD Saxonia shall not in the aggregate require the making of advance
payments by AMD Saxonia in excess of an aggregate amount of DM
20,000,000.

17.14 AMD Saxonia undertakes to hedge at least 50% of all variable interest
rate advances with interest rate caps with the Agent or other Banks and
to inform the Paying Agent thereof. All rights arising out of contracts
entered into by AMD Saxonia to hedge interest rate shall be assigned to
the Security Agent in accordance with the Global Assignment in the form
set out in Schedule 47; to the extent an assignment is not possible, the

Banks shall be granted other appropriate security rights.

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

40

- (i) grant in favour of third parties any security as security for its
own obligations or those of a third party save as contemplated or
permitted by the Operative Documents and save for customary
retention of title rights in favour of suppliers permitted pursuant
to (S)17.13. AMD Saxonia's right to further encumber real property
already subject to land charges in favour of the Banks shall remain
unaffected ((S)1136 BGB);
- (ii) incur indebtedness for borrowed money or incur liabilities save for
such liabilities contemplated in the Operative Documents and
liabilities in the ordinary course of business;
- (iii) save in respect of the lease agreement in respect of premises at
Washingtonstrasse 16 A/B, 01139 Dresden, dated 7/13.08.1996 entered
into with Siemens Technopark GmbH Dresden & Co.
Grundstücksverwaltung OHG or any extension thereof, incur any other

obligations as lessee, save to the extent that such obligations arise under short term agreements entered into in the ordinary course business in connection with the operation of the Fabrication Facility and of the Design Center and do not exceed in aggregate more than DM 10,000,000;

- (iv) establish any subsidiaries or acquire interests in any other undertakings or enter into any merger agreements;
- (v) dispose of any assets or rights and/or remove such assets from the location of the Fabrication Facility and the Design Center save to the extent (a) contemplated by and permitted in the Operative Documents (b) the disposal is of assets promptly replaced by assets of at least equivalent value in the ordinary course of business or (c) the aggregate value of which does not exceed DM 3,000,000 in any calendar year;
- (vi) make any loans to or deposit funds with any third party, purchase or acquire securities or other financial instruments, save to the extent the same:
 - (a) are assets held in the bank accounts charged pursuant to (S)8 or such other accounts opened with the consent of the Agent, which are charged to the Banks,
 - (b) constitute trade credit,
 - (c) constitute the payment of amounts due under the AMD Saxonia Wafer Purchase Agreement in respect of deliveries thereunder, or
 - (d) are bona fide employee loans which are in aggregate not in excess of DM 5,000,000, or
 - (e) relate to the payment of amounts in respect of AMD Saxonia's stated capital which shall be transferred promptly to a Project Account pursuant to (S)19.4,
- (vii) make any payments of dividends or other repayment of capital to AMD Holding or to make any other payment AMD Inc. or to any affiliate of AMD Inc., save to the extent such payments are permitted pursuant to Section 3 of

41

the Sponsors' Subordination Agreement, in the form set out in Schedule 30 or Sections 4.4 or 6.3 of the Sponsors' Support

Agreement;

- (viii) make payments pursuant to the Operative Documents (and, in particular, not to make any repayment of interest or principal on the Sponsors' Loan) save in accordance with the terms of such Operative Documents;
- (ix) undertake only business compatible with the purpose set out in the first paragraph of the preamble to this Agreement;
- (x) incur any expenditure (including Capital Expenditure) which is not of the type contemplated in the Operative Documents and which is not incurred in the ordinary course of business;
- (xi) terminate or amend any of the Operative Documents, save for
 - (a) Equipment Supply Contracts which are not Material Equipment Supply Contracts;
 - (b) Service Contracts which are not Material Service Contracts;
 - (c) amendments to the agreement set out in Schedule 39

(Design/Build Agreement), the Material Equipment Supply Contracts, the Material Service Contracts and the Plans and Specifications which adversely affect the value of the Project, the Fabrication Plant and the Design Center or their purpose, or the production capacity or other characteristics required or agreed in the AMD Saxonia Wafer Purchase Agreement in a manner which is immaterial only and which are in accordance with the Project Budget and the Project Schedule are however permitted without the consent of the Banks.;
 - (d) the Project Budget and the Project Schedule which may be amended in accordance with the provisions of (S)18.
- (xii) agree to any changes to the articles of incorporation of AMD Saxonia, in particular changes of its fiscal year, or grant any

general powers of attorney with respect to the business of AMD Saxonía except as otherwise permitted in the Operative Documents;

- (xiii) enter into any agreement compliance with which would be contrary to any of the obligations of AMD Saxonía pursuant to the Operative Documents;
- (xiv) amend the contracts with the Project Manager which have been furnished to the Agent or enter into other contracts with the Project Manager;
- (xv) at any time during the currency of this Agreement manufacture in any quarter microchip silicon wafers containing microprocessors other than general purpose microprocessors and related products in such number as would, prior to Completion, be in excess of 25% or after Completion, be in excess of 35 % of all wafers produced by AMD Saxonía during the relevant quarter.

17.16 AMD Saxonía undertakes until the satisfaction in full of all claims of the Banks under this Agreement to ensure that the financial covenants set out in Schedule 17 are complied

42

with at all times and/or to the extent AMD Saxonía has no direct influence on compliance with such financial covenants, to use its best endeavours to ensure that they are so complied with.

17.17 AMD Saxonía undertakes to keep and maintain its fixed and current assets exclusively within the area of the Plant and Design Center shown in Schedules 44 and 45.

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17.18 AMD Saxonía undertakes to prepare on a best efforts basis the estimates to be prepared in accordance with Section 3.02 of the AMD Saxonía Wafer Purchase Agreement by reference to the information from all available sources.

17.19 AMD Saxonía undertakes, as a genuine contract for the direct benefit of third parties, to permit an examination at any time by the Guarantor or an authorised representative of the Guarantor as to whether there is any possibility of a claim being made pursuant to the 65/35 Guaranty or as to whether circumstances exist or have existed which would make such a claim possible. AMD Saxonía furthermore undertakes (as a genuine contract for the direct benefit of third parties) to provide to the Guarantors all information requested by them in connection with the 65/35 Guaranty. AMD Saxonía is aware that the examination and information rights referred to above exist also in favour of the Banks, however, only to the extent such documentation relates to the guaranteed Facilities. AMD Saxonía hereby relieves and discharges the Banks from their duty of confidentiality as against the Guarantors and their authorised representatives, to the extent that the aforesaid rights in favour of the Banks are exercised. AMD Saxonía undertakes, as a genuine contract for the direct benefit of third parties, to bear the costs of all examinations by the Guarantors referred to above.

17.20 AMD Saxonía will procure that at all times until Completion, a Project Manager will be appointed who has the necessary qualifications in respect of the duties of the Project Manager referred to in the Operative Documents.

17.21 AMD Saxonía undertakes not to enter into any confidentiality and non-competition undertakings with its employees, officers or contracting parties other than in the form agreed with the Agent prior to entering into this Agreement or save as may be otherwise agreed with the Agent.

17.22 AMD Saxonía will at the request of the Agent use its best endeavours to obtain from any contracting parties a Consent and Agreement, to the extent that such Consent and Agreement is not required to have been already obtained, in accordance with this Agreement or the Security Documents, in the form set out in Part II of Schedule 40 or such other

form as shall have been consented to by the Agent, if the Agent deems the same to be necessary to ensure the unrestricted continuation of the Project in the event of enforcement of its security and AMD Saxonía does not demonstrate the contrary and will make an offer to the Agent enabling it to assume the contract in accordance with the provisions of (S)3 of the Security Document referred to in Schedule 49.

18.1 The Project will be implemented pursuant to the Project Budget and the Project Schedule.

43

18.2 Within fourteen (14) days after the end of each Project Phase described in the Project Schedule, AMD Saxonia will furnish to the Agent the Scheduled Project Phase Technical Completion Certificates signed by the AMD Companies and the Technical Advisor in accordance with Schedules 9

and 10 together with a confirmation pursuant to (S)15.2. At the same

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time, AMD Saxonia will furnish a Project Budget together with an updated Management Plan approved by the Sponsors setting out all projected future Capital Expenditure until Completion broken down in respect of each relevant Project Phase together with the then anticipated Capital Expenditure to Completion. AMD Saxonia will consult and agree with the Agent on a timely basis any amendments or variations to the Project Budget or the Project Schedule which it regards as necessary. Project Budgets and Project Schedules amended with the consent of the Agent, who may consult with the Technical Advisor, the Auditor and the Banks' Auditors with regard thereto, shall be regarded as Project Budgets and Project Schedules within the meaning of this Agreement.

(S)19
PROJECT ACCOUNTS

19.1 AMD Saxonia undertakes to ensure that - without prejudice to (S)17.15 (vi) (e) - all payments under the Operative Documents or otherwise in connection with the Project which are made to it or to be paid by it are effected only through one or more of the accounts maintained with the Security Agent (such accounts together with the reserve account referred to in (S)19.4 herein referred to as "Project Accounts").

19.2 Amounts standing to the credit of the Project Accounts other than the Minimum Reserve Account in accordance with (S)19.4 may be used only in the ordinary course of business, for the settlement of financing costs and for the repayment of the Facilities and for the transfer of any amount to the reserve account referred to in (S)19.4 and prior to Completion only for the purpose of payment of Project Costs (including Cost Overruns).

19.3 Cash standing to the credit of the Project Accounts may be invested in the securities set out in Schedule 23 which shall be maintained in a

custody account maintained solely with the Security Agent forming part of a Project Account or in other custody accounts opened with the consent of the Agent and charged to the Banks.

19.4 If the credit standing to the account of the Project Accounts after 1 January, 1999 and before Completion, exceeds in the aggregate an amount of DM 20,000,000, AMD Saxonia shall transfer all amounts in excess thereof to a reserve account to be maintained with the Security Agent until the amount standing to the credit of the reserve account reaches an amount of DM 72,500,000 (Minimum Reserve Amount). After Completion, AMD Saxonia shall be entitled to draw on the funds standing to the credit of the aforesaid reserve account in accordance with the provisions of the Operative Documents provided that the amount remaining to the credit of the reserve account shall not be less than the amount which is equal to the Minimum Reserve Amount multiplied by the proportion which the outstanding amount of the Facilities bears to the total amount drawn under the Facilities.

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

44

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

(S)20
CONSENT OF THE BANKS

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

particular, to:

- (i) the interests of the Banks in receiving payments under this Agreement and the other Operative Documents in a timely and complete manner or which would affect their ability to realise sufficient proceeds from the realisation of security;
- (ii) the shareholding structure of AMD Inc. AMD Holding and AMD Saxonia;
- (iii) the obligations of the Sponsors pursuant to the Sponsors' Support Agreement;
- (iv) the viability of the Project by reference, in particular, to the obligations of AMD Inc. under the AMD Holding Wafer Purchase Agreement and the AMD Holding Research, Design and Development Agreement in the form set out in Schedule 34 or AMD Holding under -----
the AMD Saxonia Wafer Purchase Agreement and the AMD Saxonia Research, Design and Development Agreement in the form set out in Schedule 36; and

- (v) the compliance in full or the ability to comply with the conditions of the Guaranty Decision, the 65/35 Guaranty and the AMD/Dresdner Subsidy Agreement.

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

(S)21
TERMINATION OF THE FACILITIES BY THE BANKS

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

- (i) to refuse to make available to AMD Saxonia advances under the Facilities and/or
- (ii) to require the immediate repayment of all outstanding advances together with accrued interest and other fees and amounts payable by AMD Saxonia pursuant to this Agreement and/or

45

(iii) to require the payment of damages including any loss of profit pursuant to (S)12 which the Banks may suffer following termination between the time of termination and the expiry of the relevant Interest Period and/or

(iv) to realise the security granted by AMD Saxonia,

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

- (i) AMD Saxonia shall be in default in any payment of interest or principal under this Agreement for more than three months;
- (ii) the information provided by AMD Saxonia in respect of its financial position is incorrect or incomplete in any material respect;
- (iii) AMD Saxonia, AMD Inc. or AMD Holding ceases payment of its creditors or composition, insolvency or similar proceedings are applied for in respect of all of the assets of AMD Saxonia, AMD Inc. or AMD Holding or a material part of the assets of AMD Saxonia, AMD Inc. or AMD Holding are subject to mandatory attachment - and which in the case of involuntary proceedings or attachment against AMD Inc. have not been fully discharged within 60 days - or AMD Saxonia, AMD Inc. or AMD Holding enters into negotiations with respect to any extra-judicial composition proceedings;
- (iv) AMD Saxonia, AMD Holding or AMD Inc. are in default of any payment due to the Banks pursuant to the Sponsor's Support Agreement or any

other Operative Document for more than five (5) Banking Days following receipt of written notice of default;

- (v) the Facilities are not used for the purposes set out in (S)3;
- (vi) any representation and warranty pursuant to (S)15 including any deemed repetition thereof, was incorrect in any material respect at the time it was given;
- (vii) any condition precedent for utilisation of the Facilities pursuant to (S)5 subsequently ceases to be complied with without the previous consent of the Banks;
- (viii) any of the obligations or covenants pursuant to (S)17 or 18 are breached, whether or not as a result of action by AMD Saxonia, and cannot be complied with or remedied or, to the extent the breach is capable of remedy, the breach is not remedied within seven (7) Banking Days after the Agent has given AMD Saxonia written notice thereof; the Event of Default referred to in (xxv) shall remain unaffected;
- (ix) AMD Holding or AMD Inc. does not comply with any material provision of the Sponsors' Support Agreement or of the other Operative Documents to which it is a party and, to the extent, the breach is capable of remedy, and, is not remedied within seven (7) Banking Days after the Agent has given

46

written notice thereof; Articles I, III and VII and Sections 4.1, 6.2, 13.1 (a) to (f) and (e), 13.2., 13.3., 13.4 (a) to (h) and 13.5 of the Sponsors' Support Agreement shall without prejudice to the generality of the foregoing be regarded as material;

- (x) AMD Saxonia is in breach of any material provision of this Agreement, the Security Documents, the AMD Saxonia Research, Design and Development Agreement in the form set out in Schedule 36 or the

AMD Saxonia Wafer Purchase Agreement;
- (xi) any of the Operative Documents is or becomes invalid or unenforceable or its validity or enforceability is challenged by AMD Saxonia or any of the Sponsors;
- (xii) receivership, composition or insolvency proceedings against the assets of the contractor for the Fabrication Facility and the Design Center or against a supplier are commenced or there is a material adverse change in the financial position of such general contractor or such supplier and any such event could reasonably be expected to have a material adverse effect on the Project, unless AMD Saxonia has cured the relevant event by entering into adequate substitute arrangements satisfactory to the Agent within 45 days;
- (xiii) a material adverse change in the financial condition of AMD Saxonia, AMD Holding or AMD Inc., or AMD Inc. on a consolidated basis, and as result there is likely to be a material adverse effect on the Project;
- (xiv) AMD Saxonia, AMD Holding or AMD Inc. are in default with any payment obligation in favour of a third party in an aggregate amount of more than DM 15,000,000;
- (xv) the occurrence of an "Event of Default" within the meaning of the Credit Agreement of 19 July 1996 between, inter alia, AMD Inc. and Bank of America National Trust & Savings Association as "Administrative Agent" or there is an "Event of Default" within the meaning of the Indenture of 1 August 1996 between AMD Inc. and United States Trust Company of New York as "trustee";
- (xvi) any action under this Agreement requiring consent is undertaken without the necessary consent unless the refusal to grant consent is unlawful or in contravention of the terms of this Agreement;
- (xvii) the insurances to be maintained pursuant to (S)17.8 are not maintained in full force and effect;
- (xviii) any material governmental approvals, consents or permits are not granted, are revoked or are made subject to conditions or if any governmental regulations or decrees are passed relating to the Project which will prejudice the viability of the Project and which are not either set aside by adequate action of AMD Saxonia to discharge the effects of such regulations or decrees or if AMD Saxonia has not suggested a course of action reasonably satisfactory to the Agent within 30 days thereof;

- (xix) any statement made to the Banks by AMD Saxonia, AMD Holding or AMD Inc. in connection with the Project is inaccurate or incomplete in any material respect to the extent that such statement is of material significance for the viability of the Project or for the compliance by AMD Saxonia, AMD Holding or AMD Inc. with its obligations under the Operative Documents;
- (xx) AMD Saxonia ceases to be a wholly owned subsidiary of AMD Holding or AMD Holding ceases to be a wholly owned subsidiary of AMD Inc.
- (xxi) AMD Saxonia's ordinary share capital is not fully paid in by 31 December 1997 in an amount of at least DM 217,500,000.-- or subordinated shareholder loans or equity are or is, as the case may be, not made available in accordance with the Sponsors' Support Agreement.
- (xxii) at any time, the sum of (a) the Capital Expenditure incurred by AMD Saxonia at such time and (b) the amount, determined by the Technical Advisor, from the relevant date of additional Capital Expenditure necessary to achieve Completion ("Costs to Complete"), exceeds an amount of DM 2.430.000.000,-- by more than 30% unless AMD Inc. does not within 10 Banking Days after receipt of a statement from the Technical Advisor relating thereto furnish evidence in a form satisfactory to the Banks that AMD Saxonia has or will have sufficient funds to finance Completion;
- (xxiii) the terms or conditions of the 65/35 Guaranty or of the Guaranty Decision or the Subsidy Agreement are not complied with or breached or the 65/35 Guaranty is no longer available in full, or investment or interest grants or investments subsidies or other material state assistance is not available in the amount promised and AMD Inc. does not make available compensation pursuant to the Operative Documents,
- AMD Saxonia, AMD Holding or AMD Inc. breaches the terms and conditions of other state assistance material to the Project and as a result thereof it is likely that the same will not be available in their full amount or are revoked or cancelled;
- (xxiv) payments are not made to the reserve account in accordance with (S)19.4;
- (xxv) the financial covenants set out in Schedule 17 (S)2 are not

complied with;
- (xxvi) the Agent becomes aware that AMD Saxonia has breached any other material contractual obligations;
- (xxvii) other circumstances occur or become known which may prejudice the ability of AMD Saxonia to repay the Facility;
- (xxviii) the Agent has not received by 31 March 2000 written confirmation from the Technical Advisor to the effect that the conditions required for completion in the Technical Completion Certificate (Technical Advisor) as set out in Schedule 10 can be satisfied

prior to 31 December 2000.

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

(S)22
AGENCY PROVISIONS

- 22.1 The Banks have agreed to participate in the profits and risks of the Facilities in the form of a disclosed consortium. Any joint and several liability, the Banks is excluded; each Bank is liable only for the relevant commitment undertaken by it pursuant to (S)2 and Schedule 1.

Each Bank shall immediately inform the Agent in respect of any breach of the Operative Documents of which it becomes aware. A corresponding

obligation shall apply to the Agent in the performance of its duties pursuant to (S)22.3.

- 22.2 The Agent is acting on behalf of the Banks under this Agreement. The Banks hereby appoint the Agent to act on their behalf as Agent in relation to the rights and obligations of the Banks under this Agreement, with exception of rights and obligations pursuant to (S)24, and the other Operative Documents pursuant to the terms thereof under the following terms and conditions. Each of the Banks hereby irrevocably authorizes the Agent to give on their behalf all contractually binding declarations in connection with the implementation in this Agreement and the other Operative Documents and to pursue their rights and obligations in accordance therewith. The Agent shall be exempted from the restrictions of (S)181 BGB. The Agent shall be authorised to delegate authority to entities within its group or to persons subject to a professional duty of confidence and revoke the same free from any restrictions pursuant to (S)181 BGB. Dresdner Bank AG shall in its capacity as house bank pursuant to the Subsidy Agreements, exercise its rights thereunder exclusively in accordance with the terms of such agreements.
- 22.3 In addition, the Agent shall have the following duties:
- 22.3.1 verification of satisfaction of the conditions precedent pursuant to (S)5.
- 22.3.2 negotiations with AMD Saxonia and the Sponsors as well as changes and additions to this Agreement and the other Operative Documents including any changes to the method of payment;
- 22.3.3 prompt circulation to the Banks of Drawdown Notices submitted by AMD Saxonia to the Agent (together with confirmation from the Agent that it has received the documents to be furnished pursuant to (S)4.1.1 (i) - (iii) and (S)4.1.2 (i) - (iii), as the case may be), as well as circulation to each of the Banks of the documents to be furnished by AMD Saxonia or in individual cases, required by the Banks or any of them pursuant to (S)16 and other information which is required to be circulated to all the Banks in accordance with the terms of this Agreement or the Operative Documents;
- 22.3.4 prompt notification of the Banks of all material circumstances coming to the attention of the Agent in connection with the implementation of this Agreement which affect the enforcement of the rights of all or any of the Banks such as in particular the occurrence of an event pursuant to (S)21;
- 22.3.5 distribution of all requisite information in connection with the 65/35 Guaranty to the Guarantors and consultation with them;
- 22.3.6 the convening and conduct of meetings of the Banks;
- 22.3.7 implementation of resolutions of the Banks;
- 22.3.8 monitoring of compliance with the provisions of this Agreement and the other Operative Documents without prejudice to the obligations of the Banks pursuant to (S)22.1, sentence 3;
- 22.3.9 instruction of, and consultation with, the Technical Advisor, the Insurance Advisor the Banks' Auditor and other advisors, for example lawyers.
- 22.4 If the Agent issues a material instruction within the meaning of (S)22.3.4 each Bank, including the Agent, shall be entitled to require the convening of a meeting of the consortium. In addition, a meeting of the consortium can be required at any time by 25% of the votes of the Banks. Convening of the meeting shall be made in writing, by telex or by fax, setting out the agenda and subject to five (5) Banking Days notice or in urgent cases with such notice as is appropriate to the urgency of the matter. Meetings shall take place in Frankfurt am Main or such other location as is mutually agreed. Resolutions may be passed by way of written resolution if in the Agent's opinion, given the nature of the matter to be determined, a written resolution is appropriate and the Banks do not decline a written resolution procedure pursuant to the majority of Banks (in accordance with (S)22.6).
- 22.5 Each Bank shall have voting rights corresponding to the amounts drawn under the commitments made available by it, or if the Facilities have not been drawn, corresponding to its respective commitment pursuant to (S)2.1 and Schedule 1. Only those Banks represented in meetings - including Banks authorised by written proxy on behalf of other Banks - shall be entitled to vote. In respect of written resolutions, account shall be taken only of those votes of the Banks whose written response to the matter to be voted on has been received before the expiry five

(5) Banking Days after dispatch of the resolutions by the Agent and whether received as an original or by telex or telefax. Abstentions will not be counted. Resolutions shall be binding on the Agent as between the members of the consortium inter se.

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

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

50

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

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

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

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

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

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

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

22.9 Each of the other Banks agrees to hold harmless and indemnify the Agent in respect of all claims or obligations which arise or are asserted against the Agent in the implementation of this Agreement save to the extent the same arise from the Agent's gross negligence or willful default and to compensate it for expenses incurred and not otherwise reimbursed. The amount of the indemnity and/or the obligation to compensate costs shall correspond to the commitments of each of the Banks in respect of the Facilities. Costs will be paid to the Agent on first demand in proportion of the commitments of the other Banks.

22.10 Each Bank confirms that it has independently verified the creditworthiness of AMD Saxonia and the Sponsors and all Operative Documents and all other documents relating thereto in all respects and independently. If any Bank is of the opinion that the documents made available to it in connection with the Operative Documents do not comply

contractual requirements such Bank shall be obliged to inform the Agent immediately thereof.

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

(S)23

ADMINISTRATION OF SECURITY

- 23.1 The Agent (in this capacity also referred to as the "Security Agent") shall be responsible for administration of the security granted in favour of the Banks. The Banks hereby irrevocably authorise the Security Agent, free from the restrictions pursuant to (S)181 BGB, to enter into all agreements necessary for the granting of the accessory security. Without prejudice to the restrictions governing the relationship of the members of the Bank consortium inter se the Security Agent is further authorised to enter into all necessary agreements for the granting of security pursuant to (S)8 in their name, to amend and to supplement the same and to exercise all rights of control, administration and disposition arising under the Security Documents also in relation to the accessory security in its own name and free from the restrictions set out in (S)181 BGB. As between the Banks (internally), a resolution passed with a majority of 75 % of the votes of the Banks shall be required in respect of the release of any security, whether in whole or in part save to the extent unanimity is required pursuant to (S)22.6. The Security Agent shall be released from all restrictions pursuant to (S)181 BGB in connection with all action taken in respect of the security.
- 23.2 The Security Agent shall be authorised to delegate administration of the security to another financial institution and to undertake all steps in relation thereto in the name of the other Banks. The provisions of this (S)23 shall apply in their entirety to any successor of the Security Agent. The Security Agent shall be liable to the other Banks only for the exercise of due care and attention in the selection of a successor. The Security Agent will inform AMD Saxonia and the Banks in writing prior to any transfer of its administrative duties and consult with AMD Saxonia and the Banks concerning the transfer of such duties. The Security Agent can be dismissed by way of resolution passed with a majority of 75 % of the votes of the Banks provided that steps are taken to ensure that the administration of the security is assumed by another bank or financial institution.
- 23.3 Each Bank shall be entitled at any time to require information from the Security Agent relating to the administration of the security. Without prejudice thereto, the Security Agent shall in any event keep the other Banks informed thereof in accordance with the proper exercise of its discretion. In addition, the provisions of the German Civil Code relating to the relationship of agents ((S)662 et seq. BGB) shall apply to the relationship between the Security Agent and the other Banks.
- 23.4 The Security Agent shall not be liable or responsible for the validity and enforceability of the Security Documents nor shall the Security Agent assume any liability as to whether the relevant status of the security is sufficient to secure the claims of the Banks under this Agreement. In this context, each Bank shall be responsible for examining the documentation delivered to it and shall inform the Security Agent of any concerns it may have so that any such concerns may be taken account of by a mutually acceptable arrangement.
- 23.5 The Security Agent will perform its obligations in relation to the administration of the security with the customary standard of care in accordance with (S)347 HGB. The Security Agent shall not bear any liability in respect of possible shortfalls which may arise as a result of a breach of their obligations by any of the obligors under the Security Documents. Each Bank hereby agrees to indemnify and keep harmless the Security Agent with respect to all claims which may arise or be made against the Security Agent arising from the proper acceptance

and administration of the security, save to the extent the same arise from the Security Agent's gross negligence or willful default and to indemnify the Security Agent in respect of any costs incurred by it and not otherwise reimbursed, in each case in proportion in which the individual commitments of the relevant Banks bear to the Facilities. The Security Agent shall be reimbursed for all costs on first demand in accordance with the commitments of the Banks.

- 23.6 Realisation of the security granted pursuant to the Operative Documents shall be effected to the extent such security is non-accessory security by the Security Agent in its own name but for the account of the Banks. The Security Agent is hereby authorised to realise the accessory security in its own name and in the name and on behalf of the other Banks.
- 23.7 The Banks shall agree by way of resolution passed with a majority of 75% of their votes on measures to implement any realisation of the security. However, in urgent cases the Security Agent may make such decisions unilaterally in accordance with the proper exercise of its discretion; in such event, the Security Agent will immediately inform the other Banks of the steps taken. In the event that unanimity is not be achieved, the Banks will determine the relevant steps to be taken for realisation by way of majority decision (in accordance with (S)22.6). In all other respects, the conditions for or procedure of realisation of security shall be as set out in the individual Security Documents.
- 23.8 Proceeds from the realisation of security shall be distributed in the following order of priority:
- (i) in satisfaction of the costs and other expenses of the Agent, including any taxes incurred by the Agent in the administration and realisation of the security pursuant to its obligations hereunder;
 - (ii) in payment of accrued interest; and
 - (iii) in payment of the claims of the Banks under the Facilities in accordance with this Agreement, and in satisfaction of any other claims of the Banks under or in connection with the Operative Documents pro rata in accordance with the outstanding advances of the Banks.

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

53

operation of law, the same shall be transferred pro rata to the Guarantors following payment by them.

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

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

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

(S)24
PAYING AGENT

- 24.1 The Paying Agent is hereby appointed with the duties of the Paying Agent in respect of all rights and obligations of the Banks under this Agreement and the other Operative Documents subject to the following terms and conditions. The Banks hereby irrevocably appoint the Paying Agent to do all acts and things in connection with the making of payments under this Agreement and the other Operative Documents and to give all necessary statements and declarations in their name and to enforce and undertake all things on their behalf to the extent the same have not been delegated to the Agent. The Paying Agent is exempted from the restrictions of (S)181 BGB. The Paying Agent is authorised to delegate authority and to revoke the same free from the restrictions of (S)181 BGB.
- 24.2 The Paying Agent will exercise the standard of care customary in commercial relations in accordance with (S)347 HGB in the performance of its obligations under this Agreement and the other Operative Documents.

- 24.3 The Banks hereby undertake to make available the relevant amounts of advances to be made available by them as requested by the Paying Agent in accordance with (S)4 by 11.00 a.m. (London time) at the latest on the drawdown date and make the same available to the account notified to them by the Paying Agent. The Paying Agent will make available to AMD Saxonia the amounts so provided with value for the same day.
- 24.4 The Paying Agent will pay to the Banks all interest, payments of principal and other payments due to the Banks pursuant to this Agreement on the relevant due date and to the accounts notified to the Paying Agent by individual Banks. To the extent that amounts are paid to the Banks without the Paying Agent having received a corresponding payment in full from AMD Saxonia on the same day, the Paying Agent may debit the relevant Bank accordingly.
- 24.5 AMD Saxonia shall pay to the Paying Agent in respect of the performance of its duties under this Agreement a fee, the amount and the terms as to payment of which are set out in a letter of even date from the Paying Agent to AMD Saxonia.
- 24.6 The Banks hereby undertake to hold harmless and to indemnify the Paying Agent against all claims which may arise or be made against the Paying Agent in connection with the performance of its duties under this Agreement, save to the extent the same

54

arise from the Paying Agent's gross negligence or willful default and to reimburse all expenses borne by the Paying Agent and not otherwise reimbursed. Each Bank shall indemnify the Paying Agent and reimburse costs in an amount equal to the commitment of the relevant Bank under the Facilities. All costs shall be payable to the Paying Agent on first demand and in accordance with the commitments of the Banks.

- 24.7 The Paying Agent may resign on 60 days' notice. If no resolution of the Banks has been passed by the seventh Banking Day before the expiry of such notice period in respect of a successor to the Paying Agent with the required majority (in accordance with (S)22.6) the Paying Agent shall be entitled to appoint as its successor a credit institute domiciled in Germany or Luxembourg. The Paying Agent can be dismissed by way of resolution passed with a majority of 75 % of the votes of the Banks provided that steps are taken to ensure that the administration of the security is assumed by another bank or financial institution.
- 24.8 The department of the Paying Agent shall, with regard to the assumption of the paying agent's duties for the Banks, be regarded as a entity separate from the Paying Agent's other departments.

(S)25
COSTS

- 25.1 AMD Saxonia shall bear all expenses, fees and other external costs incurred by the Agent, the Paying Agent and the Security Agent in connection with the preparation, amendment and implementation of the Operative Documents and the granting of the security and/or perfection including in particular the reasonable costs of the Technical Advisor, the Insurance Advisor and the Banks' Auditor and the reasonable fees, costs and expenses of auditors and lawyers instructed by the Agent in connection with the verification, valuation, administration and realisation of the security or otherwise in connection with the Operative Documents. AMD Saxonia's obligations to reimburse costs shall also remain unaffected in those cases in which the Banks have paid the costs of the parties referred to above pursuant to such Banks' obligations to indemnify or otherwise reimburse such costs.
- 25.2 In the event of any payment received by a Bank either as a result of set off by such Bank or by AMD Saxonia or as a result of any other performance by AMD Saxonia as a result of which such Bank's claims are paid in excess of the proportion due to it in respect of its commitments in (S)2 and Schedule 1, such Bank shall be obliged to make a payment to -----
the Paying Agent for the account of the other Banks such as to place such other Banks in the position they would have been in had they received payment in proportion to their Commitments pursuant to (S)2 and Schedule 1. To the extent any Bank pays such excess amount to the other -----
Banks, such Bank shall have a claim against AMD Saxonia in an amount equal to the excess. This provision shall apply to any payment received from or on account of AMD Saxonia. This provision does not, however, apply in favour of a Bank which declined to participate in proceedings initiated by the other Banks which have led to successful claims being made under the Operative Documents. If any Bank is obliged to repay to AMD Saxonia any amount received from any of the other Banks, the other Banks shall be obliged to repay the amounts received by them to the Bank

(S)26
ASSIGNMENT; SUB-PARTICIPATIONS

- 26.1 The Banks are not entitled prior to Completion to assign, whether in whole or in part, their rights under this Agreement. Assignments and sub-participations to affiliated companies within the meaning of (S)15 of the Stock Corporation Act are permitted at any time as well as assignments to third parties following termination of this Agreement. After Completion, the Banks are entitled to assign their rights and claims under this Agreement with the consent of AMD Saxonia and the Agent, which consent may be withheld only for good cause. Each Bank is entitled moreover at any time to grant sub-participations to other banks or credit institutions in an amount up to 50 % of its respective commitment on and subject to the following terms and conditions:
- (i) sub-participations require the consent of AMD Saxonia and the Agent. Consent may be withheld only for good cause;
 - (ii) the sub-participant shall not be granted rights as against AMD Saxonia or as against the other Banks and no contractual relationship between the sub-participant, AMD Saxonia or the other Banks shall be permitted to exist;
 - (iii) implementation of this Agreement shall be effected exclusively as between Agent AMD Saxonia, the Agent and the Paying Agent and/or the relevant Bank.

(S)27
MISCELLANEOUS

- 27.1 The failure by any of the Banks to exercise any of their rights hereunder, (whether in whole or in part), in particular any failure to exercise their right to terminate this Agreement, shall not constitute a waiver by the Banks of such right nor shall they be estopped from doing so. All rights pursuant to this Agreement shall have effect individually and without prejudice to any other rights at law or under contract in favour the Banks.
- 27.2 All amendments and supplements to this Agreement and the other Operative Documents must be in writing unless they are required by law to be notarially certified. This requirement shall apply also to any amendments, release or waiver of the requirement for such written form as well as all consents of the Banks contemplated under this Agreement.
- 27.3 The provisions of (S)22 to 24 and all rights and duties relating thereto may be amended without the consent of AMD Saxonia this shall not apply to the provisions set out in the last sentence of each of (S)22.11 and (S)23.2.
- 27.4 The invalidity or unenforceability of one or more provisions of this Agreement shall not affect the remaining provisions of this Agreement. The invalid or unenforceable provision shall be substituted by a provision which approximates most closely to the economic purpose of the void or unenforceable provision.
- 27.5 AMD Saxonia shall not be entitled to assign its rights under this Agreement to any third party or to dispose of such rights in any other way without the prior written consent of the Banks.

- 27.6 Each of the Banks shall inform the Agent with a copy to the Paying Agent at least five (5) Banking Days prior to any change in its Lending Office.
- 27.7 All correspondence or notifications under in connection with this Agreement shall be served personally at the following addresses (or such other address notified in writing by the recipient to the other party) or by registered letter, courier or fax:

to the Agent:

Dresdner Bank AG
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489 1350

to the Banks:

Dresdner Bank AG
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489 1350

Kreditanstalt für Wiederaufbau
Palmengartenstrasse 5 - 9
60325 Frankfurt am Main
Attention: Frau Birgit Otte
Facsimile No.: (49) 69 74 31 2944

DG Bank Deutsche Genossenschaftsbank
Am Platz der Republik
60325 Frankfurt am Main
Attention: Herrn Lothar Ferber-Hammeke/Frau Ute Suffrian
Facsimile No.: (49) 69 7447 6098

L-Bank, Landeskreditbank Baden-Württemberg
Schlossplatz 10/12
76113 Karlsruhe
Attention: Frau Bettina Kilp
Facsimile No.: (49) 721 150 1033

Sachsen LB Landesbank Sachsen
Girozentrale
Humboldtstr. 25
04105 Leipzig
Attention: Herrn Dr. Carlhans Uhle
Facsimile No.: (49) 341 97 93 139

Bayerische Landesbank
Girozentrale
Briennerstrasse 20
80333 München
Attention: Herrn Matthias Rohnfelder
Facsimile No.: (49) 89 2171 2549

57

Hypobank International S.A.
4, rue Alphonse Weicker
L-2099 Luxembourg
Attention: Herrn Erwin Moos
Facsimile No.: (352) 4272 4510

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

Commerzbank AG
Filiiale Dresden
Schumannstr. 21
01307 Dresden
Attention: Herrn Christoph Hense
Facsimile No.: (49) 351 4451 264

DSL Bank Deutsche Siedlungs- und Landesrentenbank
Gartnerweg 3
60322 Frankfurt
Attention: Herrn Rainer Franke
Facsimile No.: (49) 69 15421 122

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

IKB Deutsche Industriebank AG
Karl-Theodor-Str. 6
40213 Düsseldorf
Attention: Frau Birgit Matzerath/ Herr Wolfram Kreisel
Facsimile No.: (49) 211 8221 697

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

Landesgirokasse Offentliche Bank und Landessparkasse
Corporate Finance (GB 57)
70144 Stuttgart
Attention: Abtlg. 5701
Facsimile No.: (49) 711 124 1239

58

ABN AMRO Bank (Deutschland) AG
Niederlassung Berlin
Unter den Linden 42
10105 Berlin
Attention: Herr Axel Huck
Facsimile No.: (49) 30 20 24 92 95

Creditanstalt-Bankverein
Wasagasse 2
A-1090 Wien
Attention: Herrn Dr. Martin Frank
Facsimile No.: (43) 1 310 05 54

The Sumitomo Bank, Limited, Dhseldorf Branch
Immermannstrasse 14 - 16
40210 Dusseldorf
Attention: Herrn Wienke
Facsimile No.: (49) 211 3619 277

to AMD Saxonia:

AMD Saxony Manufacturing GmbH
Washingtonstrasse 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile No: (49) 351 8412 150

to the Paying Agent

DRESDNER BANK LUXEMBOURG S.A.
26 Rue due Marche-aux Herbes
L-2097 Luxembourg
Attention: Projekt-Spezialfinanzierung
Facsimile No.: (352) 4760 297

- 27.8 The German language counterpart of this Agreement is binding.
- 27.9 To the extent this Agreement does not provide to the contrary this Agreement shall be governed by the General Terms and Conditions of the Agent set out in Schedule 62, save that all references to a "Bank" shall

be deemed to be references to the "Banks" within the meaning of this Agreement and all references to a "customer" shall be deemed to be references to AMD Saxonia.
- 27.10 All press statements or other announcements relating to this Agreement shall require the prior written consent of the Agent which consent shall not be unreasonably withheld. The withholding of consent by the Agent shall be deemed to be unreasonable to the extent that the disclosure of information relating to this Agreement is required by any law, regulation or official requirement or as required by any recognised securities supervisory authority or securities exchange.

59

(S)28
GOVERNING LAW

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

(S)29
JURISDICTION

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

AMD SAXONY MANUFACTURING GMBH

/s/ Jack L. Saltich

Managing Directors (Geschäftsführer)

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

/s/ Dr. Hans-Jürgen Menzel /s/ Horst Oechsler

Other Banks:

KREDITANSTALT FÜR WIEDERAUFBAU

/s/ Klaus Rosenfeld

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK

/s/ Klaus Rosenfeld

L-BANK, LANDESKREDITBANK BADEN-WÜRTTEMBERG

/s/ Klaus Rosenfeld

60

SACHSEN LB LANDESBANK SACHSEN GIROZENTRALE

/s/ Klaus Rosenfeld

/s/ Klaus Rosenfeld

BAYERISCHE LANDESBANK GIROZENTRALE

/s/ Klaus Rosenfeld

HYPOBANK INTERNATIONAL S.A.

/s/ Klaus Rosenfeld

BHF-BANK AKTIENGESELLSCHAFT

/s/ Klaus Rosenfeld

COMMERZBANK AG, Dresden Branch

/s/ Dr. Friedrich Droste

DSL BANK DEUTSCHE SIEDLUNGS- UND LANDESRENTENBANK

/s/ Klaus Rosenfeld

HAMBURGISCHE LANDESBANK - GIROZENTRALE -
/s/ Klaus Rosenfeld

IKB DEUTSCHE INDUSTRIEBANK AG
/s/ Klaus Rosenfeld

61

LANDESBANK RHEINLAND-PFALZ - GIROZENTRALE -
/s/ Lothar Ayasse

/s/ Ulrich Voelpel

LANDESGIROKASSE OFFENTLICHE BANK UND LANDESSPARKASSE
/s/ Klaus Rosenfeld

ABN AMRO BANK (DEUTSCHLAND) AG, Frankfurt
/s/ Klaus Rosenfeld

CREDITANSTALT-BANKVEREIN
/s/ Klaus Rosenfeld

THE SUMITOMO BANK, LIMITED, Dusseldorf Branch
/s/ Klaus Rosenfeld

DRESDNER BANK LUXEMBOURG S.A.
(as Paying Agent)
/s/ Wolfgang Schneider

SCHEDULE 1

(COMMITMENTS OF THE BANKS)

BANKS AND THEIR LENDING OFFICES	COMMITMENTS
	DM Million
DRESDNER BANK AG, Frankfurt am Main	210
KREDITANSTALT FUR WIEDERAUFBAU, Frankfurt am Main	205
DG BANK DEUTSCHE GENOSSENSCHAFTSBANK, Frankfurt am Main	125
L-BANK, LANDESKREDITBANK BADEN-WURTEMBERG, Karlsruhe	125
SACHSEN LB LANDESBANK SACHSEN GIROZENTRALE, Leipzig	110

BAYERISCHE LANDESBANK GIROZENTRALE, Munich	100
HYPOBANK INTERNATIONAL S.A., Luxembourg	100
BHF-BANK AKTIENGESELLSCHAFT, Leipzig	75
HAMBURGISCHE LANDESBANK - GIROZENTRALE - Hamburg	75
COMMERZBANK AG, Dresden Branch	75
DSL BANK DEUTSCHE SIEDLUNGS- UND LANDESRENTENBANK, Bonn	75
IKB DEUTSCHE INDUSTRIEBANK AG, Dhsseldorf	75
LANDESBANK RHEINLAND-PFALZ - GIROZENTRALE -, Mainz	75
LANDESGIROKASSE OFFENTLICHE BANK UND LANDESSPARKASSE Stuttgart	75
ABN AMRO BANK (DEUTSCHLAND) AG, Berlin	50
CREDITANSTALT-BANKVEREIN, Vienna	50
THE SUMITOMO BANK, LIMITED, Dusseldorf	50
	1.650,0

<TABLE>
<CAPTION>

Schedule 2

DRAWDOWN SCHEDULE						
PHASE						
PROJECT PHASE	PERIOD	FACILITY A PER PROJECT PHASE*	CUMULATIVE FACILITY A*	FACILITY B PER PROJECT PHASE*	CUMULATIVE FACILITY B*	
<S>	<C>	<C>	<C>	<C>	<C>	
Planning/Design	[
Shell						
Clean Room						
First Equipment						
Qualification/ First Silicon			*			
Technical Completion						
Financial Completion***]

</TABLE>

* DM Millions

*** Q2/01 denotes the end of the availability period on 29 June 2001

[*] CONFIDENTIAL INFORMATION OMITTED AND FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

SCHEDULE 17
FINANCIAL COVENANTS AND EXCESS CASH

The financial covenants for AMD Saxony Manufacturing GmbH ("AMD Saxonia") will be determined on the basis of the quarterly financial statements of AMD Saxonia and other information provided by the management pursuant to (S)16.2.1 and the audited annual financial statements of AMD Saxonia and the Auditor's confirmation pursuant to (S)16.2.2 of this Agreement.

Excess cash will be determined on the basis of the audited annual financial statements to be provided pursuant to (S)16.2.2 of this Agreement.

1. DEFINITIONS

OPENING CASH BALANCE:

cash at the beginning of a fiscal year or at the beginning of the relevant period under consideration, as the case may be

ROLLING QUARTER BASIS:

refers to the calculation of a ratio or of an amount at the end of a Fiscal Quarter in each case covering the Fiscal Quarter in question and the three preceding Fiscal Quarters

CASH:

other marketable securities included in current assets ((S)266, 2B III No. 3 Commercial Code) including cash equivalent investments as described in Schedule 23 to this Agreement together with cheques, balances at the Bundesbank and the Post Office and cash at bank ((S)266, 2B IV Commercial Code)

TANGIBLE NET WORTH:

Equity
plus 45% of special items with equity portion ((S)273, in conjunction with (S)247, 3 Commercial Code)

2

plus Subordinated Shareholder Loans (less capitalised interest)

less capitalised start-up and business expansion expenses ((S)269 Commercial Code)

less payments on account for fixed and Current Assets ((S)266 2A II No. 3, 266 2 B I No.4 Commercial Code)

less accruals for deferred tax released from reserves ((S)274 2 S 1 Commercial Code)

less intangible assets ((S)266 2 A I Commercial Code)

= TANGIBLE NET WORTH

CASH FLOW FROM OPERATIONS AND INVESTING:

net income for the year ((S)275, 2, No. 20 Commercial Code) or net income during the relevant period under consideration, as the case may be

less Interest Subsidies

plus depreciation ((S)275, 2, No. 7 Commercial Code)

less other operating income ((S)275, 2, No. 4 Commercial Code), to the extent arising from the release of provisions ((S)266, 3B Commercial Code) or from special items with equity portion ((S)273 i.c. with (S) 247, 3 Commercial Code)

plus other operating expenses ((S)275, 2, No. 8 Commercial Code), to the extent arising from accruals to the reserves ((S)266, 3B Commercial Code), or from accruals to special items with equity portion which do not result from or are in connection with the payment of subsidies or allowances ((S)273 in conjunction with 247, 3 Commercial Code)

plus/less decrease/increase of Net Working Capital

plus capitalised interest on Subordinated Shareholder Loans

less Capital Expenditure

= CASH FLOW FROM OPERATIONS AND INVESTING

EQUITY:

subscribed share capital ((S)266, 3A I Commercial Code) less amounts not paid-up ((S)272, 1S 3 Commercial Code)

plus additional capital reserves ((S)266, 3A II Commercial Code)
plus revenue reserves ((S)266, 3A, III Commercial Code)
plus/less retained profit/accumulated losses ((S)266, 3A, IV Commercial Code)
plus/less net income/net loss for the year ((S)266, 3A, V Commercial Code)
= EQUITY

3

CAPITAL EXPENDITURE:

as defined in (S)1 of this Agreement

CURRENT LIABILITIES:

all liabilities falling due within 12 months

MODIFIED EBIT:

net income for the year ((S)275, 2, No. 20 Commercial Code) or net income during the period under consideration, as the case may be

plus taxes on income ((S)275, 2, No. 18 Commercial Code)

plus other taxes ((S)275, 2, No. 19 Commercial Code)

plus Interest Expense on Bank Debt

plus interest and other expenses ((S)275, 2, No. 13 Commercial Code) including capitalised interest to the extent capitalised on Subordinated Shareholder Loans

= MODIFIED EBIT

SUBORDINATED SHAREHOLDER LOANS:

all shareholder loans made to AMD Saxonia by AMD Holding and AMD Inc. pursuant to the Sponsors' Support Agreement and the Sponsors' Loan Agreement.

NET WORKING CAPITAL:

the difference between:

Current Assets
less Cash

and

Current Liabilities
less bank liabilities falling due within one year

= NET WORKING CAPITAL

4

SCHEDULED REPAYMENT OF BANK DEBT:

the amount of scheduled repayments to be made in accordance with (S)7.2 of this Agreement in any particular period (excluding prepayments)

FISCAL QUARTER:

each quarterly fiscal accounting period of AMD Saxonia ending on or about the last day of March, June, September or the last Sunday in December.

FIXED CHARGE COVER RATIO:

Cash Flow from Operations and Investing

plus Interest Subsidies
plus Interest Expense on Bank Debt
plus Opening Cash Balance
plus Mandatory prepayments pursuant to Section 7.4 of this Agreement made before the relevant period under consideration
plus Increases in subscribed share capital and capital reserves within the period under consideration
plus Subordinated Shareholder Loans paid to AMD Saxonia in the period under consideration

divided

by Scheduled Repayment of Bank Debt plus Interest Expense on Bank Debt

= FIXED CHARGE COVER RATIO

CURRENT ASSETS:

Inventory ((S)266, 2 B I Commercial Code), accounts receivable and other assets ((S)266, 2 B II Commercial Code), other marketable securities included in the current assets ((S)266, 2 B III No. 3 Commercial Code), cheques, balances at the Bundesbank and Post Office, and cash at bank ((S)266 2 B IV Commercial Code)

5

TURNOVER OF INVENTORY:

on a Rolling Quarter Basis, the ratio of:

average of Inventory over the past four Fiscal Quarters

to

sales ((S)275 2 No. 1 Commercial Code) within such four Fiscal Quarters

multiplied by

365

= TURNOVER OF INVENTORY

INVENTORY:

raw materials and supplies, work in progress, finished services, finished goods and merchandise, payments on account (net of any provisions for obsolete or slow moving stock) ((S)266 2B I Commercial Code)

INTEREST EXPENSE ON BANK DEBT:

all interest payments (cash or capitalised), commissions, fees, discounts and other financial charges incurred in respect of indebtedness for borrowings from banks.

INTEREST COVER RATIO:

the ratio of Modified EBIT to Interest Expense on Bank Debt

INTEREST SUBSIDIES:

the annual amount of subsidies received or receivable by AMD Saxonia pursuant to the SAB/Dresdner; Dresdner/AMD Subsidy Agreement for the reimbursement of Interest Expense on Bank Debt.

6

2.1 MINIMUM TANGIBLE NET WORTH

The Tangible Net Worth shall not at the end of any fiscal year be less than the amounts set out below:

<TABLE>
<CAPTION>

END OF A FISCAL YEAR <S>	AMOUNT IN DM MILLIONS <C>
28 December 1997	[*]
27 December 1998	[*]
26 December 1999	[*]
31 December 2000	[*]
30 December 2001	[*]
29 December 2002	[*]
28 December 2003	[*]
26 December 2004	[*]
25 December 2005	[*]
31 December 2006	[*]

</TABLE>

2.2 MAXIMUM CAPITAL EXPENDITURE

AMD Saxonia shall not undertake Capital Expenditure in excess of 125 % of the amounts referred to for the relevant years as set out below:

<TABLE>
<CAPTION>

END OF A FISCAL YEAR <S>	AMOUNT IN DM MILLIONS <C>
29 December 2002	[*]
28 December 2003	[*]
26 December 2004	[*]
25 December 2005	[*]
31 December 2006	[*]

</TABLE>

2.3 MINIMUM INTEREST COVER RATIO

The Interest Cover Ratio calculated on a Rolling Quarter Basis shall not at the end of any Fiscal Quarter be less than the amount set out below:

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

7

<TABLE>
<CAPTION>

END OF THE FISCAL QUARTER <S>	INTEREST COVER RATIO <C>
30 December 2001	1,70
31 March 2002	1,70
30 June 2002	1,90
29 September 2002	2,00
29 December 2002	2,20
30 March 2003	2,40
29 June 2003	2,60
28 September 2003	2,80
28 December 2003	3,00
28 March 2004	3,00
27 June 2004	3,00
26 September 2004	3,00
26 December 2004	3,00
27 March 2005	3,00
26 June 2005	3,00
25 September 2005	3,00
25 December 2005	3,00
26 March 2006	3,00
25 June 2006	3,00
24 September 2006	3,00
31 December 2006	3,00

</TABLE>

2.4 FIXED CHARGE COVER RATIO

The Fixed Charge Cover Ratio calculated on a Rolling Quarter Basis shall not at the end of any Fiscal Quarter be less than the ratio set out below:

<TABLE>
<CAPTION>

END OF THE FISCAL QUARTER <S>	FIXED CHARGE COVER RATIO <C>
30 December 2001	1,25
31 March 2002	1,25

30 June 2002	1,25
29 September 2002	1,25
29 December 2002	1,30
30 March 2003	1,30
29 June 2003	1,30
28 September 2003	1,30
28 December 2003	1,40
28 March 2004	1,40
27 June 2004	1,40
26 September 2004	1,60
26 December 2004	1,60

</TABLE>

8

<TABLE>

<CAPTION>

<S>	<C>
27 March 2005	1,80
26 June 2005	2,00
25 September 2005	2,25
25 December 2005	2,50
26 March 2006	2,75
25 June 2006	3,00
24 September 2006	3,00
31 December 2006	3,00

</TABLE>

2.5 MAXIMUM INVENTORY TURNOVER

The Inventory Turnover of AMD Saxonia, calculated on a Rolling Quarter Basis, shall not at the end of any Fiscal Quarter be more than the amount set out below

<TABLE>

<CAPTION>

END OF THE FISCAL QUARTER	INVENTORY TURNOVER
<S>	<C>
31 December 2000	57
1 April 2001	57
1 July 2001	57
30 September 2001	57
30 December 2001	57
31 March 2002	57
30 June 2002	57
29 September 2002	57
29 December 2002	57
30 March 2003	57
29 June 2003	57
28 September 2003	57
28 December 2003	57
28 March 2004	57
27 June 2004	57
26 September 2004	57
26 December 2004	57
27 March 2005	57
26 June 2005	57
25 September 2005	57
25 December 2005	57
26 March 2006	57
25 June 2006	57
24 September 2006	57
31 December 2006	57

</TABLE>

9

3. EXCESS CASH:

Cash Flow from Operations and Investing
less Scheduled Repayment of Bank Debt
plus Opening Cash Balance
less DM 150,000,000
= EXCESS CASH*

* not included in the calculation of Excess Cash are insurance proceeds which are, or are to be, applied directly for reinstatement or replacement in accordance with Schedule 22

ADVANCED MICRO DEVICES, INC.

SECRETARY'S CERTIFICATE

The undersigned, Thomas M. McCoy, certifies that he is the Secretary of Advanced Micro Devices, Inc., a Delaware Corporation ("the Company"), and that, as such, he is authorized to execute this Certificate on behalf of the Company, and further certifies that the attached is a fair and accurate translation of the Determination Regarding the Request for a Guarantee by AMD Saxony Manufacturing GmbH.

WITNESS the signature of the undersigned this 13th day of May, 1997.

/s/ Thomas M. McCoy

Thomas M. McCoy
Secretary

[SEAL APPEARS HERE]

D e t e r m i n a t i o n
Regarding the Request for a Guarantee by the
AMD Saxony Manufacturing GmbH, Dresden

1. Borrower

AMD Saxony Manufacturing GmbH [Gesellschaft mit beschränkter Haftung; private limited liability company], Dresden

2. Extent of Credit

Investment credit up to a total of 1,650 Million German marks (DM) (including any additional investment credits of up to DM 150 Million in accordance with Sub-Clause 9 b), third line)

Based on model credit agreement F. 13 September 1990 (1993 version), the credits must be notarized in accordance with the "Notices" (1993 version) well known to the borrower and to the creditor.

3. Creditor

Bank consortium under the direction of the Dresdner Bank AG [Aktiengesellschaft; stock corporation] Frankfurt am Main [Frankfurt on the Main River]

1

4. Conditions

<TABLE>
<S> <C>
Pay-out/Interest Rate: In accordance with prevailing market conditions at time of notarization
Term: until 31 December 2006
Repayment: In twelve six-month installments in 2001 until 2006, starting on 30 June 2001.

</TABLE>

5. Scheduled Notarization and Value Dates

<TABLE>
<CAPTION>
DM Millions
<S> <C>
up to 31 December 1997 [*]
up to 31 December 1998 [*]
up to 31 December 1999 [*]
up to 31 December 2000 [*]

[*]/*/

</TABLE>

/*/ without any additional investment credits of up to DM 150 Million in accordance with Sub-Clause 9 b), third line

6. Guarantees of the Federal Government and the Free State of Saxony

All told, 65 % of the possible shortfall with proportionate parallel guarantees of 39 % from the federal government and 26 % from the Free State of Saxony.

Model document F. 04 January 1993/03 August 1994 federal government/ states (with an advanced right to payment) in accordance with "Notices" F. 12 October 1990 (1993 Version) is applicable for the guarantees.

2

*CONFIDENTIAL INFORMATION OMITTED &
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION

7. Credit Usage

Partial financing of the following borrower's investment program:

- a) Approximately DM 2,207 Million for building a microchip factory,
- b) Approximately DM 25 Million for building a development center, and
- c) Approximately 14 Million for real estate to be acquired within the City of Dresden. The above is in accordance with the following investment planning/1/ for 1996 - 2000, plus other (follow-on) investments starting in 2001 to the extent of approximately DM 697 Million:

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	1996	1997	1998	1999	2000	Total	
	\$	\$	\$	\$	\$	\$	\$
	Million	Million	Million	Million	Million	Million	Million

Wafer Factory							
Building and Infrastructure							
Facilities and Equipment	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Development Center	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Building and Infrastructure							
Facilities and Equipment							
Real Estate			[*]				[*]
	[*]		[*]	[*]	[*]	[*]	[*]
	[*]	[*]	[*]	[*]	[*]	[*]	[*]

	[*]	[*]	[*]	[*]	[*]	[*]	[*]

</TABLE>

The results and financial planning of the borrowing corporation for 1996 to 2006/2/, including the scheduled initial losses (enclosed as an attachment), are applicable for the total financing.

/1/ US dollar investment planning converted at a US dollar exchange rate of approximately DM 1.45

/2/ US dollar investment planning converted at a US dollar exchange rate of approximately DM 1.45

3

*CONFIDENTIAL INFORMATION OMITTED &
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION

8. Security of the Loan

- a) Registration of first ranking mortgages in a total credit amount on the borrower's entire real estate holdings.
- b) Transfer of ownership of the machines and mechanical systems procured/to be procured within the scope of this project and unencumbered by a third party.
- c) In line with customary banking practices, transfer of ownership of the

inventories and assignments of claims (without any previous or equal allowances for other credits), as well as transferring the rights and claims from the agreement to be concluded with AMD Inc. regarding non-exclusive licenses for commercial copyrights, which, if applicable, are generated within the development center in Dresden.

Signing of a collateral security pool agreement is recommended.

9. Other Stipulations

a) The following must be proven to the creditors before the guarantee becomes effective:

- That the borrower's registered capital to be obligated with DM 217.5 Million from AMD Inc. (equity holders of the borrower) is entered in the commercial register and that, as a minimum, one-half is deposited,
- That all important authorizations and similar documents required for implementing the project are available, and
- That binding commitments of the investment and interest subsidies applied for from the Free State of Saxony are available in the sum of approximately

4

725 Million. The guarantors assume that committed investment subsidies, as required, are financed on an interim basis by the bank consortium.

b) AMD Inc. is obligated to the following before the guarantee becomes effective:

- To provide the remaining payments on the borrower's registered capital in 1997 at the latest,
- To guarantee subordinate internal corporation loans of a total of DM [*] to the borrower. These loans must be paid in 1998 and 1999 at the rate of DM [*] per year. Interest and repayments on internal corporation loans require the previous consent of the creditors and guarantors during the term of the guarantee credit,
- To finance any total investment costs expected for building the factory in Dresden (including a development center) exceeding DM 2,246 Million up to an excess amount of a total of DM 225 Million with additional equity resources and bank credits (with 65 % participation by the guarantors) in the ratio of 1:2 and to finance any other investment costs over and above the preceding excesses to the full amount with additional equity resources.
- To sign a "take off" agreement for complete acceptance of the production of the factory in Dresden based on a 100 % reimbursement of costs expressed in German marks corresponding to German cost accounting principles and including the development center, plus a profit margin of 10 % at completion (expected at the latest in 2001, according to plan), and subject to the following provisions:
 - Cost reimbursement clauses for unexpected initial losses in 1996 through 1998, plus an adjustment for 1999 and 2000 with

5

*CONFIDENTIAL INFORMATION OMITTED &
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION

employment-independent complete cost reimbursements by AMD Inc. to the extent of 75 % and 105 %;

- Take over by AMD Inc. of the market risks for capacity utilization ranging from 75 % to 100 % of the planned/normal utilization with a guarantee of "a stable cash flow" within this utilization range.

Complying with the above adjustments must be verified in each case by the auditor within the scope of the borrower's annual audit.

- Within the scope of a separate agreement of the AMD Saxony Manufacturing GmbH at completion, to guarantee the allocation of additional equity capital or additional subordinate internal corporation loans up to a total amount of DM 145 Million, when and to what extent a "debt servicing coverage" of one year to be defined by

mutual consent with the creditors drops below the factor of 1.25.

- In accordance with the principle of equal treatment, to distribute proportionally any market-related adaptations of the production to all factories of the AMD group manufacturing products comparable to the borrower's products, provided the actual capacity utilization of the AMD Saxony Manufacturing GmbH does not fall below 75 % of the planned/normal utilization. Differing distributions are only permitted when AMD Inc. compensates for the resulting deterioration of the AMD Saxony Manufacturing GmbH cash flow by additional equity resources or by additional subordinate internal corporation loans. Designating other affected AMD factories and monitoring compliance with the principle of equal treatment are performed in an appropriate manner by consulting a neutral third party.

6

- To ensure that the borrower's sustained cash flow excesses are used within the scope of a separate adjustment to be agreed upon between the borrower and creditors for the early repayment of the guarantee credits.
- To conduct bona fide research in the Dresden factory in addition to production and to design and develop state of the art products in the development center. The following written statement released on 18 January 1996 by AMD Inc. applies in this context:

"In this regard, the Design Center will be an authentic research and development center. Two hundred highly qualified personnel will research and develop new products. A large part of the activity will extend into independent research of modern technology, with the main focus being the development and design of new products. These products will be produced not only in Dresden but worldwide in AMD factories. The product palette is expected to include a wide spectrum of modern digital components, such as microprocessors and circuits for the telecommunication and multimedia-media fields. Analogous to the Design Center at our locations in the United States, personnel will also redesign and develop variations of existing products."

- c) The following written statement released on 18 January 1996 by AMD Inc. applies:

"We agree that a qualified buyer of the business should be capable of manufacturing his own products in the factory using existing equipment and facilities should AMD become in default and the banks take over the factory. We believe that the factory and the existing equipment are sufficient for operations. A qualified buyer would, therefore, not be hindered from manufacturing his own products in the factory."

- d) Extending outside of the "take off" agreement, any exchange of delivery and performance obligations between the borrower and AMD Inc. and companies under the influence of AMD Inc. must be completed based on customary market conditions. In this regard, the auditor's opinion must be considered within the scope of the borrower's annual audits.

7

- e) The acceptance of this determination of guarantee also encompasses the acknowledgment that AMD Inc. has taken note of the written notice reported on 4 October 1995 by the C&L Deutsche Revision regarding subsidy-relevant facts. This also applies to the credit borrowing corporation AMD Saxony Manufacturing GmbH.

<TABLE>

<S>	<C>	<C>
Bonn, 2 July 1996	Dr. Hirsch signing for the Federal Ministry of Commerce	Dr. Wenzel signing for the Federal Ministry of Finance
Dresden, 2 July 1996	Schlicht signing for the Saxony State Ministry for Commerce and Labor	Hille signing for the Saxony State Ministry of Finance
Dusseldorf, 2 July 1996	Sinne and Biener signing for the C&L Deutsche Revision AG Auditing Company	

</TABLE>

8

(Please Specify when Replying)

Telephone: (02 28) 615
or 615 - 0 (Operator)
Fax: (02 28) 615 - 44 36
Teletext: 228340- BMWi
Telex: 8 86 747

Federal Ministry of Commerce - 53107 Bonn

Dresdner Bank AG
Business and International Branch
- - Special Financing -
Attention: Dr. Fahrholz/Dr. Leimbach
Weser Street 43

60301 Frankfurt am Main

Regarding: Federal/State Guarantees;

In this Case: AMD Saxony Manufacturing GmbH, Dresden

Reference: Your Request dated 2 October 1995

File Designation of the C&L DEUTSCHE REVISION AG,
Dusseldorf: BB 278 (B)

In the inter-ministerial committee with consent of the Federal Ministry of Finance and representatives of the responsible state, I have reached the determination delineated in the

12

enclosed correspondence from the C&L DEUTSCHE REVISION AG, Dusseldorf, dated 2 July 1996.

Please conduct all further correspondence in this matter directly with the C&L DEUTSCHE REVISION AG, Dusseldorf, as the mandatary entrusted by the federal and state governments with the management. Please specify the file designation of the C&L DEUTSCHE REVISION AG stated in the above Reference.

Sincerely,
per direction
/s/ Dr. Hirsch
Dr. Hirsch

13

Attachment III

F. 13 September 1990 (1993 Version)
Federal/States and/or THA [Treuhandanstalt; Trustee Administration]

M o d e l
C R E D I T A G R E E M E N T

The following credit agreement is herewith entered into
between the

(Creditor)

and the

(Borrower)

(S) 1
Extension of Credit

The creditor grants the borrower credit in an amount of up to

DM

(in words:

German marks)

(S) 2
Credit Usage

In accordance with the summarized demands and financial planning presented in Attachment I, the credit must be used for financing the borrower's business.

14

From the credit in the amount of DM , a partial amount

of DM is provided for financing operating funds. In the amount of this partial amount, the credit can be used on a revolving basis within the scope of the credit term provisions in accordance with (S) 4/4/.

(S) 3
Payment of Interest

The credit must be paid as follows starting from the date of disbursement:

- a) Partial Amount of DM (Investment Financing)
- b) Partial Amount of DM (Operating Funds Financing)

(S) 4
Credit Term

The credit has the following term:

- a) Partial Amount of DM (Investment Financing):
Up to with (six months) yearly repayment installments of
DM each; first installment due on ; last installment due
on .
- b) Partial Amount of DM (Operating Funds Financing):
Up to with complete repayment on this date at the latest.

- -----
/4/ This paragraph and the variations in credit and collateral envisioned hereinafter are not applicable provided no financing of operating funds is taking place/is guaranteed.

15

(S) 5
Collateral

1. The credit is secured by a percentage of a deficiency guarantee from the Trusteeship Administration and/or by a percentage of deficiency guarantees of the Federal Republic of Germany and the State of in the form known to the creditor and to the borrower. The determination of guarantee is enclosed as Attachment II and is a critical component of this credit agreement. All provisions/obligations to be incorporated into the credit agreement in accordance with the determination of guarantee are agreed hereto, even though they are not separately delineated in this credit agreement.

The guarantor(s) is/are entitled to employ a representative in administrating the guarantee.

2. Moreover, the credit and any possible rights of recourse of the guarantor(s) are secured as follows/5/:

- a) Partial Amount of DM (Investment Financing):
Mortgages in the amount of the credit on the borrower's entire (commercial) real estate holdings/6/, ranked according to mortgages of DM for securing unauthenticated credits.

- -----
/5/ Employing a collateral trustee is recommended.

/6/ If necessary, to be appropriated by means of descriptions in the real estate register. In the case of indeterminate real estate relationships, to be possibly relativized by obligation for the first possible mortgage

designation.

b) Partial Amount of DM (Operating Funds Financing):

Moveable collateral on the borrower's working capital (with equivalent appropriation and, as necessary, delineation of priorities).

The mutual, directly subordinate joint liability of the respective collateral is agreed herewith.

Regarding mortgages: In the case of registrations having higher priority, requires the agreement of customary ordered collateral measures.

- 3. If necessary, further or other provisions for providing collateral in accordance with the determination of guarantee.
- 4. The borrower is obligated to pledge currently non-encumbered and/or future acquired real estate holdings which are used or intended to be used for commercial purposes.
- 5. In the case of deterioration of the collateral, in particular by a decline in value and/or losses, the borrower must designate additional collateral in accordance with the demands of the creditor or must correspondingly pay back the credit.

(S) 6

Consent Requirements for Critical Measures

Provided a direct or indirect majority participation of the Trustee Administration no longer exists on the part of the creditor, then the following applies/7/:

- 1. The borrower is obligated to obtain the prior consent of the guarantor(s) for critical new capital and financing investments, for assuming critical new obligations, and for disposing of critical operational entities and holdings.
- 2. Possible further consent reservations in accordance with a determination of guarantee.

(S) 7

Termination

The creditor has the right to terminate the credit at any time demanding immediate repayment in total or in part based on critical reasons. In particular, a critical reason exists when

- 1. The borrower is in default for longer than 3 months with the payment of interest and repayment agreements,
- 2. The creditor determines that other critical contractual obligations have been violated by the borrower,

/7/ The preamble becomes void in the case of an exclusive federal guarantee/state guarantee and when no direct or indirect majority participation of the Trustee Administration exists from the beginning.

- 3. The borrower's statements regarding his capital and income relationships are subsequently proven as incorrect or incomplete in critical aspects,
- 4. The borrower suspends his payments; the start of enforcement, settlement or bankruptcy proceedings regarding the borrower's capital is requested; or enforcement takes place in critical parts of the borrower's capital.
- 5. Other circumstances occur or become known which jeopardize credit repayment.

(S) 8

Insurance Obligations

During the term of the credit, the borrower must adequately insure all of his

buildings, machines, other facilities, inventories and similar items against the customary risks.

(S) 9
Reporting

The borrower is obligated

1. To prepare his annual financial statements in accordance with commercial principles for large capital corporations and to present to the creditor and to the guarantor(s) on a regular basis his annual financial statements, including a situation report and supplement, immediately after filing and approval. Moreover, the auditor's report must be submitted to the guarantor(s).
2. To report semiannually to the creditor on the usage and handling of the credit.

19

3. To report to the creditor on critical business processes and, on demand, its overall economic condition.

(S) 10
Rights of Audit

1. The guarantor(s) is/are entitled to perform at any time an audit of the borrower or to have it performed by a representative, regardless whether a recourse can be considered from the guarantee or whether prerequisites exist or have existed for an audit of this nature.
2. The creditor is entitled to deliver to the guarantor(s) all documentation which affects the credit and collateral, and to provide all information demanded by this/these guarantor(s).
3. The borrower pays the costs of all audits and expert opinions specified as required by the guarantor(s) for the assumption of and in relation to the guarantee.

(S) 11
Guarantee Compensations

(Version for the THA/8/)

During the term of the credit, the borrower must submit to the guarantor(s) the following guarantee compensations:

- -----
/*/ For federal/state guaranteed credits, the adjustment in accordance with Section B of the "Notices" in the 1992 version applies in this case and must be agreed to in this form in the credit agreement.

20

1. 0.25 % of the maximum liability amount to the creditor for the principle claim specified in the instrument of guarantee, when delivering the instrument of guarantee;
2. 0.25 % of the guarantee sum in effect on the following first of April and first of October of each year for each six month period starting at these dates. (The guarantee sum is specified in the instrument of guarantee as the maximum liability amount for the principle claim less any repayments. Interim credit repayments are not considered repayments when using revolving guarantees/partial amounts of the guarantee.)

Compensations must be transferred to THA-specified accounts by indicating the guarantee number(s) delineated by the creditor.

(S) 12
Concluding Provisions

1. Any modifications to this agreement must be in writing.
2. All taxes, fees and other costs resulting from this agreement and its implementation are the responsibility of the borrower.
3. Provided a provision of this agreement should become null and void, contestable, or not legally valid based on other reasons, the applicability of the remaining provisions is not affected herewith. The partners to the

agreement are obligated, moreover, to replace the invalid provision with a provision equal in its result, if possible.

21

4. Place of performance and place of jurisdiction is

....., [date][date]
The creditor: The borrower:

22

Attachment IX

F. 04 January 1993

FEDERAL/STATES

General conditions for guarantee assumptions by the Federal Republic of Germany and the states of the accessing region.

I. Requirements and Conditions

1. Conditions and requirements specified in writing by the federal/state governments are an integral component of the statement of guarantee. As far as the credit relation is concerned, they must be incorporated into the credit agreement.

II. Credit Agreement

2. Modifications to the credit agreement approved by the federal/state governments based on the respective valid model of a credit agreement and forming the basis of the guarantee require the previous consent of the federal/state governments.
3. Based on the factual situation, the creditor is entitled to grant a proposed delay of interest and repayments up to a maximum six month period and up to the maximum amount of owed interest and repayment installments.

23

III. Transfer

4. The guaranteed claim can not be transferred or pledged without the previous consent of the federal/state governments. In this regard, transfers are excepted to banking institutions or other institutional investors having their principle place of business within the territory of the European Common Market, provided the creditor continues to observe the fiduciary administration of the rights and obligations from credits/guarantees.

IV. Obligations of the Creditor

5. The creditor must exercise the prudence of an ordinary businessman when granting and handling the credit. The fact of a federal/state guarantee must not reduce this prudence.
6. The federal/state governments are released from the guarantee vis-a-vis the creditor, when the creditor violates an obligation incumbent upon him in accordance with this guarantee. This does not apply in the case of negligent violations, provided the deficiency has not been caused by the violation.

The federal/state governments can terminate the guarantee vis-a-vis the creditor to take effect immediately, when the creditor violates an obligation incumbent upon him in accordance with this guarantee and, despite requests, the obligation has not been discharged within a reasonable, fixed time period.

7. The creditor must immediately inform the federal/state governments when
 - a) The borrower is in default of the agreed to interest and repayment installments on the guaranteed credit for longer than three months;

24

- b) The creditor determines that other critical credit conditions have been violated by the borrower;
 - c) The creditor determines that the borrower's statements on capital

relations have been subsequently proven as incorrect or incomplete;

- d) The creditor discovers that proceedings on the enforcement, settlement or bankruptcy regarding the borrower's capital have been initiated;
 - e) The creditor becomes aware of other circumstances jeopardizing, in his opinion, the repayment of the guaranteed credit.
8. The creditor is obligated to exercise his contractual right of termination when requested to do so by the federal/state governments. Herewith, the creditor's justified concerns must be taken into consideration.
9. The credit must be secured in accordance with the provisions of the credit agreement. The collateral to be designated secures the entire credit. Designating special collateral for the creditor's risk percentage is not acceptable without the consent of the guarantor. The creditor reserves the right to demand from the borrower the designation of additional collateral or an equivalent repayment of the credit in case the collateral deteriorates, in particular resulting from a decline in value and/or losses.
10. As soon as and provided the collateral designated for the credit and/or other available collateral correspond to the investment principle generally followed by the creditor, the creditor must inform the federal/state governments on this point. The creditor as well as the federal/state governments will then agree to what

25

extent, corresponding to the intrinsic value of this collateral, the federal/state governments can be released from their guarantees.

11. Provided the rights from the collateral designated for the credit do not pass over from their guarantees through operations of the law to the governments in accordance with the performance obligations of the federal/state governments, the creditor is obligated to transfer these rights (proportionally) to the federal/state governments.

If the creditor is satisfied from these guarantees as a result of recourse by the federal/state governments, then the creditor must administer and utilize the rights passing over to the federal/ state governments through operations of the law or through transfer with the prudence of an ordinary businessman in a fiduciary manner without special compensation (expenses will be reimbursed).

V. Default

12. In the case of default on the part of the borrower with owed performance obligations, the interest rate must be withdrawn starting with the occurrence of the default. This interest rate can be asserted as a claim for damages against the borrower. The amount of the claim for damages is limited to the discount rate plus 3 percent per year, unless a higher substitute claim is proven in this case. However, the contractually agreed upon standard interest rate approved by the federal/state governments can not be exceeded in any case.

Other damages due to the default, compound interests, interests charged during an agreed to delay, compensation interests, prosecution interests, overdraw interests, processing fees and auditing costs are not covered by the guarantee and can also not be directly incorporated into the deficiency accounting vis-a-vis the federal/state governments.

26

VI. Deficiency

13. Deficiency is applicable for the guaranteed credit when and provided the inability to pay on the part of the borrower is shown by suspension of payments, initiation of proceedings on enforcement, bankruptcy or settlement; as a result of releasing insurance in lieu of an oath in accordance with (S) 870 ZPO [Zivilprozebbordung; code of civil procedure]; or in any other manner. Nominal receipts from the utilization of credit-designated collateral or from the utilization of the borrower's other capital are not or no longer expected.
14. Even when the prerequisites of No. 13 are non-existent, the deficiency is applicable in the amount of the entire credit claim not yet paid or recovered, including interests and any costs, when an owed capital or interest amount has not been paid within twelve months in accordance with written payment demands issued after the maturity. The claim for the remaining credit must, however, be overdue for at least six months. After the maturity of the guaranteed principle and incidental claims, the creditor remains obligated to try with the prudence of an ordinary

businessman to collect or to recover the claims and, if necessary, to utilize the collateral, and to report on the situation to the federal/state governments. This obligation is suspended as long as the federal/state governments have not granted a directive which is reasonable according to the circumstances and which has been demanded by the creditor. Employing forceful measures with the borrower requires, moreover, the previous consent of the federal/state governments.

15. On request from the federal/state governments, the creditor must formulate a draft accounting of the deficiency.

27

16. Federal/state governments are entitled

- a) To pay progress payments on the expected guarantee indebtedness to be obligated,
- b) To discharge their guarantee obligation instead of in a total amount according to the maturity date for interest and repayment performance obligations established per the credit agreement for the case of proper servicing, but pursuant to the fact that the first payment from the federal/state governments must take place in accordance with Nos. 13 and 14 once the deficiency has been determined.

VII. Audit Rights

17. The creditor must obligate the borrower to permit at any time an audit by the federal/state governments or by their representative, regardless whether a recourse is possible from the guarantee or whether prerequisites exist or have existed for such an audit. The creditor must further obligate the borrower to provide the federal/state governments information requested by them in relation to the guarantee.
18. The preceding audit rights and rights to information also exist on the part of the creditor, but only regarding that documentation affecting the guaranteed credit. The creditor must obligate the borrower to release him from any vow of silence vis-a-vis the previously specified items.

28

VIII. Audit Costs and Guarantee Compensations

19. The creditor must obligate the borrower in the credit agreement to pay guarantee compensations to the federal/state governments in accordance with Section B. 1. of the "Notices" (1993 version) and, furthermore, to bear the costs of an audit in accordance with Nos. 17 and 18.

IX. Representative of the Federal/State Governments

20. The C&L TREUARBEIT Deutsche Revision AG, Auditing Company, Tax Consulting Company, Dusseldorf, is under contract to the federal government and the states to administer the guarantees of the federal/state governments and is authorized to release and to accept all related clarifications for the federal government and the states, provided they are not reserved for federal/state government debt management.

X. Place of Performance and Place of Jurisdiction

21. Bonn is the place of performance and place of jurisdiction.

29

F. 12 October 1990

(1993 Version)

N O T I C E S
for the Request of Guarantees and Credits
of the Trustee Administration in Berlin and/or Parallel Federal and State
Guarantees
for Projects on the Territory of
Brandenburg, Mecklenburg-Vorpommern, Saxony, Saxony-Anhalt,
Thuringia and East Berlin
(specified as an accessing region hereinafter)

A. Application Documentation

I. Creditor Information

a) For a Newly Established Project Company:

Partnership agreement/articles of incorporation (drafts, if necessary) with concise information on equity holders and the management.

b) For Established Companies, in addition to a):

1. Operational relations, in particular information on the production program, location conditions, capacities, staff, market and competition conditions.

30

2. Last annual financial statement in form attested to by an expert page. Also, situation report/business report and audit report, as well as opening DM balance for existing companies in the accessing region, if possible with incorporation/audit/situation reports.

3. Concise report on the economic development in the operating business year.

4. For existing companies in the accessing region:
Restructuring concept: if possible, an expert opinion rendered by an external specialist.

II. Project Information

If not already provided in a to-be-submitted restructuring concept:

- a) A detailed description of the project, including critical agreements.
- b) Business accounting with explanations.
- c) Financial requirements and financing with individual breakdowns.

III. Business Planning Information

In accordance with the model enclosed as Attachment I with explanations.

31

IV. Security

Primarily mortgage-related collateral with size and value specifications; Presentation of collateral lending options in line with customary banking practices; Justified representation of assets not to be encumbered/can be encumbered.

V. Other

- a) Statement as to whether and to what extent other public assistance is/will be requested for or in relation to the project by the borrower and/or by his equity holders.
- b) Enclosing a feasibility study conducted by an external specialist is recommended for the project companies.
- c) The right to demand enhanced documentation and information is reserved.

Applications must be submitted to the Trustee Administration, Berlin, Leipziger Street 5 - 7, when applying for guarantees and credits from the Trustee Administration.

Applications must be submitted to the C & L Treuarbeit Deutsche Revision AG, Dusseldorf, Auf'm Hennekamp 47, when applying for federal/state government guarantees.

32

B. Costs of Guarantee Assumptions/Credit Guarantees

I. Federal/State Government Guarantees

For the assumption of a guarantee, one-time and on-going compensations as well as set-up and processing fees are imposed on the applicant/borrower in accordance with the following provisions:

a) Application Fee

At the time of the application, a one-time application fee is due consisting of 0.5 percent of the requested guarantee, but, at most, DM 25,000.00. In case of withdrawal or rejection of the guarantee application, 50 % of the fee is reimbursed. In the case of a positive determination of the guarantee, the application fee is credited against the first of the on-going compensations.

b) On-Going Compensations

The borrower must pay the following guarantee compensations, starting with approval of and continuing for the term of the guarantee:

- 0.25 % of the highest amount of the guarantee regarding the principle claim when the determination of guarantee is delivered.
- 0.25 % of the guarantee sum after delivery of the statement of guarantee on the following first of April and first of October of each year for each six month period starting at

33

these dates. (The guarantee sum is specified in the statement of guarantee as the maximum liability amount for the principle claim, less any repayments. Interim credit repayments are not considered repayments when using revolving guarantees/partial amounts of the guarantee.)

If, according to the determination, the guaranteed credit is split up into many tranches affecting different six month periods and notarized, then the previous compensation adjustment applies tranche-related with the understanding that the compensation due when the determination of guarantee is delivered relates only to the first tranche and that the first compensations for subsequent tranches become due with their incorporation into the statement of guarantee or for a separate guarantee notarization when the statement of guarantee is delivered.

c) Set-Up and Processing Fees

The federal government and the respective state reserve the right to impose the following:

- A set-up fee up to 0.25 percent of the extended guarantee commitment payable to the federal and state governments when extending the guarantee commitment.
- A processing fee equivalent to the application compensation adjustment for significant modifications to a previously granted but not yet notarized guarantee.

34

The application compensation and the processing fee for significant modifications of a previously granted but not yet notarized guarantee must be transferred to the C&L Treuarbeit Deutsche Revision AG, Dusseldorf, account No. 31 308 12 at the Westdeutschen Landesbank, Girozentrale [clearinghouse], Dusseldorf.

On-going compensations and set-up fees must be transferred to the C&L Treuarbeit Deutsche Revision AG, Dusseldorf, "Federal Ministry of Finance" trust account No. 30 151 12 at the Westdeutschen Landesbank, Girozentrale, Dusseldorf. Please specify the guarantee number.

II. THA Guarantees

The adjustments delineated in the enclosed model agreement apply in this case.

C. Liability Principles

The liability principles of the federal and state governments are enclosed as Attachment II. These principles also apply for the Trustee Administration.

D. Agreement Model

The model enclosed as Attachments III through IX must be used for guarantee assumptions/credit guarantees.

Outline

of financial requirements of the Company and scheduled financing sources

FINANCING REQUIREMENT

Investments

- -----

Investments within the project

Replacement investments

Other investments

Financing requirement of participating companies

- -----

Redemptions

- -----

Credits secured by mortgages

Other long term and short term credits

Negative results according to separate planning

- -----

Other financial requirement (increase/reduction in short-term property/liability

- -----

domain)/**/

- -----

Total

- -----

FINANCING SOURCES

First rank credits

- -----

.....} Liquidation possibilities should be described in a
.....} suitable manner (commitment, collateral possibilities, etc.)

Other long-term credits

- -----

with guarantee

other

Equity capital additions of shareholders and/or partners

- -----

(mandatory bonds)

Depreciations/**/

- -----

[ill.] depreciations

Other depreciations

Net addition to long term reserves (for example, pension and severance schemes)

- -----

Asset [ill.] (book values)

- -----

Positive results according to separate planning (minus planned profit averages)

- -----

Public subsidies (investment tax incentives etc.)

- -----

Other financing sources (decrease/increase in short-term property/liability

- -----

domain)/**/

- -----

Total
- -----

Credit [ill.]
- -----

Long-term area (foreign exchange)
Long term area
a) foreign exchange
b) lines

/*Larger items should be explained specially

/**Optionally provided value adjustments on capital assets should be considered
separate correction items

37

F. 12 October 1990

(1993 Version)

L I A B I L I T Y P R I C I P L E S
of the Federal and State Governments for the Requests of Guarantees for
Financing Projects in the Accessing Region

1. As an investment incentive, the federal and state governments have created the possibility of engaging project companies as borrowers of federal/state government guaranteed credits for building, financing and operating projects in the accessing region.
2. The liability of the equity holders can be limited to a reasonable equity capital deposit. Besides partnership agreement-related adjustments and cost- and market-compliance delivery and acceptance agreements to be completed, if necessary, with the borrower, no further business agreements of these types are permitted whatsoever.
3. When financing projects in the accessing region, it is currently not foreseeable in a reliable manner whether or to what extent existing unauthenticated credit acceptances are possible against first-ranking mortgage-related collateral. Provided this is not (yet) the case, it can, as a result, be taken into account within the scope of a positive determination of guarantee that the creditors are obligated for the availability of collateral in line with customary banking practices and corresponding to their investment principles. This applies provided they forego at a subsequent time portions of the guarantee coverage, assuming agreement with the guarantors and after reaching an understanding about the intrinsic value of the collateral. In order to alleviate this reassigning of collateral, the administration of

38

the real collateral to be supplemented, if necessary, by agreement transfers (delivery and acceptance agreements) must be strived for by a collateral trustee.

4. Provided businesses from the jurisdiction of the Trustee Administration, Berlin, are also involved with the borrower, the federal government has noted that a proportionate parallel guarantee of the Trustee Administration must be considered in accordance with its direct or indirect participating holdings in order to alleviate federal/state government guarantee obligations. Even in this case, the main responsibility for the determination and administration of the guarantee lies with the federal government.
5. Regarding the project-related application of the above mentioned principles: The individual audit adjudicates in accordance with the submission of real guarantee applications. The individual audit takes both the point of view of the economical eligibility for promotion and customary financial reliability criteria into consideration.
6. Dependent on the granting or abeyance of a federal/state government guarantee, facts are subsidy-relevant in the sense of (S) 264 of the criminal code. The economic, operating and legal relationships of the applicant are an integral part of this point, as is the planned credit usage (Clauses I. - V. under Section A of the "Notices for the Request of Guarantees and Credits from the Trustee Administration, Berlin, and/or parallel Federal and State Government Guarantees for Projects on the Territory of Brandenburg, Mecklenburg-Vorpommern, Saxony, Saxony-Anhalt, Thuringia and East Berlin"). Willful or extremely careless incorrect information about these facts as well as the omission of information contradicting the granting or abeyance of the guarantee can be criminally pursued in accordance with (S) 264 of the criminal code.

39

The applicant must clearly acknowledge this subsidy instruction when submitting a request for a guarantee.

40

F. 04 January 1993/03 August 1994

FEDERAL/STATES
Deficiency Guarantee
(with advanced payment right)

M o d e l

S t a t e m e n t o f G u a r a n t e e

A credit in the amount of
DM _____

(in words: _____ German marks)
has been granted to the _____ (Borrower)
by the _____ (Creditor)
in accordance with a credit agreement dated _____ .

Based on (S) No. _____ of the federal budget act for the budget year _____ (Budget Act
) dated _____ (BGBl; [Bundesgesetzblatt; Federal Law Gazette])/9/, the Federal
Republic of German assumes herewith for the purpose of securing this credit a
deficiency guarantee vis-a-vis the creditor up to an amount of DM
(in words _____ German marks), which is %
(in words: percentage) of the original credit sum, plus % of the interest
shortfall in the amount approved by the federal/state governments, as well as %
of the cost shortfall associated with termination and judicial proceedings.
However, the federal government is responsible for these costs only up to 2 % of
the highest amount of the guarantee for the principle claim and on the
understanding that the State of assumes a similar guarantee up to
the amount of DM _____ , plus % of the above specified incidental claims.

- -----
/9/ An analogous adjustment applies in this case for state government
guarantees.

41

Credit and guarantee can be utilized with DM _____
or on a revolving basis with DM _____ /10/.

The obligation of the federal/state governments from the guarantee assumption is
reduced in each case by % of the amounts which are paid for the sustained
repayment of the guaranteed total credit.

The creditor is entitled to use profits realized from utilizing credit-
designated collateral primarily for covering his own percentage of liability on
the principle claims, on standard interests, and on costs associated with
termination and judicial proceedings.

The guarantee is assumed until return of this statement of guarantee, but at the
latest to _____ /11/. Up to this point, the creditor must report his justified
claims to the federal/state governments.

The "General Conditions for Guarantee Assumptions by the Federal Republic of
Germany and the States of the Accessing Region" (F. 04 January 1993) are a
critical component of this statement of guarantee.

- -----
/10/ This applies only within the scope of operating funds and guarantee credit.
/11/ Twelve months after a scheduled credit maturity.

42

ADVANCED MICRO DEVICES, INC.

SECRETARY'S CERTIFICATE

The undersigned, Thomas M. McCoy, certifies that he is the Secretary of Advanced Micro Devices, Inc., a Delaware Corporation ("the Company"), and that, as such, he is authorized to execute this Certificate on behalf of the Company, and further certifies that the attached is a fair and accurate translation of the AMD Subsidy Agreement between AMD Saxony Manufacturing GmbH and Dresdner Bank AG in Dresden, Germany.

WITNESS the signature of the undersigned this 13th day of May, 1997.

/s/ Thomas M. McCoy

Thomas M. McCoy
Secretary

[SEAL APPEARS HERE]

A M D S u b s i d y A g r e e m e n t

between

AMD Saxony Manufacturing GmbH

Washingtonstrasse 16 A, 01139 Dresden

(hereinafter "Grant Recipient")

and

Dresdner Bank AG In Dresden

Dr. Kulz - Ring 10.01607 Dresden

(hereinafter "Principal Bank")

Preamble

The Grant Recipient intends to construct in Dresden a manufacturing facility for the production of microelectronics products (hereinafter the "Project"). On October 2, 1995 the Grant Recipient applied to the Sachsische Aufbaubank (hereinafter "SAB") for public funding within the framework of the Regional Economic Development Programme of the Free State of Saxony. The application was for investment and interest grants. Based on this application as well as the authorisation of the State Ministry of Saxony for Economic and Labour Affairs the SAB authorised the following grants (hereinafter collectively referred to as the "Grants"):

-2-

- an investment grant of DM 476,687,000. - (hereinafter the "Investment Grant");
- an interest grant of DM 300,000,000. - (hereinafter the "Interest Grant")

In respect of the Grants the SAB on the (date of the last draft) entered into a subsidy agreement attached hereto as Appendix 1, (hereinafter the "SAB Subsidy Agreement") with the Principal Bank. According to the provisions of the SAB Subsidy Agreement the Principal Bank is obligated to enter into a subsidy agreement with the Grant Recipient.

The following provisions of this agreement apply to the Interest Grants as well as to the Investment Grants unless something else is explicitly stated or required by the context.

1. Investment Grant

1.1 The SAB has granted to the Principal Bank an appropriated Investment Grant of:

DM 476,687,000.-

in words:

DM four hundred seventy six million six hundred eighty seven thousand from funds of the Common Action "Regional Economic Structural Improvements" (CA funds) for onward transmission to the Grant Recipient.

1.2 The Investment Grant will be made available in instalments to the Grant Recipient in the name of the Principal Bank and for the account of SAB as follows:

-3-

<TABLE>
<CAPTION>

	CA funds Federal State <C>	EFRD-funds EC/Federal Government/ Federal State <C>
<S>		
Account-No. 972.003990.2 1997 a payment of up to DM	138,000,000.-	
Account-No. 972.003968.9 1998 a payment of up to DM	163,500,000.-	
Account-No. 972.004257.3 1999 a payment of up to DM	175,687,000.-	

</TABLE>

A precondition for the transmission of Investment Grant payments to the Grant Recipient is the prior receipt by the Principal Bank of the necessary funds from the SAB. (ref. 7.12)

1.3 In calculating the amount of the Investment Grant a total grant-in-aid of DM 500,500,000.- has been assumed, consisting of an Investment allowance of DM 23,813,000.- and an Investment Grant of DM 476,687,000.-. If the investment allowance is increased or reduced, the amount of the Investment Grant will be adjusted accordingly as provided for in the SAB Subsidiary Agreement.

2. Interest Grant from the Budget of the Free State of Saxony

In addition the Principal Bank was promised from SAB, based on the authorisation of the State Ministry of Saxony for Economic and Labour Affairs, for onward transmission to the Grant Recipient and Interest Grant of:

DM 300,000,000.-

In words:

DM three hundred million

-4-

It is assumed that the Interest Grants will become due as follows:

1997:	8,800,000.00 DM
1998:	31,000,000.00 DM
1999:	59,300,000.00 DM
2000:	84,300,000.00 DM
2001:	96,800,000.00 DM
2002:	19,800,000.00 DM

The Interest Grant is to be used solely for the guaranteed loan in the amount of up to DM 1,650,000,000. - to be extended by the Principal Bank/banks for the financing of the Project. The Interest Grant will be made available in instalments by the SAB upon presentation of interest calculations by the Principal Bank/banks. A precondition for the transmission of Interest Grant payments to the Grant Recipient is the prior receipt by the Principal Bank of the necessary funds from the SAB. (ref. 7.12)

3. Purpose of the Grants

The Grants have been appropriated for a specific purpose and must be used for cofinancing the costs of the project

"Construction of a manufacturing facility for the production of microelectronic products at the investment site 01067 Dresden".

4. Investment Period

4.1 The Project shall be carried out between March 31, 1996 and December 31, 2006.

-5-

4.2 The Project consists of two phases:

Phase 1: March 31, 1996 to December 31, 2001

and

Phase 2: January 1, 2002 to December 31, 2006

4.3 The Investment Grant is granted on the basis of the following investment and financial plan.

<TABLE>
<CAPTION>

Investment plan -----	in accordance with commitment letter dated Dec. 18, 1995 -old-	according to AMD planning as of Sept. 1996 -new-
<S> Purchase of Real Estate	DM <C> [DM <C>
Waferplant -----		
- Buildings and infrastructure		
- Plant and equipment		
Development centre -----		*
- Buildings and infrastructure		
- plant and equipment		
Start-up expenditure -----]

</TABLE>

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

-6-

FINANCIAL PLAN
- -----

	DM	DM
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Contribution of equity funds by AMD Inc./

USA (share capital/shareholder loans)

Contribution of funds sourced from the
cash flow of the Grant Recipient from 2001
onwards

*

Investment allowance
Investment Grant from CA funds
Loan provided by the Principal Bank

5. Notes on the calculation of the public financing assistance

5.1 The calculation of the CA Grant is based on maximum costs eligible for assistance in the amount of DM 1,430,000,000.-. This amount corresponds to maximum total investment eligible for assistance of DM 1,000,000.- per permanent job created.

It has to be noted, that the cost eligible for assistance actually incurred may be subsidised by Grants and other public financial aid up to a maximum rate of 35%.

5.2 The Interest Grant has been calculated on the basis of a loan requirement from the Principal Bank in the amount of up to DM 1,650,000,000.-. This additional grant is designed to off-set the interest expenses of the Grant Recipient during the investment phase up to the year 2002 and thereafter, if the Interest Grant has not been fully used.

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

-7-

6. Jobs

6.1 The calculation of the public financial assistance is based on the assumption that through the investment at least 1,430 permanent jobs will be created, which will be filled in full by the end of the year 2001. The Grant Recipient is not obliged to create special jobs for women.

6.2 With regard to the reporting requirements concerning the creation and filling of the permanent jobs we, in addition, refer to clause 6 of the General Conditions for Grants from the Regional Economic Development Programme of the Free State of Saxony - Version for the Grant Recipient - in the version 31515 dated 08 of 1995 attached hereto as Appendix 2 (hereinafter the "General Conditions for the Grant Recipient") as well as to the repayment provisions according to clause 7 of the General Conditions for the Grant Recipient. In addition reference is made to clause 6 and 7 of the General Conditions for Grants from the Regional Economic Development Programme of the Free State of Saxony - Version for the Principal Bank - in the version 31514 dated 08 of 1995 (hereinafter the "General Conditions for the Principal Bank") attached hereto as Appendix 3.

7. Disbursement conditions

7.1 The current certified annual financial statements and an economic analysis of the operating figures for the month preceding the disbursement must be sent via the Principal Bank to SAB with each Notice of Drawdown provided that the actual certified annual statement has not been presented at a previous drawdown. The results must justify the disbursement of public financial aid. This is the case, if - based on the above mentioned information - there is no imminent threat to the continued existence of the entity/enterprise.

-8-

7.2 The real estate purchase contract must be sent via the Principal Bank to SAB prior to the first disbursement.

7.3 The Articles of Incorporation as well as the bylaws of the Grant Recipient must be submitted via the Principal Bank to SAB prior to the first disbursement. Any change of the legal situation has immediately to be announced to SAB via the Principal Bank.

7.4 Cost eligible for assistance include the cost for the purchase or the cost of manufacturing for tangible fixed assets (Sachanlagevermögen) according to German GAAP with regard to the investment project. Excluded from assistance are capital expenditure for the procurement of replacement assets, vehicles, minor-value assets, real estate and capitalised real estate expenses.

The Grant Recipient will be obliged to capitalise the capital expenditure as stated in the investment plan approved in conjunction with the loan commitment as additions to the company's fixed assets.

Prior to the first disbursement SAB must receive confirmation from the auditors and from the Grant Recipient that they have taken note of the above mentioned conditions. The confirmations have to be sent via the Principal Bank to SAB.

7.5 Prior to the first disbursement Advanced Micro Devices, Inc. (hereinafter "AMD Inc.") and the Grant Recipient shall confirm to SAB that the Investment project supported by the CA grant has not been, and will not be, the object of previous or future applications for public funds. Likewise confirmation must be rendered that SAB has been notified of all the Grants employed or applied for in connection with the subsidised Investment project for which assistance is being provided herewith. The confirmations have to be sent via the Principal Bank to SAB.

-9-

7.6 Prior to the first disbursement of funds confirmation by the Principal Bank must be submitted that financing of the Project is secured in accordance with the financial plan described in the grant offer provided that the Grant Recipient shall communicate and comment any deviations from the actual financial plan. In the event that the additional financial assistance is provided, causing the maximum permissible amount of subsidies to be exceeded, SAB has reserved the right vis-a-vis the Grant Recipient to reduce the Grants proportionately. Such a reduction would be passed on by the Principal Bank to the Grant Recipient.

7.7 Prior to the first disbursement of funds the formal declaration by the Principal Bank and the loan agreements must be presented to SAB. Furthermore, an updated financial plan of the Grant Recipient has to be submitted to SAB. The aforementioned documents have to be submitted via the Principal Bank to SAB even if they have to be provided by the Grant Recipient or any third parties.

7.8 In promising the Grants and for the amount of subsidies on which they are based the SAB and the Principal Bank have assumed that no special depreciation will be claimed for the economic assets for which assistance is granted. This must be confirmed to SAB in writing by the auditors of the Grant Recipient prior to the first disbursement of funds. Furthermore such confirmation has to be rendered within each financial statement of the Grant Recipient.

7.9 SAB and the Principal Bank further assume that the Grant Recipient has fulfilled its tax commitments. A certificate of non-objection from the tax authorities providing information on tax-related circumstances of the company and its shareholders must be sent via the Principal Bank to SAB prior to the first disbursement of funds.

-10-

7.10 Before the first disbursements of funds related to capital expenditure on construction evidence must be submitted via the Principal Bank to SAB that an incontestable building permit has been issued therefor.

7.11 In the event that the equity (nominated capital and shareholder loans) as set out in clauses 10.4 and 10.5 below in a total amount of DM 507,500,000 is not, as provided therein, employed in full, AMD Inc. and AMD Saxony Holding GmbH shall assume joint and several liability together with the Grant Recipient for the cases set forth in clauses 7 and 8 of the General Conditions for the Grant Recipient. The original of the declaration attached as Appendix 4 (hereinafter the "Declaration of Liability"), duly signed and sealed with the company stamp, must be presented via the Principal Bank to SAB not later than at the time of first drawdown of the Grants.

7.12 Each subsidy payment from the Principal Bank to the Grant Recipient is dependent on the Principal Bank having previously received the corresponding contribution from the SAB to be forwarded to the Grant Recipient. The Principal Bank can refuse to transmit the provided contribution if a corresponding instruction of the SAB or if circumstances are such that in the opinion of the Principal Bank a reduction or demand for repayment of the Grants by SAB threatens and if SAB following a written demand of the Principal Bank for consent to the transmission of cash funds to the Grant Recipient within a certain

time-limit has not declared such a consent.

- 7.13 Prior to the first disbursement commercial register excerpts of the Grant Recipient and of AMD Saxony Holding GmbH have to be provided to SAB via the Principal Bank.
- 7.14 The Principal Bank has no liability whatsoever for the failure of either the SAB or the Free State of Saxony to provide for funds.

-11-

- 7.15 For all the documents that according to these provisions the Grant Recipient is to provide to the SAB via the Principal Bank the Grant Recipient must provide two copies to the Principal Bank. The Principal Bank has a reasonable amount of time to forward the required documents to the SAB. A reasonable time shall be deemed to mean at least five banking days exclusive of the days the documents are received or forwarded by the Principal Bank. The Principal Bank has the right but not the obligation to review the documents before their transmission to the SAB.
- 7.16 The Principal Bank will transmit all Grant payments received by SAB for the Grant Recipient to the Grant Recipient without delay.
8. Drawdowns on the Funds from the Common Action "Regional Economic Structural Improvement."
- 8.1 The Grant may be drawn from SAB via the Principal Bank until January 30, April 30, July 30 and October 30 of each year upon fulfillment of conditions pursuant to clause 7 and the following drawdown requirements. In consultation with the SAB an additional drawdown up to December 15 of each year is possible.
- a) The overall financing of the Project has been secured.
- b) Before the first drawdown the Grant Recipient has received equity and shareholder loans amounting to DM 143,000,000.- and costs eligible for assistance in the amount of DM 143,000,000.- have been incurred.

Grants may be drawn down before presentation of invoices for costs eligible for assistance before presentation of invoices if such costs are expected to be incurred in the subsequent two months after disbursement.

-12-

Otherwise the drawdown requirements mentioned in clause 2 of the General Conditions - Version for the Principal Bank - and - Version for the Grant Recipient - shall apply, insofar as nothing else has been agreed in this AMD Subsidy Agreement (including all appendices).

- 8.2 For the purpose of drawdown the Grant Recipient will provide in a timely fashion an original of the attached "Declaration of the Grant Recipient" (hereinafter "Notice of Drawdown") attached hereto as Appendix 5 as well as the confirmation of an auditor attached hereto as Appendix 6 to the Principal Bank for further transmission to the SAB. The draw of the Grants from SAB occurs through the Principal Bank by submission to the SAB of the "Request for Draw of Grant Funds from the Regional Economic Structural Improvement Programme of the Free State of Saxony" (hereinafter the "Request for Funds") attached hereto as Appendix 7. The Grant Recipient is aware of the fact that the disbursement of individual Grant payments and the transmission of these funds to the Principal Bank by the SAB for transmission to the Grant Recipient is subject to the provision of cash funds by the Free State of Saxony.
- 8.3 The Principal Bank has the right but not the obligation vis-a-vis the Grant Recipient to verify the accuracy of the documents and statements provided by the Grant Recipient in connection with a draw of the Grants. The Grant Recipient undertakes on demand of the Principal Bank to provide all information and documents which the Principal Bank deems necessary for spot checks. Neither the circumstances nor the consequences of the SAB objecting to or deeming insufficient, either for form or content, in whole or in part, the documents or information necessary to confirm compliance with the disbursement conditions, will grant the Grant Recipient any rights vis-a-vis the Principal Bank.

-13-

9. INTEREST GRANT DRAWS

- 9.1 The Interest Grant will be disbursed upon evidence that interest payments under the Principal Bank loans referred to in clause 5.2 are due. In the event of a draw on the Interest Grant the due date of the interest payments within the framework of the financing of the Project is to be proven through the presentation of the jointly determined relevant interest

accounts. With every Notice of Drawdown relating to Interest Grants the Grant Recipient must provide the Principal Bank with the interest account for which equalisation the Grant Recipient will use the Interest Grant.

- 9.2 If the interest accounts, which are intended to be offset by the Interest Grant, have not yet been paid by the Grant Recipient to the respective interest creditors then the Grant Recipient hereby irrevocably authorises the Principal Bank to pay the funds received from the SAB for the purpose of repaying the outstanding interest owed directly to the respective interest creditor according to the rendered account.

10. GENERAL COVENANTS

10.1 Financial assistance is provided on the basis of the General Conditions for Grants under the Regional Economic Development Programme of the Free State of Saxony, Versions 31514 dated August 1995 and 31515 dated August 1995.

10.2 In granting this assistance SAB and the Principal Bank assume that the intangible assets being subsidised have not been acquired/will not be acquired from affiliated companies or companies with other business, legal or personnel linkages.

-14-

10.3 Assistance is granted provided that the Grants will be claimed back (pro rata, as the case may be) in the event that the subsidised economic assets leave the Grant Recipient's possession during the commitment period or are no longer used in the Grant Recipient's facility with the exception of expenditure on replacements of at least the same value in the ordinary course of business. Other usage (e.g. renting/leasing) or a disposal of assets shall be excluded. Renting and leasing in the course of a demerger, pooling of interests or partnership shall be subject to approval by SAB.

10.4 Assistance is granted provided that the Grant Recipient is endowed with a nominal share capital in an amount of DM 217,500,000.- and entered in the Register of Companies. The total amount must be paid up by no later than end 1997.

10.5 Assistance is granted subject to the granting shareholder loans by AMD Inc. totaling DM 290,000,000.- in favour of the Grant Recipient, to be paid in two instalments of DM 145,000,000.- each in 1998 and 1999. During the term of the guaranteed loans interest and redemption payments on the shareholder loans will require the prior approval of SAB.

10.6 Assistance is granted provided that any overruns of the anticipated total investment costs for the construction of the production facility in Dresden (including the development centre) above and beyond DM 2,430,000,000.- (excluding additional investment cost for ongoing capital expenditure in the amount of DM 551,000,000.-) up to a further amount of altogether DM 225,000,000.- is financed by additional equity by AMD Inc. and bank loans (with 65% guarantee backing) in the ration 1:2 and that any investment cost overruns in excess thereof is financed in full by additional equity (nominal capital/shareholder loans).

10.7 Assistance is granted provided that AMD Inc. and the Grant Recipient conclude a cost reimbursement agreement as well as a "Wafer Purchase Agree-

-15-

ment" to take off - from the time of completion (which is scheduled to take place by 2001 at the least) onwards - all the output from the Dresden plant on the basis of full cost reimbursement in DM prices a 10%-profit-margin complying with German cost accounting principle and including the development centre, according to the following provisions:

- reimbursement of start-up losses for the years 1996 to 1998 exceeding the budgeted amounts as well as a provision for the years 1999 and 2000 concerning cost reimbursement by AMD Inc. in the amount of 75% and 105% irrespective of the actual capacity utilization:
- AMD Inc. covers the market risk within a capacity utilization range from 100% to 75% p.a. of the planned/standard capacity utilization by securing a "stable cash-flow" within this capacity utilization range.

Compliance with the above mentioned provisions shall be confirmed each year by the auditor in the course of the annual audits of the Grant Recipient.

- 10.8 Assistance is granted provided that any market-induced adjustments in production will be shared proportionally amongst all the production facilities belonging to the AMD group manufacturing products comparable to those of the Grant Recipient, according to the principle of equal treatment, if the actual capacity utilization of AMD Saxony Manufacturing GmbH falls below 75% of the planned/standard capacity utilization. Other allocations are only permissible. If AMD Inc. covers the cash flow shortfall of AMD Saxony Manufacturing GmbH caused by such allocations: determination of such other AMD production facilities as well as the monitoring of adherence to the equal treatment principle monitored will be carried out in suitable manner with aid of neutral third parties.
- 10.9 Assistance is granted provided that any permanent cash flow surpluses of the Grant Recipient will be used for premature repayment of the guaranteed loans to be agreed upon between the Grant Recipient and the lenders in a separate arrangement.

-16-

- 10.10 Assistance is granted provided that in addition to production bona fide research will be carried out at the Dresden plant and the development centre will be occupied with the design and development of modern products: for this the following declaration issued by AMD Inc. in a letter dated January 18, 1996 shall apply:

"In this respect the design centre will be a genuine research and development facility. 200 high qualified staff there will devote themselves to the research and development of modern products. Much of their activity will consist of independent research into state-of-the-art technology, emphasis being placed on the development and design of new products for the manufacture not only in Dresden but in AMD's facilities world-wide. The range of products will probably comprise a broad spectrum of state-of-the-art digital components such as microprocessors and circuits for telecommunications and multimedia sector. In line with the design centres at our locations in the United States, the Dresden facility will also address the redesign and development of variations on existing products."

The declaration issued by AMD Inc. in a letter dated January 18th, 1996 shall apply:

"We accept that in the event AMD should default on the loan and that the banks then take over the facility, a qualified buyer of the facility should be able to produce his own products there using the equipment and tools set in place..."

We believe that the facility and the equipment set in the place will be sufficient to allow operation of the production facility. Thus a qualified buyer would not be encumbered from manufacturing his own products in the facility.

- 10.11 Assistance is granted provided that any exchange of goods and services between the Grant Recipient and AMD Inc. as well as companies within the

reach of influence of AMD Inc. going beyond the Wafer Purchase Agreement will be settled on the basis of customary market terms; the auditor will comment on this in the course of their annual audits of the Grant Recipient.

11. Processing Fee

For the processing of the application for the granting of the Investment and Interest Grant the Principal Bank receives a single fee consisting of [*] of the Investment Grant. The fee of DM [*] is due when the first Grant payment is made and is to be paid into Account No. [*] at the Dresdner Bank AG in Dresden (BLZ - Bank Destination Code).

12. General Provisions, Grant Agreement, Schedule of Conditions.

12.1 All provisions which are contained in the General Conditions for the Grant Recipient, the General Conditions for the Principal Bank, the SAB Subsidy Agreement and/or the list of obligatory conditions attached to the SAB Subsidy Agreement (hereinafter the "Schedule of Conditions"; attached hereto as Appendix 8) are binding parts of this agreement. The Grant Recipient explicitly undertakes to abide by the conditions contained therein and to make all declarations, and do all things which are required of it pursuant to these obligations. Should there be contradictions between provisions of this agreement and provisions contained in the appendixes to this agreement, the provisions contained in the appendixes to this agreement shall prevail.

12.2 Specific reference to particular provisions of the General Conditions for the Grant Recipient, the General Conditions for the Principal Bank, the SAB Subsidy Agreement and the Schedule of Conditions leaves the application of other provisions of the General Conditions for the Grant Recipient, the General Conditions for the Principal Bank, the SAB Subsidy Agreement and the Schedule of Conditions unaltered.

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

-18-

12.3 The appendices referred to in this agreement form part of this agreement.

12.4 The rights and obligations in this agreement exist independently of all other rights and obligations of the parties to this agreement that may be contained in any other agreements relating to the financing of the Project.

12.5 In the commitment letter, which is the basis for the SAB Subsidy Agreement, the SAB has reserved the right to adjust the commitment letter, if in the context of the final handling of the guaranty application amendments or supplements of its conditions arise. It is agreed between the parties to this agreement that, if the SAB Subsidy Agreement will be modified due to a modification of the commitment letter, this agreement shall be modified accordingly. The Principal Bank will give the Grant Recipient the opportunity to comment on forthcoming modifications of the SAB Subsidy Agreement.

13. Assignment

13.1 The assignment of rights arising under this agreement is only permitted with the written consent of the Principal Bank and the SAB. The Principal Bank has the right to assign or transfer to the SAB all claims pursuant to this agreement as against the Grant Recipient including all ancillary claims or present or future securities.

13.2 According to the conditions of the SAB Subsidy Agreement with which the Principal Bank has declared it is in agreement, the Principal Bank has assigned all claims arising out of this agreement to the SAB. The Grant Recipient acknowledges that it has knowledge thereof and explicitly agrees thereto.

-19-

14. DISCLOSURE REQUIREMENTS AND CERTIFICATES OF USE

14.1 The Grant Recipient shall submit Certificates of use to SAB via the Principal Bank. The final Certificate of use shall be presented no later than six months after termination of the investment project, by June 30, 2007, to SAB. Six months after termination of the first stage of the investment - June 30, 2002 - an initial Certificate of intermediate use shall be submitted without further reminder. The aforementioned Certificates of use are to be produced by using (i) the form attached hereto as Appendix 9 in case of the final Certificate of use, and (ii) the form attached hereto as Appendix 10 in case of Certificate of intermediate use.

14.2 SAB and the Principal Bank reserves the right to call for further Certificates of intermediate use. In addition, on February 1 of each year a report on the progress of the project shall be submitted by the Grant Recipient to SAB via the Principal Bank, starting, however, with August 1, 1997. Separate reports shall also be submitted to the European Commission if so required.

14.3 The correctness of the statements in the Certificates of use and their compliance with the books and records has to be confirmed by an auditor.

14.4 At the end of each year the Principal Bank shall submit a Certificate of intermediate use with regard to the Interest Grants furnished [Appendix I]. This Certificate of intermediate use must contain confirmation of the amount of interest expenses paid on the loan provided by the Principal Bank/banks in connection with the use of the guaranteed loan provided by the Principal Bank/banks for the investment project in Dresden. Further Certificates of use shall be submitted by the Grant Recipient and the Principal Bank upon request of the SAB or its agents.

-20-

14.5 Two copies of all Certificates of use with complete documentation and information are to be provided to the Principal Bank without delay for transmission to the SAB. Neither the circumstances nor the consequences of the SAB objecting to or deeming insufficient, either for form or content, in whole or in part, the Certificates of use, will give the Grant Recipient any rights vis-a-vis the Principal Bank.

14.6 All expenses associated with the drawing up on the aforementioned Certificates of use and their possible review by the Principal Bank are to be borne by the Grant Recipient and such associated costs as incurred by the Principal Bank are to be immediately reimbursed by the Grant Recipient.

15. RIGHT OF EXAMINATION

15.1 The SAB, the Free State of Saxony, represented through their respective departments or an entity authorised by these, and the Audit Office/Accounting Office of the Free State of Saxony as well as the Principal Bank have the right to verify that the administration and the use of the Grants by the Grant Recipient conforms with their designation. In as much as EU funds are used the above also applies to the respective departments of the EU. The Principal Bank has the right to burden the Grant Recipient with its costs of the verification. The Grant Recipient is obliged to inform the above noted departments about the Project and to provide access to the corporate records.

15.2 The Grant Recipient is aware that the SAB, the Free State of Saxony, the Audit Office/Accounting Office of the Free State of Saxony and the EU have the right at any time to conduct investigations at the Principal Bank to the extent the matters investigated are connected with the Grants and further they have the right to examine all documents related to the Grants. In case

-21-

of doubt the necessity of such an investigation is deemed to exist in the relationship between the Principal Bank and Grant Recipient. The Grant Recipient hereby explicitly releases the Principal Bank from every and any duty of confidentiality with respect to the investigating departments and their personnel in connection with all information and documents concerning the Grants. The costs of such investigations upon presentation of an account will be immediately paid by the Grant Recipient to the Principal Bank.

16. OBLIGATIONS TO NOTIFY

16.1 If pursuant to the provisions of this agreement the General Conditions for the Grant Recipient, the SAB Subsidy Agreement, or the Schedule of Conditions the Grant Recipient has an obligation to inform, the Grant Recipient must do so immediately and in writing to the Principal Bank for transmission to the SAB. The notification must specifically refer to the provision which requires the notification.

16.2 The Grant Recipient will simultaneously provide the Principal Bank with copies of all information and notifications which the Grant Recipient in connection with the Subsidies provides directly to the SAB. The obligation of the Grant Recipient to provide such information and notification to the Principal Bank first remains undisturbed.

16.3 The Grant Recipient shall immediately notify the SAB via the Principal Bank, if the total investment cost are reduced or the financing is changed by more than DM 10,000,000.-. Otherwise clause 6 of the General Conditions - Version of the Grant Recipient - and - Version of the Principal Bank - shall apply.

16.4 The Grant Recipient will provide the following reports to the Principal Bank for further transmission to the SAB:

-22-

- yearly on the 1st of February, commencing, however, on August 1, 1997: report to the SAB detailing the progress of the Project;
- on request of the European Commission; report to the European Commission.

17. Waste Management and soil protection

The Grant Recipient herewith confirms that he will comply with the objective of waste management and soil protection (clause 1 and clause 7 EGAB/First Law on Waste Management and Soil Protection in the Free State of Saxony) in an exemplary manner.

18. Rescission and Repayment of Grants

18.1 The Principal Bank pursuant to the provisions of this agreement and the General Conditions for the Grant Recipient has the right to resile from this agreement and to demand immediate repayment of the Grants.

18.2 A rescission of Grants in case the number of permanent jobs the financial assistance is based on are not filled or are not filled in full is only possible until June 30, 2007.

18.3 In the event Grants are claimed back due to a partial non-compliance with the conditions [stated in the Schedule of Conditions] and/or other conditions for the provisions of financial assistance, the rescission of the Grant is limited to a corresponding Grant amount.

18.4 Grants can completely or partially be claimed back even if the reason for rescission has been set by AMD Saxony Holding GmbH.

-23-

18.5 The Principal Bank will, upon request of the SAB, rescind this subsidy agreement for good reason, and require immediate repayment of the grant, in particular if:

- a) the Grant Recipient has obtained the grant wrongfully;
- b) the Grant Recipient does not implement the project for which financial assistance is provided, or deviates from the capital expenditures and/or non-investment measures upon which this commitment is based;
- c) the Grant Recipient does not employ the Grants immediately in accordance with the purpose stipulated in the commitment letter;
- d) the Grant Recipient does not comply with the conditions, provisions and other obligations resulting from this subsidy agreement;
- e) the Grant Recipient does not maintain in a proper fashion the certificates of use in the form attached to the commitment letter or the records stipulated for maintenance of such evidence of use, or does not submit these immediately on completion of the Project;
- f) the number of permanent jobs and traineeships required to be created or guaranteed to qualify for financial assistance are not filled, or are not filled in full;
- g) other conditions for the provision of financial assistance are not satisfied;
- h) the conditions for the provision of financial assistance subsequently no longer apply;
- i) before expiry of the funds commitment period (five years after completion of the project): (i) the manufacturing facility for which financial assistance is provided is closed, disposed of or rented or leased partially or in full, (ii) assets for which financial assistance is provided are

-24-

retired from the subsidised manufacturing facility, and (iii) the

Grant Recipient applies for full enforcement proceedings or for comparable insolvency proceedings, against the assets of the Grant Recipient.

19. REPAYMENT OF GRANTS

19.1 The Grant Recipient will repay to the account of the Principal Bank as specified in the repayment demand all improperly claimed, reduced or repayable subsidies. On explicit request of the SAB the Grant Recipient will pay the Grants to be repaid directly into a bank account specified by the SAB. In this case the Grant Recipient will simultaneously inform the Principal Bank in writing of the payment to the SAB and shall upon request of the Principal Bank provide evidence that such a payment has been effected.

19.2 The Grant Recipient cannot free himself from the obligation to repay the Grant irrespective of the basis for the obligation by presenting an alleged or actual setoff or counterclaim or right of retention against the Principal Bank or the SAB.

20. LIABILITY OF THE PRINCIPAL BANK

In relation to the performance of this Subsidy Agreement as well as the payment of Grants the Principal Bank is only required to comply with the standard of care in line with banking praxis.

The Grant Recipient is aware that the Principal Bank can and will only fulfil its obligations pursuant to the SAB Subsidy Agreement insofar as the Grant Recipient enables the Principal Bank to do so. The Grant Recipient, based on any rights, irrespective for what reason, exercised by the SAB arising out of the SAB Subsidy Agreement gains no rights whatsoever. In particular the Principal Bank has no obligation to investigate the accuracy or veracity of any information or documents provided by the Grant Recipient for transmis-

-25-

sion to the SAB. Likewise the Principal Bank has no legal obligation to investigate if the Grant Recipient is complying with the conditions upon which the Grants were granted or any other agreements. Furthermore the Principal Bank is not obligated to inform the Grant Recipient of any possible omissions by the Grant Recipient in the performance of this agreement and/or to explain possible consequences thereof.

21. Waiver and Forfeiture

The full or partial failure to exercise or the delayed exercise of a right granted to the Principal Bank under this agreement shall not be deemed to be a waiver or forfeiture of the particular right.

22. Choice of Law, Jurisdiction, and Place of Performance

22.1 This agreement and all rights and obligations thereunder are governed and to be interpreted according to the law of the Federal Republic of Germany.

22.2 The parties hereby agree that the courts in Dresden are to have jurisdiction over all disputes that arise in connection with this agreement.

22.3 The place of performance for all obligations under this agreement is Dresden.

23. Notice

Notices or other correspondence in connection with this agreement must be in writing and forwarded by mail or fax to one of the following addresses except if the receiver has not previously in writing personally provided another address.

-26-

Grant Recipient:

AMD Saxony Manufacturing GmbH

Washington Strasse 16 A/B

01139 Dresden

z.Hd. Geschäftsführung

Tel: 49 351 84120

Fax: 49 351 8412150

Principal Bank:

Dr. Kulz-Ring 10

01067 Dresden

z.Hd. Direktion

Tel: 49 351 489-1213

Fax: 49 351 489-1350

24. GENERAL PROVISIONS

24.1 Should the Principal Bank for the purposes of the agreement, generally or in a singular case, be authorised by the Grant Recipient to act on its behalf, the Principal Bank, unless expressly agreed otherwise, is in single instances deemed to be released from the limitations of (S) 181 the of German Civil Code.

24.2 If particular terms of this agreement are or become ineffective in whole or in part the effectiveness of the remaining terms is unaffected thereby. The inoperative terms are to be replaced by a provision which in legally permissible form comes closest to fulfilling the will of the parties as expressed in this agreement. The above provision shall apply accordingly to fill any lacunae in this agreement.

24.3 Any and all additions or amendments to this agreement must be in writing in order to be valid except where a law mandates another form. All oral supplemental agreement, additions or amendments to this agreement are hereby explicitly contracted out of. This does also apply to the repeal of the writing rule.

-27-

Dresden, March 11, 1997

AMD Saxony Manufacturing GmbH as the Grant Recipient by:

/s/Jack L. Saltich

Dresdner Bank AG in Dresden as Principal Bank by:

/s/Dr. Hans-Jurgen Menzel /s/Horst Oechsler

<TABLE>

<CAPTION>

Appendices:

<S>

<C>

1. SAB Subsidy Agreement

2. General Conditions for the Grant Recipient (Appendix 2 b to the SAB Subsidy Agreement)

3. General Conditions for the Principal Bank (Appendix 2 a to the SAB Subsidy Agreement)

4. Declaration of Liability (Appendix 4 to the SAB Subsidy Agreement)

5. Notice of Drawdown (Appendix 5 a to the SAB Subsidy Agreement)

6. Auditor's confirmation (Appendix 5 b to the SAB Subsidy Agreement)

7. Request for Funds (Appendix 5 c to the SAB Subsidy Agreement)

8. Schedule of Conditions (Appendix 1 to the SAB Subsidy Agreement)

9. Certificate of use (Appendix 6 a to the SAB Subsidy Agreement)

10. Certificate of Intermediate use (Appendix 6 b to the SAB Subsidy Agreement)

</TABLE>

ADVANCED MICRO DEVICES, INC.

SECRETARY'S CERTIFICATE

The undersigned, Thomas M. McCoy, certifies that he is the Secretary of Advanced Micro Devices, Inc., a Delaware Corporation ("the Company"), and that, as such, he is authorized to execute this Certificate on behalf of the Company, and further certifies that the attached is a fair and accurate translation of the Subsidy Agreement between AMD Saxony Manufacturing GmbH and Sachsische Aufbaubank.

WITNESS the signature of the undersigned this 13th day of May, 1997.

/s/ Thomas M. McCoy

Thomas M. McCoy
Secretary

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--The german version will be binding--

Sachsische Aufbaubank

COMMITMENT LETTER

Dresdner Bank AG
in Dresden
Postfach 12 07 17

Dresden, February 12, 1997
M 1/Herr Zweckl-ro
Tel.: (0351) 49 10 - 47 00

01008 Dresden

Customer no.: 262-206553
Project no.: 2514-7943

REGIONAL ECONOMIC DEVELOPMENT PROGRAMME OF THE FREE STATE OF SAXONY

Re: Application dated October 2, 1995 and Subsidy agreement dated December 18, 1995 in the form of July 24, 1996

Grant recipient: AMD Saxony Manufacturing GmbH, 01067 Dresden

Ladies and Gentlemen,

based on the approval by the State Ministry of Saxony for Economic and Labour Affairs of the above application, the Sachsische Aufbaubank is committing by way of amending the Subsidy agreement dated December 18, 1995 in the form of July 24, 1996 an appropriated investment grant to you in the amount of

DM 476,687,000.00

in words:

DM four hundred seventy six million six hundred eighty-seven thousand

from funds of the Common Action (CA) "Regional Economic Structural Improvement" (CA funds) for onward transmission to the above mentioned grant recipient.

The grant will be made available in instalments as follows:

	CA Funds Federal State	EFRD funds EC/Federal Government/ Federal State
Account no. 972.003990.2 1997 an amount of up to	DM 138,000,000.00	
Account no. 972.003968.9 1998 an amount of up to	DM 163,000,000.00	
Account no. 972.004257.3 1999 an amount of up to	DM 175,687,000.00	

In calculating the amount of the investment grant a total grant-in-aid of DM 500,500,000.00 has been assumed, consisting of an investment allowance of DM 23,813,000.00 and an investment grant of DM 476,687,000.00 million. If the investment allowance is increased or reduced, the amount of the investment grant will be adjusted accordingly.

GRANTING OF AN INTEREST GRANT FROM BUDGET FUNDS OF THE FREE STATE OF SAXONY

Based on the approval by the State Ministry for Economics and Labour Affairs, the Sächsische Aufbaubank is committing in particularization of the Subsidy agreement dated July 24, 1996 an interest grant in the amount of

DM 300,000,000.00

in words:

DM three hundred million

for onward transmission to the grant recipient mentioned above.

It is assumed that the interest grant will become due as follows:

1997	8,800,000.00	DM
1998	31,000,000.00	DM
1999	59,300,000.00	DM
2000	84,300,000.00	DM
2001	96,800,000.00	DM
2002	19,800,000.00	DM

The interest grant is to be used solely for the guaranteed loan in the amount of up to DM 1,650,000,000.00 to be extended for the financing of the project. The interest grant will be made available in instalments by the Sächsische Aufbaubank upon presentation of interest calculations by the principal bank.

For both grants the following conditions shall apply:

PURPOSE OF THE GRANTS

The grants have been appropriated for a specific purpose and must be used for cofinancing the costs of the project

"Construction of a manufacturing facility for the production of microelectronics products at the investment site 01067 Dresden".

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INVESTMENT PERIOD

The project shall be carried out BETWEEN MARCH 31, 1996 AND DECEMBER 31, 2006.

The project consists of two phases:

Phase 1: March 31, 1996 to December 31, 2001 and
Phase 2: January 1, 2002 to December 31, 2006.

INVESTMENT AND FINANCIAL PLAN

The basis for the provision of the grants is the following investment and financial plan.

in accordance with
commitment letter
dated Dec. 18,
1995

INVESTMENT PLAN	-old-	-new-
	DM	DM**

- -----
Purchase of real estate [

Wafer plant

- - Buildings and infrastructure**
- - Plant and equipment

Development centre *

- - Buildings and infrastructure
- - Plant and equipment

Start-up expenditure

]

**According to the AMD Plan dated Sept. 1996

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

	-old-	-new-
FINANCIAL PLAN	DM	DM

Contribution of equity funds by AMD/USA (share capital/shareholder loans	[
Contribution of funds sourced from the cash flow of the grant recipient from 2001 onwards		*
Investment allowance		
Investment grant from CA funds		
Loan provided by the principal bank		
]

NOTES ON THE CALCULATION OF THE PUBLIC FINANCIAL ASSISTANCE:

The calculation of the CA grant is based on maximum costs eligible for assistance in the amount of DM 1,430,000,000.00. This amounts corresponds to maximum total investment eligible for assistance of DM 1,000,000.00 per permanent job created.

It has to be noted, that the cost eligible for assistance actually incurred may be subsidized by grants and other public financial aid up to a maximum rate of 35%.

The interest grant has been calculated on the basis of a loan requirement from the principal bank in the amount of up to DM 1,650,000,000.00. This additional grant is designed to off-set the interest expenses of the grant recipient during the investment phase up to the year 2002 and thereafter, if the interest grant has not been fully used.

JOBS

The calculation of the public financial assistance is based on the assumption that through the investment at least 1,430 permanent jobs will be created, which will be filled in full by the end of the year 2001. The grant recipient is not obliged to create special jobs for women.

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With regard to the reporting requirements concerning the creation and filing of the permanent jobs we, in addition, refer to Clause 6 of the General Conditions as well as to the repayment provisions according to Clause 7 of the General Conditions.

DRAWDOWN OF FUNDS FROM THE COMMON ACTION "REGIONAL ECONOMIC STRUCTURAL IMPROVEMENT"

The grant may be drawn down on January 30, April 30, July 30 and October 30 of each year upon fulfillment of the following drawdown requirements by making use of the attached notice of drawdown forms (Appendix 5):

- - The overall financing of the project has been secured.
- - Before the first drawdown the grant recipient has received equity and shareholder loans amounting to DM 143,000,000.00 and cost eligible for assistance in the amount of DM 143,000,000.00 have been incurred.

Grants may be drawn down for costs eligible for assistance before presentation of invoices if such costs are expected be incurred in the subsequent 2 months after disbursement.

To each Notice of Drawdown a confirmation of an auditor according to Appendix 5b has to be attached.

Otherwise the drawdown requirements mentioned in Section 2 of the General

Conditions - Version for the Principal Bank - and - Version for the Grant Recipient - shall apply, insofar as nothing else has been agreed in this subsidy agreement (including the Schedule of Conditions).

PROCESSING FEE

We shall charge no fee for the processing of the grant application.

We cover your own processing charges you may arrange with the grant recipient for a flat fee up to [*] of the committed investment and interest grant.

DRAWDOWN OF THE INTEREST GRANT FUNDS

The interest grant will also be disbursed through us upon evidence that interest payments are due on the above mentioned load provided by the principal bank.

GENERAL CONDITIONS

The attached General Conditions for Grants from the Regional Economic Structural Development Programme of the Free State of Saxony - Version for the Principal Bank, including the Additional Agreements concluded with the Letter of Consent between Dresdner Bank AG in Dresden and the Sachsische Aufbaubank dated January 31, 1997 and Version for the Grant Recipient - and the Schedule of Conditions are an integral part of this commitment letter.

* CONFIDENTIAL INFORMATION OMITTED AND
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION

You undertake to conclude a corresponding subsidy agreement with the grant recipient on the basis of this commitment letter and to incorporate the above mentioned General Conditions - Version for the Grant Recipient - as an integral part of your subsidy agreement with the grant recipient.

The principal bank assigns with immediate effect all claims arising from this agreement to the Sachsische Aufbaubank. The Sachsische Aufbaubank accepts this assignment.

Yours faithfully,

Appendices:

- -----
1. Schedule of Conditions
 2. General Conditions for the Principal Bank and the Grant Recipient, August 1995
 3. Letter of Consent including the Additional Agreements dated January 31, 1997
 4. Declaration of Liability
 5. Drawdown documents a) + b) + c)
 6. Certificate of intermediate-use and Certificate of use a) + b)

Appendix 1

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SCHEDULE OF CONDITIONS

to the letter
dated February 12, 1997

AMD SAXONY MANUFACTURING GmbH

Customer no. 262-206553

GENERAL COVENANTS:

1. Financial assistance is provided on the basis of the General Conditions for Grants under the Regional Economic Development Programme of the Free State of Saxony, Version 31514 dated August 1995 and 31515 dated August 1995.
2. In granting this assistance we assume that the intangible assets being subsidised have not been acquired/will not be acquired from affiliated companies or companies with other business, legal or personnel linkages.
3. Assistance is granted provided that the grants will be claimed back (pro rata, as the case may be) in the event that the subsidised economic assets leave the Grant recipient's possession during the commitment period or are no longer used in the Grant recipient's facility with the exception of

expenditure on replacements of at least the same value in the ordinary course of business. Other usage of project (e.g. renting/leasing) or a disposal of assets shall be excluded. Renting and leasing in the course of a demerger, pooling of interests or partnership shall be subject to approval by the Sachsische Aufbaubank ("SAB").

4. Assistance is granted provided that the Grant recipient is endowed with a nominal share capital in an amount of DM 217.5 million and entered in the Register of Companies. The total amount must be paid up by no later than end 1997.
5. Assistance is provided subject to the granting of shareholder loans by Advanced Micro Devices, Inc., Sunnyvale California/U.S.A. ("AMD Inc.") totalling DM 290 million in favour of the Grant recipient to be paid in two ----- instalments of DM 145 million each in 1998 and 1999. During the term of the ----- guaranteed loans interest and redemption payments on the shareholder loans will require the prior approval of SAB.
6. Assistance is granted provided that any overruns of the anticipated total investment costs for the construction of the production facility in Dresden (including the development centre) above and beyond DM 2,430,000,000.00 million (excluding additional investment cost for ongoing capital expenditure in the amount of DM 551,000,000.00) up to a further amount of altogether DM 225,000,000.00 million by additional equity and bank loans (with 65% guarantee backing) in the ratio 1:2

and to finance in full any investment cost overruns in excess thereof by additional equity (nominal capital/shareholder loans).

7. Assistance is granted provided that AMD Inc. and the Grant Recipient conclude a "Wafer Purchase Agreement" with the Borrower to take - from the time of completion (which is scheduled to take place by 2001 at the least) onwards -all the output from the Dresden plant on the basis of full cost reimbursement in DM prices plus a 10%-profit-margin complying with German cost accounting principles and including the development centre, according to the following provisions:
 - reimbursement of start-up losses for the years 1996 to 1998 exceeding the budgeted amounts as well as a provision for the years 1999 and 2000 concerning cost reimbursement by AMD Inc. in the amount of 75% and 105% irrespective of the actual capacity utilization;
 - AMD Inc. covers the market risk within a capacity utilization range from 100% to 75% p.a. of the planned/standard capacity utilization by securing a "stable cash-flow" within this capacity utilization range.

Compliance with the above mentioned provisions shall be confirmed each year by the auditor in the course of the annual audit of the Grant recipient.

8. Assistance is granted provided that any market-induced adjustments in production will be shared proportionally amongst all the production facilities belonging to the AMD group manufacturing products comparable to those of the Grant recipient, according to the principle of equal treatment, if the actual capacity utilization of AMD Manufacturing GmbH falls below 75% of the planned/standard capacity utilization. Other allocations are only permissible, if AMD Inc. covers the cashflow shortfall of AMD Saxony Manufacturing GmbH caused by such allocations; determination of such other AMD production facilities as well as the monitoring of adherence to the equal treatment principle monitored will be carried out in suitable manner with aid of neutral third parties.
9. Assistance is granted provided that any permanent cash flow surpluses of the Grant recipient's will be used for premature repayment of the guaranteed loans to be agreed upon between the Grant Recipient and lenders in a separate arrangement.
10. Assistance is granted provided that in addition to production bona fide research will be carried out at the Dresden plant and the development centre will be occupied with the design and development of modern products; for this the following declaration issued by AMD Inc. in a letter dated January 18th, 1996 shall apply:

"In this respect the design centre will be a genuine research and development facility. 200 high qualified staff there will devote themselves to the research and development of modern products. Much of their activity will consist of independent research into state-of-the-art technology, emphasis being placed on the development and design of new products for manufacture not only in Dresden but in AMD's facilities worldwide. The range of products will probably comprise a broad spectrum of state-of-the-art digital components such as microprocessors and circuits for telecommunications and the multimedia sector. In

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line with the design centres at our locations in the United States, the Dresden facility will also address the redesign and development of variations on existing products."

The declaration issued by AMD Inc. in a letter dated January 18th, 1996 shall apply:

"We accept that in the event AMD should default on the loan and that the banks then take over the facility, a qualified buyer of the facility should be able to produce his own products there using the equipment and tools set in place.... We believe that the facility and the equipment set in place will be sufficient to allow operation of the production facility. Thus a qualified buyer would not be encumbered from manufacturing his own products in the facility."

11. Assistance is granted provided that any exchange of goods and services between the Grant recipient and AMD Inc. as well as companies within the reach of influence of AMD Inc. going beyond the "Wafer Purchase Agreement" will be settled on the basis of customary market terms; the auditor will comment on this in the course of their annual audits of the Grant recipient.

DISBURSEMENT CONDITIONS:

1. The current certified annual financial statements and an analysis of the operating figures for the month preceeding the disbursement must be sent to SAB with each Notice of Drawdown provided that the actual certified annual statement has not been presented at a previous drawdown. The results must justify the disbursement of public financial aid. A disbursement is not justified, if based on the above mentioned information there is an imminent threat to the continued existence of the Grant Recipient.
2. The real estate purchase contract must be sent to us prior to the first disbursement.
3. The Articles of Incorporation as well as the bylaws of the Grant recipient must be submitted to us prior to the first disbursement. Any change of the legal situation has to be immediately announced to the SAB.
4. Cost eligible for assistance include the cost of purchase or the cost of manufacturing for tangible fixed assets (Sachanlagevermogen) according to German GAAP with regard to the investment project. Excluded from assistance are capital expenditure for the procurement of replacement assets, vehicles, minor-value assets, real estate and capitalised real estate expenses.

The Grant recipient will be obliged to capitalise the capital expenditures as stated in the investment plan approved in conjunction with the loan commitment as additions to the company's fixed assets.

Prior to the first disbursement we must receive confirmation from the tax adviser/auditors and from the Grant recipient that they have taken note of the above mentioned conditions.

5. Prior to the first disbursement AMD Inc. and the Grant recipient shall confirm to us that the investment project supported by the CA grant has not been, and will not be, the object of previous or future applications for public aid funds. Likewise confirmation must be rendered that the Sachsische Aufbaubank has been notified of all the grants employed or applied for in connection with the subsidised investment project for which assistance is being provided herewith.
6. Prior to the first disbursement of funds confirmation by the principal bank must be submitted that financing of the project is secured in accordance with the financial plan described in the grant offer provided that the Grant recipient shall communicate and comment any deviations from the financial plan. In the event that additional financial assistance is provided, causing the maximum permissible amount of subsidies to be exceeded, we reserve the right vis-a-vis the Grant Recipient to reduce the grant proportionately.
7. Prior to the first disbursement of funds the formal declaration by the principal bank and the loan agreements must be presented to us. Furthermore, an updated financial plan of the Grant Recipient's has to be submitted to us.
8. For the present grant offer and the amount of subsidies on which it is based we have assumed that no special depreciation will be claimed for the

economic assets for which assistance is granted. This must be confirmed to

us in writing by the tax adviser/auditors prior to the first disbursement of funds. Furthermore such confirmation has to be rendered within each annual financial statement of the Grant recipient.

9. We further assume that the Grant recipient has fulfilled its tax commitments. A certificate of non-objection from the tax authorities providing information on the tax-related circumstances of the company and its shareholders must be sent to us prior to the first disbursement of funds.
10. Before the first disbursements of funds related to capital expenditure on construction evidence must be submitted to SAB that an incontestable building permit has been issued therefor.
11. In the event that the equity (nominal capital and shareholder loans) scheduled in the above financial plan is not employed in full, AMD Inc. and AMD Saxony Holding GmbH shall assume joint and several liability together with the Grant Recipient for the cases set forth in Sections 7 and 8 of the General Conditions for the Grant Recipient in version 31515 dated August 1995. The original of the attached declaration, duly signed and sealed with the company stamp - must be presented to SAB no later than at the time of first drawdown of the grants.
12. Prior to the first disbursement commercial register excerpts of the Grant Recipient and of AMD Saxony Manufacturing GmbH have to be provided to SAB via the principal bank.

DISCLOSURE REQUIREMENT AND CERTIFICATES OF USE

1. The Grant recipient shall immediately notify the SAB, if the total investment cost are reduced or the financing is changed by more than DM 10,000,000.00 --. Other-

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wise Section 6 of the General Conditions - Version for the Grant recipient - and - Version for the principal bank - shall apply.

2. The Grant recipient shall submit Certificates of use to us via the principal bank. The final Certificate of use (Appendix 6a) shall be presented no later than six months after termination of the investment project, by June 30, 2007, to the Sächsische Aufbaubank (SAB). Six months after termination of the first stage of the investment - June 30, 2002 - an initial Certificate of intermediate use (Appendix 6b) shall be submitted without further reminder. SAB reserves the right to call for further Certificates of intermediate use. In addition, on February 1 of each year a report on the progress of the project shall be submitted to SAB, starting with August 1, 1997. Separate reports shall also be submitted to the European Commission if so required.

The correctness of the statements in the certificates of use and their compliance with the books and records has to be confirmed by an auditor.

3. At the end of each year the principal bank shall submit a Certificate of intermediate use with regard to the interest grants furnished. This Certificate of intermediate use (Appendix 6b) must contain confirmation of the amount of interest expenses paid on the loan provided by the principal bank in connection with use of the loan for the investment project in Dresden. Further Certificates of use shall be submitted by the Grant Recipient and the principal bank upon request of the SAB or its agents.

RECISSION OF GRANTS

A recission of grants in case the number of permanent jobs the financial assistance is based on are not filled or are not filled in full is only possible until June 30, 2007.

In the event grants are claimed back due to a partial non-compliance with the conditions and/or other conditions for the provision of financial assistance the recission of the grant is limited to a corresponding grant amount. Grants can completely or partially be claimed backed even if the reason for recission has been set by AMD Saxony Holding GmbH.

WASTE MANAGEMENT AND SOIL PROTECTION

The Grant recipient has to confirm within the subsidy contract that he will comply with the objectives of waste management and soil protection (Section 1 and Section 7 EGAB / First Law on Waste Management and Soil Protection in the Free State of Saxony) in an exemplary manner.

As far as, in the course of the final revision of the guarantee application, any changes of or additions to the covenants become necessary, the adjustment of the covenants of the commitment letter is reserved.

Appendix 2a

General Provisions
for Subsidies
from the Regional Economic Development Program
of the Free State of Saxony

- Version for the Subsidy Recipient

1. Use of the Subsidy

1.1 The subsidy funds may only be used for the project named in the acceptance for proportional coverage of the sponsored costs estimated according to the application within the framework of the financing plan.

1.2 The subsidy recipient must demonstrate the use of the subsidy according to the attached forms or according to the documents provided for verification of the source and disposition statement via the company's bank to the Saxon Development Bank [SAB] on his own accord on the occasion of each disbursement and after completion of the project.

The subsidy recipient must retain the records and all documents otherwise associated with assistance for at least 5 years, starting from the end of the project (funds commitment term), if a longer retention period is not defined according to provisions of tax law or other regulations.

1.3 The project shall begin as soon as possible.

2. Request/Disbursement of the Subsidy

2.1 The subsidy recipient may only request the subsidy funds using the attached request forms, when complete project financing is guaranteed.

The subsidy funds may only be called proportionally for already incurred sponsored costs.

Within the framework of proportional financing the subsidy funds should be used in proportion with the stipulated subsidy recipient's own and other funds. The first call can be made when 10% of the sponsored project costs have been incurred.

2

Using the attached form an interim source and disposition statement should be kept for investment measures and the call statement should be attached. For non-investment measures the corresponding invoice copies should be attached.

2.2 If it is subsequently ascertained that the subsidy has been claimed in whole or in part although the prerequisites for it were absent, the amounts drawn contrary to the provisions must be immediately repaid via the company's bank to the SAB. They can only be called again when the prerequisites for the request have been satisfied.

3. Transfer

Transfer of claims from the subsidy agreement shall only be possible with the consent of the company's bank and the Saxon Development Bank. The company's bank shall be entitled to transfer or assign all claims against the subsidy recipient besides ancillary rights or possibly surrendered securities resulting from the subsidy agreement to the Saxon Development Bank.

4. Reduction Proviso

The company's bank reserves the right to reduce the amount of the subsidy in proportion on behalf of the Saxon Development Bank if the sponsored costs of the project are lowered, other assistance funds are increased, or other assistance funds are granted. Already disbursed amounts must be immediately repaid to the Saxon Development Bank to the extent they exceed the reduced subsidy amount.

5. Audit Rights

The Saxon Development Bank, the Free State of Saxony, represented by its responsible agencies or an agency commissioned by them, and the General Accounting Office of the Free State of Saxony and the company's bank shall be entitled to review economical administration and use of the dedicated subsidy by the subsidy recipient according to the terms. To the extent EU funds are used, the equivalent shall apply to the responsible EU agencies. The company's bank shall be entitled to charge the costs which may result from the audit to the subsidy recipient.

It shall be incumbent on the subsidy recipient to provide information about the sponsored project to these agencies and to allow inspection of company documents.

6. Information Obligations/Funds Commitment Term

It shall be incumbent on the subsidy recipient to immediately indicate to the company's bank when changes arise relative to the information in the application and all other

3

submitted documents which are all relevant to the subsidy. This disclosure obligation shall begin with the acceptance date and end 5 years after completion of the project (funds commitment term).

In particular this disclosure obligation shall be immediate for the subsidy recipient when

- 6.1 after submitting the financing plans he requests or receives further allocations for the same purpose from other public agencies or when the total expenditures are reduced or financing is changed by more than 1000.- DM.
- 6.2 the number of permanent/training and women's jobs to be created or guaranteed decreases,
- 6.3 the circumstances specified under item 7 prevail,
- 6.4 shutdown, sale, lease or rental of the sponsored plant in whole or in part is impending or institution of a general attachment execution according to the General Attachment Act or comparable insolvency proceedings is requested for the property of the subsidy recipient.
- 6.5 corporate legal relationships change.

7. Cancellation of the Agreement and Recovery of the Subsidy

- 7.1 The company's bank shall be entitled to withdraw from this subsidy agreement for good cause and to recover the subsidy for immediate repayment, especially when
 - 7.1.1 the subsidy recipient has improperly acquired the subsidy,
 - 7.1.2 he is not executing the sponsored project or deviates from the investments/non-investment measures underlying this acceptance.
 - 7.1.3 he does not immediately use the subsidy in accord with the purpose specified in this acceptance,
 - 7.1.4 he does not satisfy the conditions, directions and other obligations associated with the subsidy agreement,
 - 7.1.5 he does not properly keep the source and disposition statement according to the source and disposition statement form attached to the acceptance or the documents provided for keeping the source and disposition statement or does not submit them immediately after completion of the project,

4

- 7.1.6 the number of permanent/training and women's jobs to be created or guaranteed which are necessary for the assistance are not filled or not reached.
- 7.1.7 other requirements for assistance are not met,
- 7.1.8 assistance requirements subsequently cease to exist,
- 7.1.9 before expiration of the funds commitment term (see item 6)
 - the sponsored plant is shut down, sold, leased or rented in its entirety or in part,

- sponsored capital goods separate from the sponsored plant,
- institution of a general attachment execution or comparable insolvency proceedings is requested for the property of the subsidy recipient.

7.1.10 The Saxon Development Bank has not approved a change of corporate legal relationships.

7.2 Jobs must be in fact held or at least continually offered on the labor market for a supervisory period of at least 5 years after the end of the project (funds commitment term, item 6).

If the number of employees after completion of the project does not correspond to the required number of permanent/training and women's jobs, because the permanent/training and women's jobs have not been created, the company's bank shall recover the subsidy in its entirety or in proportion. The company's bank will also recover the subsidy if permanent jobs have not been made available without interruption to the labor market during the funds commitment term (see item 6). This can be assumed if the number of actual employees during this five year period was less for a longer time interval than the required number of permanent/training and women's jobs.

7.3 Women's jobs should be held for a period of at least 5 years after completion of the project.

The Saxon Development Bank will proportionally recover via the company's bank the subsidy accepted to create women's jobs for the times during which the total number of women's jobs cannot be proven.

8. Interest surcharge

5

8.1 The subsidy recipient must refund the subsidy at the request of the company's bank when there are grounds for reduction as per item 4 or there are grounds for cancellation as per items 7.1 - 7.3 and must pay interest from the time of disbursement on at the given lombard lending rate.

8.2 It shall moreover be incumbent on the subsidy recipient at the request of the company's bank to refund the subsidy or partial amounts thereof and to pay interest in the amount specified in item 8.1 from the date of disbursement on, if

- a) the subsidy recipient has not used the subsidy made available to him for payments rendered,
- b) the subsidy was not immediately returned to the Saxon Development Bank for lack of field of application,
- c) due reduction of the subsidy for lack of notice by the subsidy recipient did not take place

9. Amendments and Additions to the Agreement

Amendments and additions to the subsidy agreement must be in writing.

10. Legal invalidity of individual provisions

If individual provisions of this agreement should be or become invalid, the other agreement provisions shall remain unaffected thereby. It shall be incumbent on the parties to the agreement to replace invalid provisions by equivalent provisions.

6

Appendix 2b

General Provisions

for Subsidies
from the Regional Economic Development Program
of the Free State of Saxony

- Version for the Company's Bank

1. Use of the Subsidy

1.1 The subsidy funds may only be used for the project named in the acceptance for proportional coverage of the sponsored costs estimated according to the application within the framework of the financing plan.

1.2 The company's bank shall supervise the use of the subsidy funds, have their use according to the terms demonstrated, and on its own accord shall confirm to the Saxon Development Bank the correctness of the source and disposition statement after completion of the project on its forms or on the documents provided for this purpose.

The retention period for records and all documents otherwise associated with assistance is at least 5 years, starting from the end of the project (funds commitment term), if a longer retention period is not defined according to provisions of tax law or other regulations.

2. Request/Disbursement of the Subsidy

2.1 The company's bank may only request the subsidy funds using the attached request forms, when complete project financing is guaranteed.

The subsidy funds may only be called proportionally for already incurred sponsored costs.

Within the framework of proportional financing the subsidy funds should be used in proportion with the stipulated subsidy recipient's own and other funds. The first call can be made when 10% of the sponsored project costs have been incurred.

Using the attached form an interim source and disposition statement should be kept by the subsidy recipient and the call statement should be attached. For non-investment measures the corresponding invoice copies should be attached.

7

2.2 If it is subsequently ascertained that the subsidy has been claimed in whole or in part although the prerequisites for it were absent, the amounts drawn contrary to the provisions must be immediately repaid to the Saxon Development Bank. They can only be called again when the prerequisites for the claim have been satisfied.

3. Transfer

Transfer of claims from the subsidy agreement shall only be possible with the consent of the company's bank and the Saxon Development Bank.

4. Reduction Proviso

The Saxon Development Bank reserves the right to reduce the amount of the subsidy in proportion if the sponsored costs of the sponsored project are lowered, other assistance funds are increased, or other assistance funds are granted. Already disbursed amounts must be immediately repaid to the Saxon Development Bank to the extent they exceed the reduced subsidy amount.

5. Audit Rights

The Saxon Development Bank, the Free State of Saxony, represented by its responsible agencies or an agency commissioned by them, and the General Accounting Office of the Free State of Saxony shall be entitled to undertake an audit at any time at the company's bank if necessary in conjunction with granting of the subsidy and in doing so to inspect all documents relating to the subsidy. To the extent EU funds are used, the equivalent shall apply relative to the responsible EU agencies. The company's bank shall compensate the costs which may result from the audit. They can be charged to the subsidy recipient.

The company's bank must furnish any desired information to these agencies.

6. Information Obligations/Funds Commitment Term

It shall be incumbent on the company's bank to immediately indicate to the Saxon Development Bank when changes arise relative to the information in the application and all other submitted documents which are all relevant to the subsidy. This disclosure obligation shall begin with the acceptance date and end 5 years after completion of the project (funds commitment term).

In particular this disclosure obligation shall be immediate for the company's bank when

8

6.1 after submitting the financing plans the subsidy recipient requests or receives further allocations for the same purpose from other public

agencies or when the total expenditures are reduced or financing is changed by more than 1000.- DM.

- 6.2 the number of permanent/training and women's jobs to be created or guaranteed decreases,
- 6.3 the circumstances specified under item 7 prevail,
- 6.4 shutdown, sale, lease or rental of the sponsored plant in whole or in part is impending or institution of a general attachment execution according to the General Attachment Act or comparable insolvency proceedings is requested for the property of the subsidy recipient.
- 6.5 the company's bank is to be changed. The Saxon Development Bank must approve the change of the company's bank.

7. Cancellation of the Agreement and Recovery of the Subsidy

- 7.1 The company's bank will withdraw from the subsidy agreement concluded with the subsidy recipient for good cause at the request of the Saxon Development Bank and recover the subsidy for immediate repayment, especially when
 - 7.11 the subsidy recipient has improperly acquired the subsidy,
 - 7.12 he is not executing the sponsored project or deviates from the investments/non-investment measures underlying this acceptance,
 - 7.13 he does not immediately use the subsidy in accord with the purpose specified in this acceptance,
 - 7.14 he does not satisfy the conditions, directions and other obligations associated with the subsidy agreement,
 - 7.15 he does not properly keep the source and disposition statement according to the source and disposition statement form attached to the acceptance or the documents provided for keeping the source and disposition statement or does not submit them immediately after completion of the project,
- 7.16 the number of permanent/training and women's jobs to be created or guaranteed which are necessary for the assistance are not filled or not reached.

9

- 7.17 other requirements for assistance are not met,
- 7.18 assistance requirements subsequently cease to exist,
- 7.19 before expiration of the funds commitment term (see item 6)
 - the sponsored plant is shut down, sold, leased or rented in its entirety or in part,
 - sponsored capital goods separate from the sponsored plant,
 - institution of a general attachment execution or comparable insolvency proceedings is requested for the property of the subsidy recipient.
- 7.2 Jobs must be in fact held or at least continually offered on the labor market for a supervisory period of at least 5 years after the end of the project (funds commitment term, item 6).

If the number of employees after completion of the project does not correspond to the required number of permanent/training and women's jobs, because the permanent/training and women's jobs have not been created, the Saxon Development Bank shall recover the subsidy in its entirety or in proportion via the company's bank. The Saxon Development Bank will also recover the subsidy if permanent/training and women's jobs have not been made available without interruption to the labor market during the funds commitment term (see item 6). This can be assumed if the number of actual employees during this five year period was less for a longer time interval than the required number of permanent/training and women's jobs.
- 7.3 Women's jobs should be held for a period of at least 5 years after completion of the project.

The Saxon Development Bank will proportionally recover via the company's bank the subsidy accepted to create women's jobs for the times during which the total number of women's jobs cannot be proven.
- 7.4 When there are grounds for reduction as per item 4 or there are

grounds for cancellation as per items 7.1 - 7.3 the company's bank will immediately remit the repaid subsidy to the Saxon Development Bank.

7.5 The Saxon Development Bank shall be entitled to withdraw from this subsidy agreement for good cause and demand immediate repayment of the subsidy, especially when

10

- a) the company's bank has acquired the subsidy improperly or contrary to the provisions of the subsidy agreement,
- b) the company's bank violates some other obligation assumed with the subsidy agreement.

8. Interest surcharge relative to the subsidy recipient

8.1 The subsidy recipient must refund the subsidy at the request of the Saxon Development Bank when there are grounds for reduction as per item 4 or there are grounds for cancellation as per items 7.1 - 7.3 and must pay interest from the time of disbursement on at the given lombard lending rate.

It shall be incumbent on the company's bank to lodge the reimbursement claim besides any interest at the request of the Saxon Development Bank against the subsidy recipient and to remit it immediately to the Saxon Development Bank.

8.2 It shall moreover be incumbent on the subsidy recipient at the request of the Saxon Development Bank to refund the subsidy or partial amounts thereof and to pay interest in the amount specified in item 8.1 from the date of disbursement on, if

- a) the subsidy recipient has not immediately used the subsidy made available to him for payments rendered,
- b) the subsidy was not immediately returned to the Saxon Development Bank for lack of field of application,
- c) due reduction of the subsidy for lack of notice by the subsidy recipient did not take place.

It shall be incumbent on the company's bank to lodge the reimbursement claim besides any interest at the request of the Saxon Development Bank against the subsidy recipient and to remit it immediately to the Saxon Development Bank.

9 Interest surcharge relative to the company's bank

9.1 The company's bank must refund the subsidy at the request of the Saxon Development Bank when there are grounds for withdrawal as per item 7.5 and must pay interest from the time of disbursement on at the given lombard lending rate.

11

9.2 It shall moreover be incumbent on the company's bank at the request of the Saxon Development Bank to refund the subsidy or partial amounts thereof and to pay interest in the amount specified in item 9.1 from the date of disbursement on, if

- a) it does not transmit the subsidy immediately to the subsidy recipient,
- b) the subsidy has not been returned immediately to the Saxon Development Bank for lack of field of application,
- c) it does not remit amounts which it is obligated to remit to the Saxon Development Bank according to the agreement.

10. Mode of Payment

All payments to the Saxon Development Bank shall be made at the risk and costs of the company's bank.

11. Amendments and Additions to the Agreement

Amendments and additions to the subsidy agreement must be in writing.

12. Legal invalidity of individual provisions

If individual provisions of this agreement should be or become invalid, the other agreement provisions shall remain unaffected

4. Within the framework of supervision of the funds call and monitoring the use of the funds, the Dresdner Bank shall fulfill its obligations to the SAB by monitoring the use of the subsidies by causing to be demonstrated the use of the subsidies according to the terms with the employment of an auditor of the subsidy recipient agreeable to the company's bank. Dresdner

14

Bank will have the correctness of the source and disposition statement confirmed once again by the auditor after completion of the project and will forward this confirmation to the SAB.

The Dresdner Bank shall coordinate the manner of confirmation with the SAB. In addition, the Dresdner Bank shall verify the correctness of the confirmation by random sampling. With regard to the interest subsidies proof shall be furnished by submitting the corresponding bank confirmations regarding interest accrued.

5. The subsidies shall be claimed via the company's bank by call declaration of the subsidy recipient. The subsidy recipient will attach one source and disposition statement at a time to the call declaration. All source and disposition statements must be kept by the subsidy recipient. The Dresdner Bank shall not be liable either for the timely submittal or for late filing of the source and disposition statements.
6. The retention obligation for records and all documents otherwise associated with assistance according to item 1.2 of the General Provisions and the disclosure obligation according to item 6 of the General Provisions shall end 5 years after completion of the project.
7. Complete financing of the project shall be considered guaranteed with delivery of the company's bank declaration desired by the SAB in conjunction with the granting of the subsidies.
8. Amounts drawn contrary to the provisions according to item 2.2 of the General Provisions must be repaid by the subsidy recipient via the Dresdner Bank or at the request of the SAB by him directly to the SAB. The equivalent shall apply to repayment of reduced subsidy amounts (item 4 of the AGB) and to recovery of subsidy amounts (item 7.2 of the AGB). Item 7.4 of the AGB shall apply.
9. The Dresdner Bank as the banker of the subsidy recipient shall furnish to the SAB, the Free State of Saxony and the responsible EU agencies on request all information necessary in conjunction with the granting of the subsidy.
10. Within the framework of this agreement, immediately shall be construed to mean after allowance of an appropriate period of 30 bank working days.
11. The disclosure obligation according to item 6.1 of the General Provisions shall exist only when the subsidy recipient has made application for further allocations for the same purpose from other public agencies via the Dresdner Bank as the company's bank. Otherwise a disclosure obligation of the Dresdner Bank according to item 6 shall exist only if the office of the Dresdner Bank responsible for handling the transfer of subsidies has learned of measures

15

subject to the disclosure requirement especially according to items 6.1 - 6.5 of the General Provisions while exercising the diligence which it ordinarily applies in bank transactions.

12. Transfer of recovered subsidies according to item 7.4 of the General Provisions by the Dresdner Bank to the SAB shall presuppose that the Dresdner Bank has received them beforehand. Recovery of subsidies according to item 7.5 (a) of the General Provisions shall presuppose violation of obligations to the SAB by the Dresdner Bank. An independent recovery claim against the Dresdner Bank may only be lodged as a compensation claim.

In this case the Dresdner Bank shall have the right to assert - in case of damages this must be proven by the Dresdner bank - that the claimed damages would have arisen in their entirety or in part even without its fault.

13. Amendments to this agreement must be in writing to be valid. This shall also apply to amendments of this written form clause.
14. If one of the agreements should be invalid or impracticable in whole or in part, the preceding agreement shall remain otherwise unaffected thereby. The parties shall replace an agreement which is wholly or partially invalid or impracticable by an agreement which commercially best corresponds to the impracticable or invalid provision in its result. This shall apply accordingly to the case in which deficiencies in the provisions should be subsequently ascertained.

Dresden, Feb. 12, 1997

Dresden,

1997

/signature/
Signatures illegible

Saxon Development Bank

Dresdner Bank AG in Dresden

16

Appendix 4

DECLARATION OF LIABILITY

Sachsische Aufbaubank
Pirnaische Strasse 9

06109 Dresden

Customer no. 262-206553
Project no. 2514-7943

REGIONAL ECONOMIC DEVELOPMENT PROGRAMME OF THE FREE STATE OF SAXONY

Company: AMD Saxony Manufacturing GmbH

Together with the applicant, AMD Saxony Manufacturing GmbH, Advanced Micro Devices, Inc. and AMD Saxony Holding GmbH will assume joint and several liability for the grants amounting to DM 476,687,000.00 in the cases set forth in Sections 7 and 8 of the General Conditions for Grants under the Regional Economic Development Programme of the Free State of Saxony - Version for the Grant Recipient - version 31515 dated August 1995 and the Schedule of Conditions in the event that the equity scheduled in the financial plan (nominal capital and shareholder loans equalling altogether DM 507,500,000.00) cannot be employed in full by the applicant.

(Place and date)

AMD Saxony Manufacturing GmbH
(Signature and company stamp)

AMD Saxony Holding GmbH
(Signature and company stamp)

Advanced Micro Devices, Inc.
(Signature and company stamp)

AMD INC. GUARANTY
(GARANTIEVERTRAG)

DATED 11 MARCH 1997

BETWEEN

ADVANCED MICRO DEVICES, INC.,

AMD SAXONY MANUFACTURING GMBH,

AND

DRESDNER BANK AG
AS AGENT AND SECURITY AGENT

AMD INC. GUARANTY (GARANTIEVERTRAG)

THIS AMD INC. GUARANTY, dated 11 March 1997, is made by ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."), in favour of AMD SAXONY MANUFACTURING

GMBH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13186 ("AMD Saxonia"), and DRESDNER BANK AG ("Dresdner"), as Agent (in such capacity, the "Agent") for the Banks under the Loan Agreement and as Security Agent (in such capacity, the "Security Agent") for the Secured Parties under such Loan Agreement.

WHEREAS, AMD Saxonia, a wholly-owned Subsidiary (such and other capitalised terms being used herein with the meanings provided in Section 1.1) of AMD Saxony

Holding GmbH, domiciled in Dresden, registered in the Commercial Register of the Dresden County Court HRB 13931 ("AMD Holding"; and, together with AMD Inc.,

collectively, the "Sponsors"), which is, in turn, a wholly-owned Subsidiary of

AMD Inc., has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, (i) the Sponsors expect to make substantial subordinated loans to, and AMD Holding expects to make substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997 (the "Loan

Agreement"), with the banks from time to time party thereto (hereinafter collectively called the "Banks" and individually called a "Bank"), Dresdner, as

Agent and Security Agent, and Dresdner Bank Luxembourg S.A., as Paying Agent (in such capacity, the "Paying Agent"), providing, inter alia, for two separate

senior secured term and standby facilities aggregating up to DM1,650,000,000 (one billion six hundred fifty million Deutsche Marks);

WHEREAS, AMD Inc. desires that the Project be constructed and completed and is executing and delivering this Guaranty in favour of AMD Saxonia, the Agent and the Security Agent for the benefit of the Banks and the Paying Agent (the Agent,

the Security Agent, the Banks and the Paying Agent hereinafter collectively called the "Secured Parties" and individually called a "Secured Party"), for the purpose, among other things, of providing (i) certain assurances with respect to the completion of the Project, and (ii) certain undertakings to and for the benefit of AMD Saxonia and the Secured Parties;

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

WHEREAS, AMD Inc. has duly authorized the execution, delivery, and performance of this Guaranty; and

2

WHEREAS, it is in the best interests of AMD Inc. to execute this Guaranty inasmuch as AMD Inc. will derive substantial benefits from the loans and other financial accommodations made from time to time to AMD Saxonia by the Banks pursuant to the Loan Agreement;

NOW, THEREFORE, in order to induce the Banks to make the loans and other financial accommodations to AMD Saxonia pursuant to the Loan Agreement, AMD Inc. hereby agrees, for the benefit of AMD Saxonia and the Secured Parties, as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

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

"Agent" has the meaning assigned to such term in the introduction to this Guaranty.

"AMD Holding" has the meaning assigned to such term in the first recital of this Guaranty.

"AMD Inc." has the meaning assigned to such term in the introduction to this Guaranty.

"AMD Saxonia" has the meaning assigned to such term in the introduction to this Guaranty.

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

"Dresdner" has the meaning assigned to such term in the introduction to this Guaranty.

"Guaranty" means this AMD Inc. Guaranty, as the same may at any time be amended or modified in accordance with the terms hereof and in effect.

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

"Obligations" means all obligations of AMD Holding to AMD Saxonia or any Secured Party under or arising out of (i) the AMD Saxonia Wafer Purchase Agreement, (ii) the AMD Saxonia Research Agreement, (iii) the Management Service Agreement, (iv) the License Agreement, and (v) each other Operative Document to which AMD Holding is or is to be a party other than (v) the Sponsors' Support Agreement, (w) the Sponsors' Guaranty, (x) the AMD Holding Wafer Purchase Agreement, (y) the AMD Holding Research Agreement, and (z) the AMD Holding Security Documents.

3

"Paying Agent" has the meaning assigned to such term in the second recital

of this Guaranty.

"Project" has the meaning assigned to such term in the first recital of

this Guaranty.

"Security Agent" has the meaning assigned to such term in the introduction

to this Guaranty.

"Secured Parties" and "Secured Party" have the respective meanings assigned

to such terms in the third recital of this Guaranty.

"Sponsors" has the meaning assigned to such term in the first recital of

this Guaranty.

"Sponsors' Support Agreement" means the Sponsors' Support Agreement, of

even date herewith, between the Sponsors, the Agent, and the Security Agent, as
the same may at any time be amended or modified in accordance with the terms
thereof and in effect.

SECTION 1.2 Miscellaneous. In this Guaranty, unless the context requires
otherwise, (i) any reference to an Operative Document shall be to such Operative
Document as the same may have been or from time to time may be amended, varied,
re-issued, replaced, novated, or supplemented, in each case, in accordance with
the terms thereof and hereof, and in effect; (ii) any statutory provisions shall
be construed as references to those provisions as amended, modified, re-enacted,
or replaced from time to time; (iii) words importing a gender include every
gender; and (iv) references to Sections are to Sections of this Guaranty.
Section headings are inserted for reference only and shall be ignored in
construing this Guaranty.

ARTICLE II GUARANTY PROVISIONS

SECTION 2.1 Guaranty. AMD Inc. hereby absolutely, unconditionally, and
irrevocably (all of the following guaranteed and indemnified obligations being
collectively called the "Guaranteed Obligations")

- (a) guarantees the full and punctual payment and performance when due,
whether at stated maturity, by required prepayment, declaration,
acceleration, demand, or otherwise, of all Obligations of AMD Holding
now or hereafter existing, whether for principal, interest, fees,
expenses, or otherwise, howsoever created, arising, or evidenced,
whether direct or indirect, absolute or contingent or now or hereafter
existing or due or to become due (including in all cases 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. '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)), and
- (b) indemnifies and holds harmless AMD Saxonia and each Secured Party for
any and all costs and expenses (including reasonable attorney's fees
and expenses) incurred by AMD Saxonia, or such Secured Party, as the
case may be, in enforcing any rights under this Guaranty.

4

This Guaranty constitutes a guaranty of payment and performance when due and not
of collection, and AMD Inc. specifically agrees that it shall not be necessary
or required that AMD Saxonia, the Security Agent, the Agent, the Paying Agent,
or any Bank exercise any right, assert any claim, or demand or enforce any
remedy whatsoever against AMD Holding (or any other Person) before or as a
condition to the obligations of AMD Inc. hereunder. For the avoidance of doubt,
the obligations of AMD Inc. under this Guaranty constitute a primary guaranty
obligation (Garantievertrag) and not a surety guaranty obligation (Burgschaft).

Notwithstanding any term or provision of this Guaranty to the contrary, (i) the
provisions of Section 13.6 of the Sponsors' Support Agreement shall be

applicable to this Guaranty mutatis mutandis, and (ii) AMD Inc. shall not be

exposed to double exposure under this Guaranty, on the one hand, and the AMD
Holding Wafer Purchase Agreement or the AMD Holding Research Agreement, as the
case may be, on the other hand, with respect to any Guaranteed Obligations

arising under the AMD Saxonia Wafer Purchase Agreement or the AMD Saxonia Research Agreement, as the case may be, to the extent, but only to the extent, that such Guaranteed Obligations correspond to obligations of AMD Inc. to AMD Holding under the AMD Holding Wafer Purchase Agreement or the AMD Holding Research Agreement, as the case may be, which have been or concurrently are being performed in accordance with the terms thereof; it being understood and agreed that only one recovery shall be allowed by the Secured Parties in respect of the foregoing, and (iii) AMD Inc. shall have no liability hereunder for any failure of AMD Holding to comply with its obligations under the Sponsors' Subordination Agreement or the License Agreement to the extent, but only to the extent, that such failure occurs after the Agent or the Security Agent has enforced its rights under the Security Documents. Subject to the foregoing, AMD Inc. shall pay the Guaranteed Obligations upon a demand in writing from the Agent or AMD Saxonia following a default by AMD Holding in the performance of any Guaranteed Obligation (taking into account any applicable grace period).

SECTION 2.2 EMU. European Economic and Monetary Union anticipate the introduction of a single currency and the substitution of the national currencies of Member States participating in Monetary Union. On the date on which the Deutsche Mark is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member States participating in European Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with European Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify, or renegotiate this Guaranty or any of its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Guaranty shall continue in full force and effect in accordance with its terms.

SECTION 2.3 Guaranty Absolute. This Guaranty shall in all respects be a continuing, absolute, unconditional, and irrevocable guaranty of payment, and shall remain in full force and effect until all Advances under the Loan Agreement have been repaid in full, and the commitments of the Banks under and in connection with the Operative Documents shall have terminated. AMD Inc. guarantees that, subject to Section 2.1, the Guaranteed Obligations will be paid

and performed strictly in accordance with the terms of the Operative Document 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 AMD Saxonia, the Security Agent, the Agent, or any Bank

5

with respect thereto. The liability of AMD Inc. under this Guaranty shall be continuing, absolute, unconditional, and irrevocable irrespective of:

- (a) any lack of validity, legality, or enforceability of any Operative Document;
- (b) the failure of AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or any Bank
 - (i) to assert any claim or demand or to enforce any right or remedy against AMD Holding or any other Person (including any other guarantor) under or in connection with the provisions of any Operative Document, or otherwise, or
 - (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Guaranteed Obligations;
- (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 Guaranteed Obligations, or any other extension, compromise, or renewal of any Guaranteed Obligation;
- (d) any reduction, limitation, impairment, or termination of any Guaranteed Obligations for any reason, including any claim of waiver, release, surrender, alteration, right of retention or compromise, and shall not be subject to (and AMD Inc. hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, non-genuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Guaranteed Obligations;
- (e) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of any Operative Document;
- (f) 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 AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or any Bank securing any of the Guaranteed Obligations; or

- (g) any other circumstance which might otherwise constitute a defense available to, or a discharge of, AMD Holding, any surety (Bhrge), or any guarantor.

6

SECTION 2.4 Reinstatement, etc. AMD Inc. agrees 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) of any of the Guaranteed Obligations is rescinded or must otherwise be restored by AMD Saxonia or any Secured Party, upon the insolvency, bankruptcy, or reorganization of AMD Holding, or otherwise, as though such payment had not been made.

SECTION 2.5 Waiver, etc. AMD Inc. hereby waives promptness, diligence, notice of acceptance, and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that AMD Saxonia, the Security Agent, the Agent, or any Bank protect, secure, perfect, or insure any security interest or lien, or any property subject thereto, or exhaust any right or take any action against AMD Holding or any other Person (including any other guarantor) or any collateral securing any Guaranteed Obligations. AMD Inc. hereby further waives its right to deposit (Hinterlegung) under (S)372 of the German Civil Code.

SECTION 2.6 Subrogation, etc. AMD Inc. will not exercise any rights which it may acquire by reason of any payment made hereunder, whether by way of subrogation, reimbursement, or otherwise, until all Advances under the Loan Agreement have been repaid in full, and the commitments of the Banks under or arising out of the Operative Documents shall have terminated. Any amount paid to AMD Inc. on account of any payment made hereunder prior to such time shall not be commingled with assets of AMD Inc. and shall immediately be paid to the Security Agent and credited and applied against the Guaranteed Obligations in accordance with the terms of the applicable Operative Document pursuant to which such Guaranteed Obligations are outstanding; provided, however, that if

- (a) AMD Inc. has made payment to the Security Agent of all or any part of the Guaranteed Obligations, and
- (b) all Advances under the Loan Agreement have been repaid in full and the commitments of the Banks under or arising out of the Operative Documents shall have terminated,

AMD Saxonia, the Security Agent, the Agent, the Paying Agent, and each Bank agree that, at AMD Inc.'s request and expense, AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or such Bank (as the case may be) will execute and deliver to AMD Inc. appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to AMD Inc. of an interest in the Guaranteed Obligations resulting from such payment by AMD Inc. In furtherance of the foregoing, for so long as any Advances under the Loan Agreement remain unpaid or the Banks have any commitments under any of the Operative Documents, AMD Inc. shall refrain from taking any action or commencing any proceeding against AMD Holding (or its successors or assigns, whether in connection with a bankruptcy proceeding, or otherwise) to recover any amounts in respect of payments made under this Guaranty to AMD Saxonia, the Security Agent, the Paying Agent, the Agent, or any Bank.

SECTION 2.7 Successors, Transferees, and Assigns. This Guaranty shall:

- (a) be binding upon AMD Inc., and its successors, transferees, and assigns; and
- (b) inure to the benefit of and be enforceable by AMD Saxonia and each Secured Party, and each of their respective successors, transferees, and assigns.

Without limiting the generality of the foregoing clause (b), (i) AMD Saxonia may

assign or otherwise transfer (in whole or in part) its rights against AMD Holding under and in connection with the Operative Documents to the Security Agent, and (ii) each Bank may assign or otherwise transfer (in whole or in part) the loans and financial accommodations made by it to AMD Saxonia under the Loan Agreement to any other Person, and such other Person, for purposes of this

7

Guaranty, shall thereupon become vested with all rights and benefits in respect thereof granted to the transferring Bank under any Operative Document (including this Guaranty) or otherwise, subject, however, to any contrary provisions in such assignment or transfer, and to the provisions of Section 26 of the Loan

Agreement.

SECTION 2.8 Payments Free and Clear of Taxes, etc. AMD Inc. hereby agrees that:

(a) All payments by AMD Inc. hereunder shall be made to AMD Saxonia as provided in the Loan Agreement or to the Security Agent at its principal office in Frankfurt am Main in Same Day Funds, free and clear of and without deduction for any present or future income, excise stamp, or franchise taxes and other taxes, fees, duties, withholdings, or other charges of any nature whatsoever imposed by any taxing authority on such payments, but excluding taxes imposed on or measured by AMD Saxonia's, the Security Agent's, the Agent's, the Paying Agent's, or any Bank's net income or receipts or the net income or receipts of any branch thereof (such non-excluded items being called "Taxes"). In the event that any withholding or deduction from any

payment to be made by AMD Inc. hereunder is required in respect of any Taxes pursuant to any applicable law, rule, or regulation, then AMD Inc. will, subject to Section 2.8(d),

- (i) pay directly to the relevant authority the full amount required to be so withheld or deducted;
- (ii) promptly forward to AMD Saxonia or the Security Agent, as applicable, an official receipt or other documentation satisfactory to AMD Saxonia and the Security Agent evidencing such payment to such authority; and
- (iii) pay to AMD Saxonia and the Security Agent such additional amount or amounts as is necessary to ensure that the net amount actually received hereunder by AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, will equal the full amount AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or any Bank with respect to any payment received by AMD Saxonia or the Security Agent hereunder (as the case may be), AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or such Bank may pay such Taxes and AMD Inc. will promptly pay such additional amounts (including any penalties, interest, or expenses, but only (in the case of penalties or interest) to the extent not resulting from a negligent or wilful failure to pay any or all of such Taxes by AMD Saxonia, the Security Agent, the Agent, or such Bank, as the case may be) as is necessary in order that the net amount received by AMD Saxonia, the Security Agent, the Agent, or such Bank after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or such Bank would have received had no such Taxes been asserted.

8

- (b) The additional amount or amounts that AMD Inc. shall be required to pay pursuant to clause (iii) of Section 2.8(a) shall be reduced, to the

extent permitted by applicable law, by the amount of the offsetting tax benefits, if any, as determined by the relevant recipient of such payment in the exercise of its sole discretion, which such recipient actually receives and utilises as a result of AMD Inc.'s payment under clause (i) of Section 2.8(a) to the relevant authority (it being

expressly understood and agreed that such recipient shall be required to use commercially reasonable efforts to claim or utilise any such benefit which may be available to it unless it believes in good faith that to do so would be inconsistent with its internal tax and other policies or if, in its good faith judgment, it would be disadvantaged in any respect with respect to its tax position or planning).
- (c) Subject to the relevant recipient complying with Section 2.8(d) below,

if AMD Inc. fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to AMD Saxonia or the Security Agent the required receipts or other required documentary evidence, AMD Inc. shall indemnify AMD Saxonia, the Security Agent, the Agent, the Paying Agent, and each Bank for any incremental Taxes, interest, or penalties that may become payable by AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or any Bank as a result of any such failure.
- (d) Each recipient of a payment that is entitled to claim an exemption (either on its own account or for the account of AMD Inc.) in respect

of all or a portion of any Taxes which are otherwise required to be paid or deducted or withheld pursuant to this Section 2.8 in respect of

any payments made by AMD Inc. hereunder shall, within a reasonable time after receiving a written request from AMD Inc., provide AMD Inc. with such certificates as may be appropriate in order to obtain the benefits of such exemption.

- (e) Without prejudice to the survival of any other agreement of AMD Inc. hereunder, the agreements and obligations of AMD Inc. contained in this Section 2.8 shall survive the payment and performance in full of all -----
Guaranteed Obligations.

SECTION 2.9 Judgment. AMD Inc. hereby agrees that:

- (a) If, for the purposes of obtaining a judgment in any court, it is necessary to convert a sum due hereunder in Deutsche Marks into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Security Agent could purchase Deutsche Marks with such other currency on the Business Day preceding that on which final judgment is given.
- (b) The obligation of AMD Inc. in respect of any sum due from it to AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or any Bank hereunder shall, notwithstanding any judgment in a currency other than Deutsche Marks, be discharged only to the extent that on the Business Day following receipt by AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, of any sum adjudged to be so due in such other currency,

9

AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, may, in accordance with normal banking procedures, purchase Deutsche Marks with such other currency; in the event that the Deutsche Marks so purchased are less than the sum originally due to AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or any Bank, in Deutsche Marks, AMD Inc., as a separate obligation and notwithstanding any such judgment, hereby indemnifies and holds harmless AMD Saxonia, the Security Agent, the Agent, the Paying Agent, and each Bank against such loss, and if the Deutsche Marks so purchased exceed the sum originally due to AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or such Bank in Deutsche Marks, AMD Saxonia, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, shall remit to AMD Inc. such excess.

ARTICLE III
MISCELLANEOUS PROVISIONS

SECTION 3.1 No Waiver; Modifications in Writing. In addition to, and not in limitation of, Sections 2.3 and 2.5 hereof, no failure or delay on the

part of AMD Saxonia or the Agent or the Security Agent in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other rights, power, or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to AMD Saxonia or the Agent or the Security Agent at law, in equity, or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Guaranty, or consent to any departure by AMD Inc. therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of AMD Saxonia, the Agent, and the Security Agent. Any waiver of any provision of this Guaranty, and any consent to any departure by AMD Inc. from the terms of any provision of this Guaranty, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on AMD Inc. in any case shall entitle AMD Inc. to any other or further notice or demand in similar or other circumstances.

SECTION 3.2 Severability of Provisions. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. AMD Inc. shall have an obligation to replace any invalid provision by a valid provision which approximates best the economic purpose of the invalid provision.

SECTION 3.3 Termination. The obligations of AMD Inc. hereunder shall terminate on the day that all Advances under the Loan Agreement have been repaid in full and the commitments of the Banks under or arising out of the Operative Documents shall have terminated; provided that such obligations shall

automatically revive and be reinstated if and to the extent that AMD Saxonia shall subsequently have obligations under or arising out of any of the Financing Documents.

SECTION 3.4 Binding on Successors, Transferees, and Assigns; Assignment of Guaranty. In addition to, and not in limitation of, Section 2.7,

this Guaranty shall be binding upon AMD Inc. and its successors, transferees, and assigns, shall inure to the benefit of AMD Saxonia, the

10

Security Agent, the Agent, the Paying Agent, and each Bank, and their respective successors, transferees, and assigns, and shall be enforceable by AMD Saxonia and by the Security Agent, for the benefit of itself, the Agent, and each Bank and their respective successors, transferees, and assigns (to the full extent provided pursuant to Section 2.7), in each case subject to Section 26 of the

Loan Agreement; provided, however, that AMD Inc. may not assign any of

its obligations hereunder without the prior written consent of the Security Agent. The rights of the Secured Parties hereunder shall be exercisable solely by the Security Agent on behalf of the Secured Parties unless either the

Security Agent is not able pursuant to applicable law to realise the practical benefits of such rights on behalf of the Secured Parties or the limitation set

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forth in this sentence would otherwise materially adversely affect the rights of the Secured Parties hereunder.

SECTION 3.5 Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any of the Persons listed below shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Guaranty on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 3.5. Unless

otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 3.5, notices, demands, instructions, and

other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

To the Security Agent:

Dresdner Bank AG, as Security Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489-1350

To the Agent:

Dresdner Bank AG, as Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489-1350

To AMD Inc.:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94088
Attention: General Counsel
Facsimile No.: (1) (408) 774-7399

11

To AMD Saxonia:

AMD Saxony Holding GmbH
Washingtonstrasse 16 A/B
01139 Dresden
Attention: Geschäftsfuhrer
Facsimile No.: (49) 351 8412 150

SECTION 3.6 Relationship to Other Agreements. The rights of AMD Saxonia, the Agent, and the Security Agent pursuant to this Guaranty are in addition to any other rights or remedies which AMD Saxonia, the Agent, and the Security Agent may have under statutory law or other agreements between one or more of AMD Saxonia, the Agent, the Security Agent, the Paying Agent, the Banks, and AMD Inc. Where such rights and remedies are in conflict with the provisions of this Guaranty, the provisions of this Guaranty shall prevail.

SECTION 3.7 Setoff. In addition to, and not in limitation of, any rights of AMD Saxonia, the Security Agent, the Agent, or any Bank under applicable law, AMD Saxonia, the Security Agent, the Paying Agent, the Agent, and each Bank shall, upon the acceleration of the Advances under the Loan Agreement following the occurrence of any Event of Default, or upon the occurrence and during the continuance of any event with respect to AMD Inc. of the type described in Section 8.01(f) or (g) of the AMD Inc. 1996 Bank Credit Agreement, have the

right to appropriate and apply to the payment of the obligations of AMD Inc. owing to it hereunder, any and all balances, credits, deposits, accounts, or moneys of AMD Inc. then or thereafter maintained with AMD Saxonia, the Security Agent, the Paying Agent, the Agent, or such Bank and any and all property of every kind or description of or in the name of AMD Inc. now or hereafter, for any reason or purpose whatsoever, in the possession or control of AMD Saxonia, the Security Agent, the Paying Agent, the Agent, or such Bank, or any agent or bailee for AMD Saxonia, the Security Agent, the Paying Agent, the Agent, or such Bank.

SECTION 3.8 Governing Law; etc. This Guaranty and all rights and obligations of the parties arising under or in connection herewith shall be governed by the Laws of the Federal Republic of Germany.

SECTION 3.9 Jurisdiction. AMD Inc. hereby submits to the exclusive jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Guaranty. AMD Inc. states that Advanced Micro Devices GmbH whose address is Rosenheimerstraße 143b, 81671 Munich, Germany, Tel.: +49 89 450 530, Fax: +49 89 906 490, is its accredited agent for service of process and hereby undertakes to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent, the Security Agent or AMD Saxonia to take suits, actions, or proceedings against AMD Inc. to enforce any judgment rendered by the courts in Frankfurt am Main in any other court or entity of competent jurisdiction where AMD Inc. has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

SECTION 3.10 Operative Document. This Guaranty is an Operative Document executed pursuant to the Loan Agreement.

SECTION 3.11 Place of Performance and Payment. The place of performance and payment (Zahlungs-und Erfhllungsort) under this Guaranty shall be Frankfurt am Main.

SECTION 3.12 Use of English Language. This Guaranty has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Guaranty shall be in the English language and a certified German translation thereof shall be delivered promptly thereafter if reasonably requested by the Agent. In the event of any inconsistency, the English language version of any such document shall control.

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

Its

AMD SAXONY MANUFACTURING GMBH

/s/ Jack L. Saltich

DRESDNER BANK AG,
as Agent and Security Agent

/s/ Dr. Hans-Jurgen Menzel /s/ Horst-Oechsler

SPONSORS' SUPPORT AGREEMENT

Dated 11 March 1997

between

ADVANCED MICRO DEVICES, INC.,

AMD SAXONY HOLDING GMBH,

and

DRESDNER BANK AG,

as Agent and Security Agent

INDEX

ARTICLE I	Definitions and Accounting Terms	2
ARTICLE II	Contribution of Equity Capital	26
ARTICLE III	Sponsors' Loans	29
ARTICLE IV	Cost Overruns Prior to Completion	32
ARTICLE V	Completion Guaranty	35
ARTICLE VI	Subsidies Undertaking	36
ARTICLE VII	Pari Passu Undertaking	38
ARTICLE VIII	AMD Inc. Share Pledge Agreement; AMD Holding Security Documents	38
ARTICLE IX	Sponsors' Guaranty	39
ARTICLE X	Sponsors' Subordination Agreement; AMD Inc. Subordination Agreement	39
ARTICLE XI	Obligations Unconditional	40
ARTICLE XII	Representations and Warranties	40
ARTICLE XIII	Covenants	58
ARTICLE XIV	Costs and Expenses; Indemnities; Taxes; Etc.	71
ARTICLE XV	Miscellaneous	76
ARTICLE XVI	Governing Law, Jurisdiction, and Language	79
	SCHEDULE I - Existing Wafer Fabrication Plants	
	SCHEDULE II - Sponsors' Disclosure Schedule	

SPONSORS' SUPPORT AGREEMENT

THIS SPONSORS' SUPPORT AGREEMENT, dated 11 March 1997, is made between ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."), AMD SAXONY HOLDING GMBH, Dresden,

 registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the "Sponsors"), and

DRESDNER BANK AG ("Dresdner"), as Agent under the Loan Agreement referred to

below (in such capacity, the "Agent") for the Banks referred to below, and as

Security Agent under such Loan Agreement (in such capacity, the "Security

Agent") for the Secured Parties referred to below.
- -----

W I T N E S S E T H :

WHEREAS, AMD Saxony Manufacturing GmbH, Dresden, registered in the Commercial
Register of the Dresden County Court HRB 13186 ("AMD Saxonia"), a wholly-owned

Subsidiary (such and other capitalised terms being used herein with the meanings
provided in Section 1.1) of AMD Holding, which is, in turn, a wholly-owned

Subsidiary of AMD Inc., has been formed for the purpose of constructing, owning,
and operating (i) the Plant and (ii) the integrated Design Center (the
construction, ownership, and operation of the Plant and the Design Center being
hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design
Center, and start-up costs of the operation of the Plant, (i) the Sponsors
expect to make substantial subordinated loans to, and AMD Holding expects to
make substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has
entered into a Syndicated Loan Agreement, dated 11 March 1997 (the "Loan

Agreement"), with the banks from time to time party thereto (hereinafter

collectively called the "Banks" and individually called a "Bank"), Dresdner, as
Agent and Security Agent, and Dresdner Bank Luxembourg S.A., as Paying Agent (in
such capacity, the "Paying Agent"), providing, inter alia, for two separate

senior secured term and standby facilities aggregating up to DM1,650,000,000
(one billion six hundred fifty million Deutsche Marks);

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

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

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

ARTICLE I
Definitions and Accounting Terms

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

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

to the Loan Agreement.

"Affiliate" means, with respect to any Person, a Person which, directly or

indirectly, controls, is controlled by, or is under common control with, such
other Person; and, for purposes of this definition, the concept of "control",

with respect to any Person, signifies the possession of the power to direct the
management and policies of such Person, directly or indirectly, whether through
the ownership of voting securities, the possession of voting rights, by
contract, or otherwise; provided, that none of the Agent, the Security Agent,

the Paying Agent, any of the Banks, nor any of their respective Affiliates,
shall be deemed to be Affiliates of (x) any AMD Company or (y) any other
Subsidiary of AMD Inc.

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

Agreement.

"Agreement" means this Sponsors' Support Agreement, as the same may be

amended or modified in accordance with the terms hereof and in effect.

"AMD Companies" means AMD Saxonía, AMD Holding, and AMD Inc., collectively.

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

this Agreement.

"AMD Holding Assignment (U.S.A.)" means the AMD Holding Assignment of,

inter alia, rights under the Wafer Purchase Agreements, in the form set out in
Schedule 56 to the Loan Agreement, between AMD Holding and the Security Agent.

"AMD Holding Assignment of Contractual Rights" means the AMD Holding

Assignment of Contractual Rights, in the form set out in Schedule 55 to the Loan

Agreement, between AMD Holding and the Security Agent.

"AMD Holding Assignment of Current Assets" means the AMD Holding Security

Assignment of Current Assets, in the form set out in Schedule 52 to the Loan

Agreement, between AMD Holding and the Security Agent.

2

"AMD Holding Charge of Bank Accounts" means the AMD Holding Charge of Bank

Accounts, in the form set out in Schedule 54 to the Loan Agreement, between AMD

Holding and the Security Agent.

"AMD Holding Global Assignment" means the AMD Holding Global Assignment, in

the form set out in Schedule 53 to the Loan Agreement, between AMD Holding and

the Security Agent.

"AMD Holding Research Agreement" means the AMD Holding Research, Design and

Development Agreement, in the form set out in Schedule 34 to the Loan Agreement,

between AMD Inc. and AMD Holding.

"AMD Holding Security" means all collateral security created pursuant to

the AMD Holding Security Documents.

"AMD Holding Security Documents" means, collectively, the AMD Holding

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

"AMD Holding Share Pledge Agreement" means the AMD Holding Share Pledge

Agreement, in the form set out in Schedule 51 to the Loan Agreement, between AMD

Holding and the Security Agent.

"AMD Holding Wafer Purchase Agreement" means the AMD Holding Wafer Purchase

Agreement, in the form of Schedule 33 to the Loan Agreement, between AMD Inc.

and AMD Holding.

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

this Agreement.

"AMD Inc. Guaranty" means the AMD Inc. Guaranty in the form set out in

Schedule 27 to the Loan Agreement, executed by AMD Inc. in favour of AMD

Saxonía, the Agent, and the Security Agent for the benefit of the Secured
Parties.

"AMD Inc. 1996 Bank Credit Agreement" means the Credit Agreement, dated as

of July 19, 1996, between, inter alia, AMD Inc., the lenders party thereto, and

Bank of America National Trust & Savings Association, as administrative agent.

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

(i) the AMD Inc. 1996 Bank Credit Agreement; or

3

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

(iii) if the agreement referred to in paragraph (i) above and all of the agreements, if any, which could apply under paragraph (ii) above have been terminated or cancelled, then so long as paragraph (ii) does not apply as the result of one or more new agreements being entered into, the agreement which is the last such agreement under paragraph (i) or (ii) to be so terminated or cancelled as in effect immediately prior to such termination or cancellation.

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

AMD Inc. Share Pledge Agreement.

"AMD Inc. Senior Secured Note Indenture" means that certain Indenture,

dated as of August 1, 1996, between AMD Inc. and United States Trust Company of New York, as trustee, relating to the issuance by AMD Inc. of \$400,000,000 (four hundred million Dollars) of its 11% Senior Secured Notes due 2003.

"AMD Inc. Share Pledge Agreement" means the AMD Inc. Share Pledge

Agreement, in the form set out in Schedule 41 to the Loan Agreement, between AMD

Inc. and the Security Agent.

"AMD Inc. Subordination Agreement" means the AMD Inc. Subordination

Agreement, in the form set out in Schedule 42 to the Loan Agreement, between AMD

Inc., AMD Holding, and the Security Agent.

"AMD Saxonía" has the meaning assigned to that term in the first recital of

this Agreement.

"AMD Saxonía Assignment (U.S.A)" means the AMD Saxonía Assignment of, inter

alia, rights under the AMD Saxonía Wafer Purchase Agreement, in the form set out
in Schedule 50 to the Loan Agreement, between AMD Saxonía and the Security

Agent.

4

"AMD Saxonía Assignment of Contractual Rights" means the AMD Saxonía

Assignment of Contractual Rights, in the form set out in Schedule 49 to the Loan

Agreement, between AMD Saxonía and the Security Agent.

"AMD Saxonía Assignment of Current Assets" means the AMD Saxonía Security

Assignment of Current Assets, in the form set out in Schedule 44 to the Loan

Agreement, between AMD Saxonía and the Security Agent.

"AMD Saxonía Assignment of Fixed Assets" means the AMD Saxonía Security

Assignment of Fixed Assets, in the form set out in Schedule 45 to the Loan

Agreement, between AMD Saxonia and the Security Agent.

"AMD Saxonia Assignment of Insurances" means the AMD Saxonia Assignment of

Insurances, in the form set out in Schedule 46 to the Loan Agreement, between

AMD Saxonia and the Security Agent.

"AMD Saxonia Charge of Project Accounts" means the AMD Saxonia Charge of

Project Accounts, in the form set out in Schedule 48 to the Loan Agreement,

between AMD Saxonia and the Security Agent.

"AMD Saxonia/Dresdner Subsidy Agreement" means the AMD/Dresdner Subsidy

Agreement, in the form set out in Schedule 25 to the Loan Agreement, between AMD

Saxonia and Dresdner.

"AMD Saxonia Disclosure Schedule" means the Disclosure Schedule attached to

the Loan Agreement as Schedule 15, as it may be amended, supplemented, or

otherwise modified from time to time by AMD Saxonia with the written consent of
the Agent.

"AMD Saxonia Global Assignment" means the AMD Saxonia Global Assignment, in

the form set out in Schedule 47 to the Loan Agreement, between AMD Saxonia and

the Security Agent.

"AMD Saxonia Hedging Contract" means the Agreement, in the form set out in

Schedule 50a to the Loan Agreement, between AMD Saxonia and AMD Inc.

"AMD Saxonia Land Charge" means the Grundschild, in the form set out in

Schedule 43 to the Loan Agreement, between AMD Saxonia and the Security Agent.

"AMD Saxonia Research Agreement" means the AMD Saxonia Research, Design and

Development Agreement, in the form set out in Schedule 36 to the Loan Agreement,

between AMD Holding and AMD Saxonia.

"AMD Saxonia Security" means all collateral security created pursuant to

the AMD Saxonia Security Documents.

5

"AMD Saxonia Security Documents" means, collectively, the AMD Saxonia

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

"AMD Saxonia Wafer Purchase Agreement" means the AMD Saxonia Wafer Purchase

Agreement, in the form set out in Schedule 35 to the Loan Agreement, between AMD

Holding and AMD Saxonia.

"Approved Project Budget" means:

- (i) initially, that certain Project Budget, in the form set out in
Schedule 6 to the Loan Agreement, which has been prepared by AMD

Saxonia and approved by each Sponsor; and
- (ii) at any time after such Project Budget has been updated, amended,
supplemented, or otherwise modified, and prior to Completion, any such
updated, amended, supplemented, or modified Project Budget having been
approved by each AMD Company (such approval of each Sponsor not to be

unreasonably withheld or delayed) and the Agent (which may, in its sole discretion, consult with the Technical Advisor and the Banks' Auditor) in accordance with ss.18.2 of the Loan Agreement.

The initial Approved Project Budget and (subject to the requirements of ss.

13.1(i) (d) (y) (1)) each subsequent Approved Project Budget from time to time in

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

"Approved Project Schedule" means:

- (i) initially, that certain Project Schedule, in the form set out in Schedule 7 to the Loan Agreement, which has been prepared by AMD Saxonia and approved by each Sponsor with respect to the schedule for completing each Project Phase and for achieving Completion; and
- (ii) at any time after such Project Schedule has been updated, amended, supplemented, or otherwise modified, and prior to Completion, any such updated, amended, supplemented, or modified Project Schedule having been ap-

6

proved by each AMD Company (such approval of each Sponsor not to be unreasonably withheld or delayed) and the Agent (which may, in its sole discretion, consult with the Technical Advisor and the Banks' Auditor) in accordance with ss.18.2 of the Loan Agreement.

The initial Approved Project Schedule and (subject to the requirements of ss.

13.1(i) (d) (y) (2)) each subsequent Approved Project Schedule from time to time in

effect shall itemise, separately from the other information set forth therein, and on a Project Phase by Project Phase basis, the then anticipated date for completing each then uncompleted Project Phase and for achieving Completion. All references herein to the Approved Project Schedule shall, at any time, refer to the Approved Project Schedule as then in effect.

"Auditor" means Ernst & Young Wirtschaftsprüfungsgesellschaft mbH or such

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

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

- (i) the Total Tranche A Commitment Amount on such date;

over

- (ii) the aggregate unpaid principal amount of all Tranche A Advances outstanding on such date.

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

- (i) the Total Tranche B Commitment Amount on such date;

over

- (ii) the aggregate unpaid principal amount of all Tranche B Advances outstanding on such date.

"Average Production Cost Per Wafer" means, with respect to any Fiscal

Quarter, the amount determined by dividing (x) the aggregate cost, determined in accordance with GAAP, incurred by AMD Saxonia for the production of all Wafers "Shipped" (as defined in the AMD Saxonia Wafer Purchase Agreement) during such Fiscal Quarter (including all materials, labor, and other out-of pocket costs and expenses, but excluding depreciation and interest expense), by (y) the number of Wafers "Shipped" (as so defined) during such Fiscal Quarter.

"Banks' Auditor" means BDO Deutsche Warentreuhand AG

Wirtschaftsprüfungsgesellschaft or such other firm of auditors charged with

duties relating to the Project as may be appointed by the Banks with the consent of AMD Saxonia, such consent not to be unreasonably delayed or withheld.

7

"Bank" and "Banks" have the respective meanings assigned to those terms in

the second recital of this Agreement.

"Business Day" means any day of the year on which banks are generally open

for business in London, Frankfurt am Main, Dresden and, to the extent the same relates to any obligation to be performed by AMD Inc., San Francisco.

"Capital Expenditure" means all acquisition or manufacturing costs in

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

"Capitalised Lease Liabilities" means, with respect to any Person, all

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

"Cash Equivalent Investment" means any security or other instrument set out

in Schedule 23 to the Loan Agreement.

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

3.1.

"Class B Sponsors' Loans" has the meaning assigned to that term in Section

3.1.

"Completion" means the date on which the initial satisfaction of all

conditions set forth in the Technical Completion Certificate (Obligors), the Technical Completion Certificate (Technical Advisor), the Financial Completion Certificate (Obligors), the Financial Completion Certificate (Banks' Auditor) and the Financial Completion Certificate (Technical Advisor) set out in Schedules 9, 10, 11, 12 and 13 to the Loan Agreement is confirmed to the Agent

by the submission of properly executed originals of such Certificates.

"Completion Certificates" means the Scheduled Project Phase Completion

Certificates, the Technical Completion Certificates, and the Financial Completion Certificates.

"Completion Date" means the date specified by the Agent in a notice to be

given to each AMD Company and each Bank as the first date on or as of which Completion shall have occurred.

8

"Compliance Certificate" means an Annual Pricing Compliance Certificate, a

Quarterly Pricing Compliance Certificate, or a Pari Passu Compliance Certificate, as the case may be.

"Consent and Agreement" means:

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

(iv) in the case of a Service Supplier, each Service Supplier's Consent and Agreement.

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

"Contractor" means Meissner & Wurst GmbH & Co., Ro(beta)bachstra(beta)e 38, -----
70499 Stuttgart, registered in the Commercial Register of the Stuttgart County Court HRA 1208.

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

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

"Cost Overruns" means, at any time, the difference at such time between -----
Capital Expenditure estimated in the initial Approved Project Budget and, if more, the actual Capital Expenditure incurred, in each case calculated on a cumulative basis.

9

"Cost to Complete" means, at the time any determination thereof is to be -----
made, the amount then most recently determined by the AMD Companies and certified to the Agent (or, in the event the Agent so requests, the amount then most recently determined reasonably and in good faith by the Technical Advisor and certified to the Agent upon its request (after consultation with the AMD Companies), as the then aggregate amount of additional Capital Expenditure required to be made to achieve Completion.

"Debt Service Reserve Account" means the reserve account referred to and -----
opened pursuant in ss. 19.4 of the Loan Agreement (including any sub-accounts -----
into which such account may be divided), as such account may be renewed, redesignated, or renumbered from time to time.

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

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

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

"Deutsche Marks" and the sign "DM" mean lawful money of the Federal

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Republic of Germany from time to time.

"Disclosure Schedules" means the AMD Saxonia Disclosure Schedule and the

Sponsors' Disclosure Schedule, collectively.

"Dollars" and the sign "\$" mean the lawful money of the United States of

America from time to time.

"Dresdner" has the meaning assigned to that term in the introduction to

this Agreement.

"Encumbrance" means, (i) when used with reference to any Person organized

and existing under the laws of the Federal Republic of Germany, any security
interest in property or in rights to secure payment of a debt or performance of
an obligation, including, but not

10

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

"Equipment Suppliers" means, collectively, each Person party to a contract

or other agreement with AMD Saxonia in the capacity of a supplier of fixed or
tangible current assets for the Project; it being understood and agreed that AMD
Inc. or an Affiliate thereof (other than AMD Saxonia) may be an Equipment
Supplier.

"Equipment Supplier's Consent and Agreement" means, with respect to an

Equipment Supplier, such Equipment Supplier's Consent and Agreement, in the form
set out in Schedule 40 to the Loan Agreement or Annex 3 to Schedule 49 or Annex

3 to Schedule 55 of the Loan Agreement, as the case may be, or in such other

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

"Equipment Supply Contract" means each agreement (also in the form of an

order) between AMD Saxonia and suppliers (including AMD Inc. or one of its
Affiliates) relating to the acquisition by, and delivery to, AMD Saxonia of
fixed or tangible current assets for the Project.

"Equity Capital" means registered stated capital (Stammkapital).

"Event of Default" means an event which would entitle the Banks to

terminate their commitments and the loan facilities pursuant to ss. 21 of the

Loan Agreement.

"Event of Termination" means any event which would entitle a party to an

Operative Document to terminate such Operative Document in accordance with the
terms thereof; provided, however, that such event could reasonably be expected

to have a material adverse consequence to the entirety of the transactions
contemplated by the Operative Documents.

11

"Financial Completion" is deemed to have occurred when:

- (i) all of the conditions set forth in the form of Financial Completion Certificate (Obligors) have been satisfied in all material respects, all of the statements of the AMD Companies appearing in said form of Certificate are true and correct in all material respects, and the Agent shall have received a fully executed counterpart of such Certificate; and
- (ii) the Agent shall have received a fully executed counterpart of the Financial Completion Certificate (Banks' Auditor) and the Financial Completion Certificate (Technical Advisor).

"Financial Completion Certificate (Banks' Auditor)" means a certificate, in the form set out in Schedule 12 to the Loan Agreement (appropriately completed), executed by the Banks' Auditor and delivered to the Agent.

"Financial Completion Certificate (Technical Advisor)" means a certificate, in the form set out in Schedule 13 to the Loan Agreement (appropriately completed), executed by the Technical Advisor, and delivered to the Agent.

"Financial Completion Certificate (Obligors)" means a certificate, in the form set out in Schedule 11 to the Loan Agreement (appropriately completed), executed by the AMD Companies, and delivered to the Agent.

"Financial Completion Certificates" means the Financial Completion Certificate (Obligors), the Financial Completion Certificate (Banks' Auditor) and the Financial Completion Certificate (Technical Advisor).

"Financial Ratio Calculation Date" means

- (i) the Completion Date; and
- (ii) the date as of which the Fixed Charge Cover Ratio is, or is required to be, calculated in any certificate of compliance furnished by AMD Saxonia pursuant to ss. 16.2.1 of the Loan Agreement or the date so referred to in a confirmation relating to the financial covenants given by the Auditor pursuant to ss. 16.2.2 of the Loan Agreement, in each case after the Completion Date.

"Financing Documents" means, collectively, the Loan Agreement, this Agreement, the Sponsors' Guaranty, the Sponsors' Subordination Agreement, the AMD Inc. Subordination Agreement, the Sponsors' Loan Agreement, the AMD Saxonia/Dresdner Subsidy Agreement, the SAB/Dresdner Subsidy Agreement, the 65/35 Burgschaft, the AMD Saxonia Hedging Contract, the Security Documents, each Consent and Agreement, and each other

12

instrument or document designated by the Agent (with the consent of each AMD Company) as a Financing Document under and for purposes of this Agreement.

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

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

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

"Fixed Charge Coverage Ratio" has the meaning assigned to that term in ss.1 of Schedule 17 to the Loan Agreement.

"GAAP" means, (x) in the case of AMD Saxonia or AMD Holding or its

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

"Governmental Approvals" means each and every authorization, consent,

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

"Governmental Authority" means any nation or government, any state or other

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

13

"Guarantors" means the Federal Republic of Germany and the Free State of

Saxony in their respective capacities as guarantors pursuant to the 65/35 Burschaft.

"Guaranty Decision" means the decision dated 2 July 1996 set out in

Schedule 24 to the Loan Agreement concerning the guaranty application made by

AMD Saxonia, including the following documents as referred to therein:

- (i) the specimen credit agreement F 13.09.1990 (1993 Edition) Federal/State or THA
- (ii) the General Terms and Conditions applicable to the assumption of Guaranties by the Federal Republic of Germany and the States of the Accession Territory (States) in the edition dated F 04.01.1993 Federal/State, together with
- (iii) Notes relating to applications for guaranties and loans of the Treuhandanstalt Berlin and/or Federal and State guaranties for projects in the Accession Territory in the edition dated 1993 F 12.10.1990.

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

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

(vi) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, and indebtedness (including pre-paid interest thereon) secured by an Encumbrance on property owned or being purchased by such Person

14

(including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; and

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

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

"Information Memorandum" means the Information Memorandum, dated September

1996, entitled "AMD Saxony Manufacturing GmbH, Dresden: DM1,650,000,000 Information Memorandum Limited Recourse Financing", prepared and furnished by the AMD Companies to the Agent, for distribution to prospective lenders under the Loan Agreement, as such Information Memorandum may at any time be amended or modified with the consent of each AMD Company and in effect.

"Initial Cash Balance" means, as at the Completion Date, the cash balance

in the Project Accounts together with the then aggregate value of all Cash Equivalent Investments.

"Instructing Group" means in respect of any matter, the Banks whose votes

are required to pass a resolution on such matter as determined in accordance with ss.ss. 22.5 and 22.6 of the Loan Agreement.

"License Agreement" means the License Agreement, in the form set out in

Schedule 38 to the Loan Agreement, between AMD Inc., AMD Holding, and AMD

Saxonia.

"Loan Agreement" has the meaning assigned to that term in the second

recital of this Agreement.

"Loan Agreement Effective Date" means the date specified by the Agent in a

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

and with the substance, specified therein.

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

Section 15.7.

"Management Plan" means the project concept dated February 1997, and

attached as Schedule 14 to the Loan Agreement, as the same may from time to time

be further amended or modified by AMD Saxonia (with the consent of each Sponsor, whose consent will not be unreasonably delayed or withheld) in accordance with the terms of this Agreement and the Loan Agreement and in effect.

15

"Management Service Agreement" means the Amended and Restated Management

Service Agreement, in the form set out in Schedule 37 to the Loan Agreement,

between AMD Inc., AMD Holding, and AMD Saxonia.

"Material Adverse Effect" means

(i) a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise),

or prospects of any AMD Company, or of AMD Inc. and its Subsidiaries, taken as a whole;

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

provided, however, that with respect to an event described in clause (ii),

(iii), (iv), or, with respect to the Contractor, an Equipment Supplier, or a

Service Supplier, clause (v) or (vi) above, such event could reasonably be

expected to have a material adverse consequence to the entirety of the
transactions contemplated by the Operative Documents.

"Material AMD Inc. Subsidiary" means, at any time, any Subsidiary of AMD

Inc. having at such time (either on an individual basis or on a consolidated
basis for such Subsidiary and its Subsidiaries) either:

16

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

in each case, based on the then most recent annual or quarterly financial statements delivered to the Agent hereunder; provided, however, that AMD Saxonia

and AMD Holding shall, for purposes of this Agreement, each be deemed to be a Material AMD Inc. Subsidiary.

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

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

"Material Service Contract" means each Service Contract (with the exception

of the AMD Saxonia Wafer Purchase Agreement, the Management Service Agreement and employment contracts):

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

"Operating Account" means the account or accounts referred to and opened

pursuant in ss. 19.1 of the Loan Agreement (including any sub-accounts into

which any such account may be divided), as such account may be renewed,
redesignated, or renumbered from time to time.

"Operative Documents" means, collectively, the Project Agreements, the

Financing Documents, the AMD Inc. Primary Bank Credit Agreement, the AMD Inc.
Senior Secured Note Indenture, the Management Plan, each Project Budget, each
Project Schedule, each

17

Approved Project Budget, each Approved Project Schedule, the Information
Memorandum, the Completion Certificates, the Compliance Certificates, and each
other instrument or document designated by the Agent (with the consent of each
AMD Company) as an Operative Document under and for purposes of this Agreement.

"Opinion Reservations" means limitations on the enforceability of legal

documents as a matter of German law or the law of the United States of America
or one of its states and as incorporated as qualifications to an enforceability
opinion in the legal opinions delivered to and accepted by the Agent under and
pursuant to ss. 5.1.11 of the Loan Agreement.

"Organizational Documents" means, with respect to any AMD Company, its

certificate of incorporation, Memorandum and Articles of Association, charter,
by-laws, and (except with respect to AMD Inc.) all shareholder agreements,
voting trusts, and similar arrangements applicable to any of its authorised
shares of capital stock.

"Paying Agent" has the meaning assigned to that term in the second recital

of this Agreement.

"Perform in Accordance with the Plans and Specifications" means, for

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

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

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

18

- (i) in the case of demonstrated performance equivalent to the tests of the
Plant (or portion thereof), obtain and rely on copies of, review, and
analyze, AMD Saxonia's operating data comprising, but not limited to,
daily log sheets, yield test results, and product shipments and, based
upon the foregoing, will determine if the Plant (or such portion) has
demonstrated its required performance; and
- (ii) in the case of a formal test run, observe the operations during normal
business hours to verify the operating rates and time of operation and
obtain and rely on copies of and review and analyse AMD Saxonia's
operating data (as specified in clause (i) above) to independently
determine if the Plant (or portion thereof) has demonstrated its

required performance.

"Permitted Encumbrances" means, (i) in the case of AMD Saxonia or AMD

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

"Person" means an individual or a corporation, partnership, trust,

incorporated or unincorporated association, joint venture, joint stock company, government (or an agency or political subdivision thereof), or other juridical entity of any kind.

"Plans and Specifications" means the plans and specifications to be

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

"Plant" means the advanced silicon wafer production facility constructed or

to be constructed by AMD Saxonia in or near Dresden, Germany to manufacture integrated circuits in wafer form using high-volume semi-conductor wafer fabrication processes.

19

"Primary Secured Obligations" means, at the time any determination thereof

is to be made, all Secured Obligations then owing and, whether or not then owing, all Secured Obligations in respect of the principal of and interest on the Advances.

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

this Agreement.

"Project Accounts" means the Debt Service Reserve Account and the Operating

Account.

"Project Agreements" means, collectively, the Wafer Purchase Agreements,

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

"Project Budget" means the budget, in the form set out in Schedule 6 to the

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

"Project Costs" means all Capital Expenditure and other costs of the kind

referred to in the Approved Project Budget which are incurred by AMD Saxonia in connection with the Project up to Completion.

"Project Phase" means each project phase set out in the Approved Project

Schedule contemplated for the implementation of the Project.

"Project Schedule" means the schedule, in the form set out in Schedule 7 to

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

"Projected Total Cost" means, at the time any determination thereof is to

be made, the sum (without duplication) of

(i) the Capital Expenditure then or theretofore made or accrued,

plus

20

(ii) the Cost to Complete at such time.

"Relevant AMD Inc. Individual" means any Vice President or more senior

officer of AMD Inc., some or all of whose responsibilities include the Project.

"Requirements of Law" means, with respect to any Person, any law (statutory

or common), treaty, rule, or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Research Agreements" means, collectively, the AMD Saxonia Research

Agreement and the AMD Holding Research Agreement.

"SAB" means Sächsische Aufbaubank GmbH, a Gesellschaft mit beschränkter

Haftung organised and existing under the laws of Germany and registered in Dresden, Germany, acting on behalf of the Free State of Saxony.

"SAB Related Agreements" means the AMD Saxonia/Dresdner Subsidy Agreement

and the SAB/Dresdner Subsidy Agreement, collectively.

"SAB/Dresdner Subsidy Agreement" means the Agreement, in the form set out

in Schedule 26 to the Loan Agreement, between SAB and Dresdner.

"Same Day Funds" means, at the time of any determination, funds which are

immediately available to AMD Saxonia.

"Scheduled Project Phase Completion Certificates" means the Scheduled

Project Phase Technical Completion Certificate (Obligors) and the Scheduled Project Phase Technical Completion Certificate (Technical Advisor).

"Scheduled Project Phase Technical Completion" when used with reference to

a Project Phase, shall be deemed to have occurred when:

(i) all of the conditions set forth in the form of Scheduled Project Phase
Technical Completion Certificate (Obligors) attached to the Loan
Agreement as Schedule 9 thereto have been satisfied in all material

respects, all of the statements appearing in said form of Certificate
are true and correct in all material respects, in each case with
respect to such Project Phase, and the Agent shall have received a
fully executed counterpart of such Certificate; and

(ii) the Agent shall have received a fully executed counterpart of the
Scheduled Project Phase Technical Completion Certificate (Technical
Advisor).

21

"Scheduled Project Phase Technical Completion Certificate (Obligors)" means

a Certificate, in the form set out in Schedule 9 to the Loan Agreement

(appropriately completed), executed by the AMD Companies, and delivered to the Agent.

"Scheduled Project Phase Technical Completion Certificate (Technical

Advisor)" means a Certificate, in the form set out in Schedule 10 to the Loan

Agreement (appropriately completed), executed by the Technical Advisor, and
delivered to the Agent.

"Secured Obligations" means all actual and contingent obligations of AMD

Saxonia to the Secured Parties under or arising out of the Financing Documents
and the Security Documents.

"Secured Parties" means the Agent, the Paying Agent, the Security Agent,

and the Banks, collectively.

"Security" means, collectively, the AMD Inc. Security, the AMD Holding

Security, and the AMD Saxonia Security.

"Security Agent" has the meaning assigned to that term in the introduction

to this Agreement.

"Security Documents" means, collectively, the AMD Saxonia Security

Documents, the AMD Holding Security Documents, the AMD Inc. Share Pledge
Agreement, and each other instrument or document designated by the Agent (with
the consent of each AMD Company) as a Security Document under and for purposes
of this Agreement.

"Service Suppliers" means, collectively, each Person party to a contract or

other agreement with AMD Saxonia in the capacity of a supplier of services for
the Plant or the Design Center.

"Service Supplier's Consent and Agreement" means, with respect to a Service

Supplier, such Service Supplier's Consent and Agreement, in the form set out in
Schedule 40 to the Loan Agreement or Annex 3 to Schedule 49 of the Loan

Agreement, as the case may be, or such other form as is consented to by the
Security Agent, which pertains to a Material Service Contract or which is
otherwise required pursuant to the terms of the Loan Agreement or the Security
Documents.

"Service Contract" means each agreement (which may be in the form of an

accepted order) between AMD Saxonia and a Service Supplier relating to the
acquisition by, and delivery to, AMD Saxonia of services for the Project.

"65/35 Burgschaft" means the several maximum amount shortfall guaranties

issued by each of the Free State of Saxony (26%) and the Federal Republic of
Germany (39%) in accordance with the Guaranty Decision up to a maximum aggregate
amount of DM

22

1,072,500,000 (one billion seventy-two million five hundred thousand Deutsche
Marks), together with 65% of the shortfall of interest and costs, vested with a
first right of satisfaction in favour of the Banks over all security granted by
each AMD Company as security for the Banks' risk of recovery.

"Sponsors" has the meaning assigned to that term in the introduction to

this Agreement.

"Sponsors' Applicable Share" means the applicable share of a Cost Overrun

determined in accordance with Section 4.2.

"Sponsors' Consent and Agreement" means the Sponsors' Consent and

Agreement, in the form set out in Schedule 31 to the Loan Agreement, between the

Sponsors, the Agent, and the Security Agent.

"Sponsors' Disclosure Schedule" means the Disclosure Schedule attached as

Schedule II, as it may be amended, supplemented, or otherwise modified from time

to time by the Sponsors with the written consent of the Agent.

"Sponsors' Guaranty" means the Sponsors' Guaranty, in the form set out in

Schedule 32 to the Loan Agreement, executed by the Sponsors in favour of the

Agent and the Security Agent for the benefit of the Secured Parties.

"Sponsors' Loan Agreement" means the Sponsors' Loan Agreement, in the form

set out in Schedule 29 to the Loan Agreement, between the Sponsors, as lenders,

and AMD Saxonia, as borrower.

"Sponsors' Loans" means all loans made or to be made by AMD Inc. or AMD

Holding to AMD Saxonia in accordance with the terms of the Sponsors' Loan
Agreement, which loans are subordinated in accordance with the Sponsors'
Subordination Agreement.

"Sponsors' Subordination Agreement" means the Sponsors' Subordination

Agreement, in the form set out in Schedule 30 to the Loan Agreement, executed by

the Sponsors, AMD Saxonia, and the Security Agent.

"Sponsors' Warranty Date" means each of the following dates which occurs

prior to the exercise of rights by the Security Agent under any of the Security
Documents: (i) the Loan Agreement Effective Date, (ii) each date AMD Saxonia
delivers a notice of drawing for an Advance under the Loan Agreement, (iii) each
date the AMD Companies deliver each Scheduled Project Phase Technical Completion
Certificate (Obligors), (iv) the date of Technical Completion, (v) the date of
Financial Completion, and (vi) each date the Sponsors deliver the certificate
referred to in Section 13.1(i)(c).

23

"Subsidiary" means with respect to (i) any Person organised and existing

under the laws of the Federal Republic of Germany, a subsidiary within the
meaning of the term "abhangiges Unternehmen" in ss. 17 of the German Stock
Corporation Act (Aktiengesetz); and (ii) any other Person, a corporation or
other entity of which such Person or such Person and/or such Person's other
Subsidiaries own, directly or indirectly, more than 50% of the ordinary voting
power for the election of directors or others performing similar functions.

"Subsidiaries" has the meaning assigned to that term in Section 6.1.

"Taxes" has the meaning assigned to that term in Section 14.5(a).

"Technical Advisor" means Fraunhofer Institut fur Siliziumtechnologie,

Itzehoe, or such other technical advisor as may be appointed by the Security
Agent with the consent of each AMD Company, which consent shall not be
unreasonably delayed or withheld.

"Technical Advisor's Report" means that certain report dated October 16,

1996 from the Technical Advisor to the Agent prepared for purposes of this
Agreement and the other Operative Documents and the transactions contemplated
hereby and thereby.

"Technical Completion" shall be deemed to have occurred when:

- (i) all of the conditions set forth in the form of Technical Completion
Certificate (Obligors) attached to the Loan Agreement as Schedule 9

thereto have been satisfied in all material respects, all of the
statements appearing in said form of Certificate are true and correct
in all material respects, and the Agent shall have received a fully
executed counterpart of such Certificate; and
- (ii) the Agent shall have received a fully executed counterpart of the
Technical Completion Certificate (Technical Advisor).

"Technical Completion Certificates" means the Technical Completion

Certificate (Obligors) and the Technical Completion Certificate (Technical
Advisor).

"Technical Completion Certificate (Obligors)" means a certificate, in the

form set out in Schedule 9 to the Loan Agreement (appropriately completed and

with the legal opinion therein referred to attached), executed by the AMD Companies, and delivered to the Agent.

"Technical Completion Certificate (Technical Advisor)" means a certificate, in the form set out in Schedule 10 to the Loan Agreement (appropriately completed), executed by the Technical Advisor, and delivered to the Agent.

24

"Total Tranche A Commitment Amount" means DM 1,500,000,000 (one billion five hundred million Deutsche Marks), as such amount shall be reduced by any reductions to (but not utilizations of) the commitments of the Banks under "Facility A" under the Loan Agreement.

"Total Tranche B Commitment Amount" means DM 150,000,000 (one hundred fifty million Deutsche Marks), as such amount shall be reduced by any reductions to (but not utilizations of) the commitments of the Banks under "Facility B" under the Loan Agreement.

"Tranche A Advances" means Advances made by the Banks or any Bank pursuant to "Facility A" under the Loan Agreement.

"Tranche B Advances" means Advances made by the Banks or any Bank pursuant to "Facility B" under the Loan Agreement.

"Uneven Capacity Allocation" has the meaning assigned to that term in the AMD Saxonia Wafer Purchase Agreement.

"Unmatured Event of Default" means an event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied) constitute an Event of Default.

"Wafer" has the meaning assigned to that term in the AMD Saxonia Wafer Purchase Agreement.

"Wafer Fabrication Plant" has the meaning assigned to that term in the AMD Saxonia Wafer Purchase Agreement.

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

SECTION 1.2 Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used herein shall be interpreted, all accounting determinations and computations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with, GAAP. When used herein, the term "financial statements" shall include the notes and schedules thereto, but need not include such notes or schedules when used with reference to such statements of any Person as of any date other than the end of a Fiscal Year of such Person. In the determination of any periods pursuant to any provision hereof, unless otherwise specified, the term "from" means "from (and including)", the term "to" means "to (and excluding)", and the term "until" means "until (and excluding)".

25

SECTION 1.3 Construction. In this Agreement, unless the context requires otherwise, any reference to:

"assets" includes any asset, property, or right and includes uncalled capital;

"including" or "includes" means including or includes without limitation;

"law" and/or "regulation" includes any constitutional provision, treaty, convention, statute, act, law, decree, ordinance, subsidiary or subordinate legislation, order, rule, or regulation having the force of law, and any rule of civil or common law or equity;

"order" includes any judgment, injunction, decree, determination, or award

of any court, arbitration, or administrative tribunal;

"tax" includes any tax, levy, duty, charge, impost, fee, deduction, or

withholding of any nature now or hereafter imposed, levied, collected, withheld,
or assessed by any taxing or other authority and includes any interest, penalty,
or other charge payable or claimed in respect thereof, and "taxation" shall be

construed accordingly; and

"winding-up" includes any winding-up, liquidation, dissolution, or

comparable process in any jurisdiction.

SECTION 1.4 Miscellaneous. In this Agreement, unless the context requires otherwise, (i) any reference to an Operative Document shall be to such Operative Document as the same may have been or from time to time may be amended, varied, re-issued, replaced, novated or supplemented, in each case in accordance with the terms thereof and hereof, and in effect; (ii) any statutory provisions shall be construed as references to those provisions as amended, modified, re-enacted, or replaced from time to time; (iii) words importing a gender include every gender; (iv) references to Sections and Schedules are to Sections of and Schedules to this Agreement; and (v) references to this Agreement include its Schedules. Section headings are inserted for reference only and shall be ignored in construing this Agreement. A time of day, unless otherwise specified, shall be construed as a reference to Frankfurt am Main time.

ARTICLE II
Contribution of Equity Capital

SECTION 2.1 Undertaking to Contribute. AMD Holding hereby undertakes to contribute to AMD Saxonia, and AMD Inc. hereby undertakes to cause AMD Holding to so contribute to AMD Saxonia (and AMD Inc. shall, to the extent necessary, contribute sufficient funds, or otherwise cause sufficient funds to be made available, to AMD Holding as shall be necessary to enable AMD Holding to so contribute to AMD Saxonia), Equity Capital at the times and in the amounts set forth in Section 2.2. For the avoidance of doubt:

26

- (i) to the extent, but only to the extent, reflected in AMD Saxonia's financial statements referred to in ss. 15.1.6 of the Loan Agreement

(or, if not so reflected, as certified by AMD Inc. to the Agent and the Security Agent as of the Loan Agreement Effective Date), amounts contributed by the Sponsors to AMD Saxonia prior to the Loan Agreement Effective Date shall be taken into account in determining whether the Sponsors shall have complied with their obligations under this Article II;

- (ii) the obligations of the Sponsors contained in this Article II are in

addition to, and not in limitation of, their respective obligations contained elsewhere in this Agreement and in the other Operative Documents;
- (iii) the Sponsors shall not be relieved of the foregoing obligations by virtue of:
 - (a) any Sponsors' Loan made by either Sponsor pursuant to this Agreement or the Sponsors' Loan Agreement; or
 - (b) any payment made by either Sponsor under the Sponsors' Guaranty; and
- (iv) the amounts set forth in Section 2.2 below are minimum aggregate

amounts of Equity Capital to be received by AMD Saxonia; nothing contained herein shall be deemed to preclude AMD Holding from making additional contributions to AMD Saxonia's stated capital or capital reserves in order to fulfil the obligations of the Sponsors contained in Article IV, V, VI, or VII, or for any other reason.

SECTION 2.2 Time of Contribution. The Equity Capital to be contributed to AMD Saxonia under this Article II is due and payable to AMD Saxonia as follows:

- (i) one or more instalments aggregating DM 108,750,000 (one hundred eight million seven hundred fifty thousand Deutsche Marks) on or before the

date of the initial Advance under the Loan Agreement; it being understood and agreed that, to the extent, but only to the extent, reflected in AMD Saxonia's financial statements referred to in ss.15.1.6 of the Loan Agreement (or, if not so reflected, as

certified by AMD Inc. to the Agent and the Security Agent as of the Loan Agreement Effective Date), all contributions to the Equity Capital of AMD Saxonia prior to Loan Agreement Effective Date shall be considered contributions to its Equity Capital for purposes of this Section 2.2(i); and

- (ii) in addition to the Equity Capital contributed or to be contributed pursuant to Section 2.2(i) hereof, one or more additional instalments

aggregating

27

DM 108,750,000 (one hundred eight million seven hundred fifty thousand Deutsche Marks) by the earlier to occur of:

- (a) the acceleration of the Advances under the Loan Agreement following the occurrence of an Event of Default (it being understood and agreed that if, at the time of any such acceleration, the Primary Secured Obligations are less than the amount otherwise required to be contributed to AMD Saxonia under this Section 2.2(ii), such contribution shall be made in an

amount which, when added to the aggregate amount of all Sponsors' Loans and/or other contributions to AMD Saxonia's Equity Capital or capital reserves then concurrently made, is equal to the Primary Secured Obligations at such time); and
- (b) December 31 1997;

provided, however, that such Equity Capital shall be required to be

contributed in whole or in part at any time prior to such dates if, but only to the extent that, the ratio of:

- (x) the sum of
- (1) the then aggregate outstanding principal amount of Sponsors' Loans,
- plus

- (2) the then aggregate amount of AMD Saxonia's Equity Capital and capital reserves,
- to
- (y) the then aggregate outstanding principal amount of the Advances,
is less than 25:75.

SECTION 2.3 Form of Contribution. The Equity Capital under this Article II shall

be contributed in cash and in Same Day Funds to AMD Saxonia.

28

ARTICLE III Sponsors' Loans

SECTION 3.1 Undertaking to Make Class A and Class B Sponsors' Loans. The Sponsors, jointly and severally, hereby undertake that either Sponsor or both of the Sponsors will make Sponsors' Loans to AMD Saxonia:

- (i) in an aggregate principal amount of at least DM 290,000,000 (two hundred ninety million Deutsche Marks) for all such Sponsors' Loans, the exact amount thereof being equal to the Deutsche Mark Equivalent of \$200,000,000 (two hundred million Dollars) for all such Sponsors' Loans, as contemplated by Section 3.2 (the "Class A Sponsors' Loans");

and
- (ii) in an aggregate principal amount of up to an additional DM 145,000,000 (one hundred forty five million Deutsche Marks) as contemplated by Section 3.3 (the "Class B Sponsors' Loans").

For the avoidance of doubt:

- (i) the obligations of the Sponsors under the Sponsors' Loan Agreement are intended to reflect, rather than to be in addition to, the obligations of the Sponsors pursuant hereto;
- (ii) to the extent, but only to the extent, reflected in AMD Saxonia's financial statements referred to in ss.15.1.6 of the Loan Agreement

(or, if not so reflected, as certified by AMD Inc. to the Agent and the Security Agent as of the Loan Agreement Effective Date), Sponsors' Loans and/or contributions (to the extent, but only to the extent, not otherwise taken into account in determining whether AMD Holding has complied with its obligations under Article II) by AMD Holding to AMD Saxonia's capital reserves made to AMD Saxonia prior to the Loan Agreement Effective Date shall be taken into account as Class A Sponsors' Loans in determining whether the Sponsors shall have complied with their obligations under this Article III;

- (iii) although the obligations of the Sponsors contained in this Article

III are in addition to, and not in limitation of, their respective

obligations contained elsewhere in this Agreement and in the other Operative Documents, if the Agent shall have otherwise expressly consented thereto in writing (which consent will not be unreasonably withheld or delayed), the Sponsors shall be deemed to have complied with their obligations to make Class A Sponsors' Loans and/or Class B Sponsors' Loans to the extent, but only to the extent, that AMD Holding shall have made additional contributions to AMD Saxonia's Equity Capital (or other contribution to AMD Saxonia's

capital reserves) which contributions are not otherwise required to be made pursuant hereto or to any other Operative Document;
- (iv) the Sponsors shall not be relieved:
 - (a) of the foregoing obligation by virtue of any Equity Capital (or other contribution to AMD Saxonia's capital reserves) contributed or required to be contributed to AMD Saxonia pursuant to Section

2.1 or (except as, and to the extent, provided in clause (iii)

above) otherwise;
 - (b) of any obligation to make Class A Sponsors' Loans (or to contribute additional Equity Capital or other contributions to AMD Saxonia's capital reserves in lieu thereof) by virtue of any payment made by either Sponsor under the Sponsors' Guaranty; or
 - (c) of any obligation following Completion to make Class B Sponsors' Loans until and unless the Sponsors shall have paid all amounts payable under the Sponsors' Guaranty following a demand for payment made by the Agent thereunder (it being understood and agreed that the obligation of the Sponsors to make Class B Sponsors' Loans shall be subject to the occurrence of Completion);
- (v) each Class A Sponsors' Loan shall be denominated in Deutsche Marks and the Deutsche Mark Equivalent thereof shall be calculated for the purpose of determining whether the Sponsors have complied with their obligations under Section 3.2; provided, however, that any Class A

Sponsors' Loan may, with the consent of the Agent (such consent not to be unreasonably delayed or withheld), be funded in Dollars but for all purposes of this Agreement and the Sponsors' Loan Agreement shall be deemed to have been funded in Deutsche Marks in an amount which is equal to the Deutsche Mark Equivalent thereof; and
- (vi) the amounts set forth in this Section 3.1 are cumulative minimum

aggregate amounts for both Sponsors, collectively; nothing contained herein shall be deemed to preclude the Sponsors (or either of them) from making additional Sponsors' Loans in order to fulfil their respective obligations contained in Article IV, V, VI, or VII, or for

any other reason.

- (i) at least DM 145,000,000 (one hundred forty five million Deutsche Marks) for all such Class A Sponsors' Loans, the exact amount thereof being equal

30

to the Deutsche Mark Equivalent of \$100,000,000 (one hundred million Dollars) for all such Class A Sponsors' Loans, by the earlier to occur of:

- (a) the acceleration of the Advances under the Loan Agreement following the occurrence of an Event of Default (it being understood and agreed that if, at the time of any such acceleration, the Primary Secured Obligations are less than the amount otherwise required to be lent to AMD Saxonia under this Section 3.2(i), the amount of such Class A Sponsors' Loans shall -----

be an amount which, when added to the aggregate amount of all Sponsors' Loans and/or other contributions to AMD Saxonia's Equity Capital or capital reserves then concurrently made, is equal to the Primary Secured Obligations at such time); and

- (b) December 31, 1998; and

- (ii) at least a further DM 145,000,000 (one hundred forty five million Deutsche Marks) for all such Class A Sponsors' Loans, the exact amount thereof being equal to the Deutsche Mark Equivalent of \$100,000,000 (one hundred million Dollars) for all such Class A Sponsors' Loans, by the earlier to occur of:

- (a) the acceleration of the Advances under the Loan Agreement following the occurrence of an Event of Default (it being understood and agreed that if, at the time of any such acceleration, the Primary Secured Obligations are less than the amount otherwise required to be lent to AMD Saxonia under this Section 3.2(ii), the amount of such Class A Sponsors' Loans shall be an amount which, when added to the aggregate amount of all Sponsors' Loans and/or other contributions to AMD Saxonia's Equity Capital or capital reserves then concurrently made, is equal to the Primary Secured Obligations at such time); and

- (b) December 31, 1999;

provided, however, that such Class A Sponsors' Loans shall be required to be

made in whole or in part at any time prior to the aforesaid dates if, but only to the extent that, the ratio of:

- (x) the sum of

- (1) the then aggregate outstanding principal amount of Sponsors' Loans,

plus

31

- (2) the then aggregate amount of AMD Saxonia's Equity Capital and capital reserves,

to
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- (y) the then aggregate outstanding principal amount of the Advances under the Loan Agreement,

is less than 25:75.

SECTION 3.3 Time of Class B Sponsors' Loans. The Class B Sponsors' Loans will be made in cash and in Same Day Funds and will be made upon first written demand by the Security Agent to the extent necessary to remedy any shortfall in the Fixed Charge Coverage Ratio as required by the Security Agent at any time and from time to time following Completion if, on or as of a Financial Ratio Calculation Date, AMD Saxonia's Fixed Charge Coverage Ratio is less than 125%.

SECTION 3.4 Additional Sponsors' Loans. In addition to the Class A Sponsors' Loans and the Class B Sponsors' Loans, the Sponsors (or either of them) may, from time to time, at their option make additional Sponsors' Loans in order to fulfill their respective obligations contained herein or otherwise to provide additional funds to AMD Saxonia.

SECTION 3.5 Terms of Sponsors' Loans. The making of Sponsors' Loans will be made

on the terms, and shall be subject to the conditions, contained in the Sponsors' Loan Agreement which, as provided in Section 3.1, is intended to reflect, rather

than to be in addition to, the obligations of the Sponsors contained in this Article III.

SECTION 3.6 Subordination of Sponsors' Loans. The Sponsors' Loans will be subordinated on the terms and conditions contained in the Sponsors' Subordination Agreement.

ARTICLE IV
Cost Overruns Prior to Completion

SECTION 4.1 Cost Overruns. In addition to, and not in limitation of, their other obligations contained in this Agreement and the other Operative Documents, the Sponsors, jointly and severally, hereby undertake to provide AMD Saxonia with Same Day Funds (whether, in the case of AMD Holding, by contribution to AMD Saxonia's Equity Capital (or other contributions to AMD Saxonia's capital reserves), or, in the case of either Sponsor, through Sponsors' Loans) sufficient to cover the Sponsors' Applicable Share of any Cost Overrun. The Sponsors shall be relieved of any further obligations under this Article IV if, but only if:

- (i) the Sponsors shall have complied with each of their respective obligations under Article II and, insofar as such obligations relate to Class A Sponsors'

32

Loans (or additional contributions to Equity Capital or AMD Saxonia's capital reserves in lieu thereof), Article III; and

- (ii) following a demand by the Agent for payment under the Sponsors' Guaranty, the Sponsors shall have paid all amounts payable under the Sponsors' Guaranty.

The Sponsors shall be required to provide AMD Saxonia with Same Day Funds in the amount of the Sponsors' Applicable Share of any Cost Overrun:

- (i) on or prior to the occasion of each drawdown of a Tranche B Advance, and as a condition to the making thereof; and
- (ii) promptly following any notice from the Agent or the Technical Advisor to AMD Inc. to the effect that the Cost to Complete exceeds the funds otherwise available to AMD Saxonia for such purpose (including, without limitation, the Available Tranche A Amount, the Available Tranche B Amount, and the balance, if any, of collected funds then on deposit in the Operating Account, together with the then value of the Cash Equivalent Investments acquired with the proceeds of the Operating Account).

SECTION 4.2 Determination of Sponsors' Applicable Share.

- (i) If and to the extent that Cost Overruns do not exceed DM 225,000,000 (two hundred twenty five million Deutsche Marks), the Sponsors' Applicable Share thereof shall be 33-1/3% (ie, up to DM 75,000,000 (seventy five million Deutsche Marks)); and
- (ii) If and to the extent that Cost Overruns exceed DM 225,000,000 (two hundred twenty five million Deutsche Marks), the Sponsors' Applicable Share thereof shall be 100%.

SECTION 4.3 Time of Payment. As and when required by Section 4.1, the Sponsors will provide AMD Saxonia with cash in Same Day Funds to cover the Sponsors' Applicable Share of any Cost Overrun.

SECTION 4.4 Post Completion Adjustment. Following Completion, if:

- (i) AMD Holding has made contributions to AMD Saxonia's Equity Capital (or other contributions to AMD Saxonia's capital reserves), other than contributions of the minimum Equity Capital referred to in Article II;
- or
- (ii) a Sponsor has made Sponsors' Loans to AMD Saxonia (other than Class A Sponsors' Loans or Class B Sponsors' Loans),

33

in either case to enable AMD Saxonia to have sufficient funds to pay Cost Overruns (the aggregate amount so contributed or lent to AMD Saxonia being hereinafter called the "Sponsors' Cost Overrun Contribution"), then, provided

that no Event of Default, Unmatured Event of Default or Event of Termination has occurred and is continuing, AMD Saxonia shall, at the request of a Sponsor, and with the consent of the Agent, repay to such Sponsor Sponsors' Loans in an amount which is equal to the excess, if any, of:

- (i) the Sponsors' Cost Overrun Contribution

over
- ----

- (ii) the Sponsors' Applicable Share of the Cost Overruns prior to Completion.

The Agent shall be required to grant such consent unless it has actual knowledge that an Event of Default, Unmatured Event of Default or Event of Termination shall have occurred and be continuing.

SECTION 4.5 Determination of Cost Overruns. As soon as reasonably practicable after a Cost Overrun has been identified by a Relevant AMD Inc. Individual or by the Technical Advisor, the AMD Companies shall calculate the amount of any Cost Overrun and furnish such calculation to the Agent (together with such additional information as the Agent may reasonably request); provided, however, that if the

Technical Advisor, acting reasonably and in good faith at the request of the Agent, identifies and calculates a Cost Overrun or disagrees with the AMD Companies' identification or calculation thereof, the Technical Advisor's calculation shall, for purposes of this Agreement, be conclusive and binding. The Agent will promptly advise the AMD Companies and the Banks of any determination by the Technical Advisor pursuant to the proviso to the preceding sentence.

SECTION 4.6 Projected Total Cost. If, at any time, the Projected Total Cost exceeds DM 3,159,000,000 (three billion one hundred fifty nine million Deutsche Marks), then, as soon as reasonably practicable (and, in any case, within 10 Business Days) following receipt of a demand by the Agent pursuant to ss.

21.2(xxiii) of the Loan Agreement, an Event of Default shall be deemed to have

occurred unless AMD Inc. provides the Agent with such evidence as shall be reasonably satisfactory to the Agent with respect to the ability of AMD Inc. and AMD Saxonia to fund the entire remaining Cost to Complete, after giving effect to the sum of (i) the Available Tranche A Amount, plus (ii) the Available Tranche B Amount.

SECTION 4.7 Form of Contribution. The Sponsors may comply with their respective obligations under this Article IV by making, either:

-
- (i) in the case of AMD Holding, a cash increase in the Equity Capital (or other contributions to AMD Saxonia's capital reserves) of AMD Saxonia; and/or
 - (ii) in the case of either Sponsor, further Sponsors' Loans to AMD Saxonia.

34

ARTICLE V
Completion Guaranty

SECTION 5.1 Completion Guaranty. The Sponsors (jointly and severally), hereby agree to cause AMD Saxonia:

- (i) to complete each Project Phase as soon as contemplated by the Approved Project Schedule (it being understood and agreed that the completion date for one or more Project Phases (other than the final Project Phase) may be deferred for up to six (6) months in the aggregate for all such deferrals on a cumulative basis provided that no such deferral may affect the final deadline for Completion);
- (ii) to achieve Completion as soon as contemplated by the Approved Project Schedule and, in any event, on or before 30 December 2001; and
- (iii) to take all such action, including, without limitation, all actions before Governmental Authorities, as shall be necessary or appropriate to enable AMD Saxonia to complete each Project Phase and to achieve Completion as aforesaid.

For the avoidance of doubt, the obligations of the Sponsors contained in this

Article V are in addition to, and not in limitation of, their respective

obligations contained elsewhere in this Agreement and in the other Operative
Documents; provided, however, that the Sponsors shall be relieved of their

respective obligations under this Article V if, but only if:

- (i) the Sponsors shall have complied with each of their respective obligations under Article II and, insofar as such obligations relate

to Class A Sponsors' Loans (or additional contributions to Equity Capital or AMD Saxonia's capital reserves in lieu thereof), Article

III; and

- (ii) following a demand for payment by the Agent under the Sponsors' Guaranty, the Sponsors shall have paid all amounts payable under the Sponsors' Guaranty.

SECTION 5.2 Notice of Scheduled Project Phase, Technical, and Financial Completion. Upon the occurrence of each of the following, the Agent shall promptly advise the Sponsors, AMD Saxonia, and the Banks thereof:

- (i) Scheduled Project Phase Technical Completion for each Project Phase,
- (ii) Technical Completion;
- (iii) Financial Completion, and
- (iv) Completion.

35

SECTION 5.3 No Double Recovery Under Article V and Sponsors' Guaranty. In the event that the Sponsors default in the payment and performance of their obligations under this Article V and, following any such default, the Agent

institutes litigation or other adversary proceedings designed to compel the Sponsors to perform such obligations or to pay damages for such failure, the right of recovery against the Sponsors under this Article V is limited mutatis

mutandis to the amount set forth in Section 2.1 of the Sponsors' Guaranty and

any recovery by the Agent from the Sponsors hereunder shall, pro tanto, reduce

the amount available to be recovered from the Sponsors under the Sponsors' Guaranty.

For the avoidance of doubt, the obligations of the Sponsors under this Section 5.1 constitute a primary guarantee obligation (Garantievertrag) and not a surety guarantee (Burgschaft).

ARTICLE VI Subsidies Undertaking

SECTION 6.1 Subsidies. The Project will be supported by the following subsidies and grants from the Free State of Saxony (hereinafter, the "Subsidies"):

- (i) a dedicated purpose investment grant in an aggregate amount of DM 476,687,000 (four hundred seventy six million six hundred eighty seven thousand Deutsche Marks) which, together with the investment subsidies in an aggregate amount of DM 23,813,000 (twenty three million eight hundred thirteen thousand Deutsche Marks), totals an aggregate amount of DM 500,500,000 (five hundred million five hundred thousand Deutsche Marks); and
- (ii) a dedicated purpose interest subsidy in an amount of DM 300,000,000 (three hundred million Deutsche Marks)

which, in each case, will be paid to AMD Saxonia by Dresdner Bank AG in Dresden, in its capacity as house bank.

SECTION 6.2 Payment of Shortfall. The granting of the Subsidies is contingent on the adherence by the Sponsors and AMD Saxonia to particular conditions, requirements, and covenants. If, for any reason whatsoever, any AMD Company or any Affiliate of any AMD Company breaches any such conditions, requirements, or covenants, and, accordingly, causes the Subsidies not to be paid or, as a result of any such breach, the Subsidies are required to be repaid (in either such case the amount thereof being hereinafter called a "Shortfall"), then, without delay

following its or their receipt of a demand therefor by the Agent, either:

36

- (i) AMD Holding shall contribute Equity Capital (or other contributions to AMD Saxonia's capital reserves) to AMD Saxonia, and AMD Inc. shall cause AMD Holding to so contribute to AMD Saxonia (and AMD Inc. shall, to the extent necessary, contribute sufficient funds, or otherwise cause sufficient funds to be made available, to AMD Holding as shall be necessary to enable AMD Holding to so contribute to AMD Saxonia); and/or
- (ii) one or both Sponsors shall make Sponsors' Loans to AMD Saxonia,

in either case in an aggregate amount (and, if the Subsidies have not yet been provided, as and when the Subsidies, but for such breach, would have otherwise been provided) equal to the Shortfall.

For the avoidance of doubt:

- (i) the obligations of the Sponsors contained in this Article VI are in -----
addition to, and not in limitation of, their obligations contained elsewhere in this Agreement and in the other Operative Documents, and shall survive Completion; and
- (ii) the Sponsors shall not be relieved of the foregoing obligations by virtue of:
 - (a) any prior Sponsors' Loans made by the Sponsors (or either of them);
 - (b) any prior contributions of Equity Capital (or other contributions to AMD Saxonia's capital reserves) by AMD Holding; or
 - (c) any payment made by either Sponsor under the Sponsors' Guaranty;

provided, however, that the Sponsors shall have no liability as aforesaid in -----
respect of any Subsidies which fail to be provided at any time after the foreclosure by the Security Agent upon any security provided by the Security Documents, unless such failure is attributable to any such breach by AMD Inc. or any of its Affiliates (other than AMD Saxonia or AMD Holding, if then Affiliates of AMD Inc.) occurring after such foreclosure.

SECTION 6.3 Bridging of AMD Saxonia's Receipt of the Subsidies.

- (a) It is understood and agreed that the Sponsors (jointly and severally) will, in the case of AMD Holding, contribute Equity Capital (or other contributions to AMD Saxonia's capital reserves), or, in the case of either Sponsor, make Sponsors' Loans, to AMD Saxonia, in either case as and to the extent that

37

AMD Saxonia requires such funds prior to and in anticipation of its receipt of the Subsidies. If any such contribution or Sponsors' Loan is made for such purpose prior to AMD Saxonia's receipt of the Subsidies (or any portion thereof) then, to the extent that AMD Saxonia subsequently receives the proceeds of such Subsidies, and provided that no Event of Default, Unmatured Event of Default or Event of Termination shall have occurred and be continuing, AMD Saxonia shall, to the extent permitted by applicable law, repay Sponsors' Loans to the extent of the aggregate amount of the proceeds of the Subsidy so received, but without interest.

- (b) The Sponsors' obligations to make contributions or loans under Section -----
6.3 (a) shall terminate from the date of any foreclosure over the -----
shares of AMD Holding or AMD Saxonia under the Security Documents.

ARTICLE VII Pari Passu Undertaking

SECTION 7.1 Pari Passu Undertaking. AMD Holding has certain payment obligations under, and as set forth in, the AMD Saxonia Wafer Purchase Agreement, including an obligation under Section 3.12 thereof (which obligates AMD Holding to -----

compensate AMD Saxonia for certain Uneven Capacity Allocations). AMD Inc., pursuant to the AMD Inc. Guaranty, has unconditionally guaranteed, inter alia, -----

the obligations of AMD Holding under and in connection with the AMD Saxonia Wafer Purchase Agreement. AMD Holding and AMD Inc. hereby jointly and severally acknowledge and agree that the Secured Parties have an interest in the proper performance by AMD Holding and AMD Inc. of their respective obligations under the AMD Saxonia Wafer Purchase Agreement and the AMD Inc. Guaranty, respectively, and, therefore, the parties hereto hereby agree that the Security Agent may compel AMD Holding's and/or AMD Inc.'s performance of its or their respective obligations thereunder.

ARTICLE VIII

AMD Inc. Share Pledge Agreement; AMD Holding Security Documents

SECTION 8.1 AMD Inc. Share Pledge Agreement. AMD Inc. has granted a first priority security interest in the AMD Inc. Collateral pursuant to and on the terms and conditions set forth in the AMD Inc. Share Pledge Agreement.
SECTION 8.2 AMD Holding Security Documents. AMD Holding has granted a first priority security interest in the AMD Holding Security pursuant to and on the terms and conditions set forth in the AMD Holding Security Documents.

38

ARTICLE IX Sponsors' Guaranty

SECTION 9.1 Sponsors' Guaranty. Without intending to derogate from the provisions of the Sponsors' Guaranty (and, in the event of any inconsistency with this Section 9.1, the Sponsors' Guaranty shall prevail), the Sponsors

(jointly and severally), have agreed to guarantee, on the terms and subject to the conditions of the Sponsors' Guaranty, the full and prompt payment when due, whether by acceleration or otherwise, of all Secured Obligations of AMD Saxonia to the Secured Parties under or in connection with the Financing Documents and the Security Documents; provided, however, that as provided in the Sponsors'

Guaranty, the cumulative right of recovery against the Sponsors with respect to the Sponsors' Guaranty is limited to DM 217,500,000 (two hundred seventeen million five hundred thousand Deutsche Marks), plus (as and to the extent provided in the Sponsors' Guaranty) interest on such amount, if not paid when due, and plus costs and expenses of enforcement. In furtherance of the foregoing, the Sponsors have undertaken, pursuant to the terms of the Sponsors' Guaranty, to pay to the Agent, upon first written demand following the occurrence of an Event of Default and acceleration of the Advances a sum equal to the lesser of:

- (i) the aggregate amount of all Secured Obligations; and
- (ii) DM 217,500,000 (two hundred seventeen million five hundred thousand Deutsche Marks).

For the avoidance of doubt, the obligations of the Sponsors under the Sponsors' Guaranty constitute a primary guarantee obligation (Garantievertrag) and not a surety guarantee (Burgschaft), and are in addition to, and not in limitation of, the other obligations of the Sponsors hereunder and under the other Operative Documents.

ARTICLE X

Sponsors' Subordination Agreement; AMD Inc. Subordination Agreement

SECTION 10.1 Sponsors' Subordination Agreement. The Sponsors hereby agree to subordinate the payment of the Junior Liabilities (under, and as defined in, the Sponsors' Subordination Agreement) to the payment in full of all Senior Liabilities (under, and as defined in, the Sponsors' Subordination Agreement), on the terms and subject to the conditions of the Sponsors' Subordination Agreement.

SECTION 10.2 AMD Inc. Subordination Agreement. AMD Inc. hereby agrees to subordinate the payment of the Junior Liabilities (under, and as defined in, the AMD Inc. Subordination Agreement) to the payment in full of all Senior Liabilities (under, and as defined in, the AMD Inc. Subordination Agreement), on the terms and subject to the conditions of the AMD Inc. Subordination Agreement.

39

ARTICLE XI Obligations Unconditional

SECTION 11.1 Absolute and Unconditional Nature of the Sponsors' Obligations. The obligation of the Sponsors to perform their respective obligations under this Agreement, and the right of AMD Saxonia or the Agent or the Security Agent, as applicable, to receive the proceeds of each payment to be made to or for the account of AMD Saxonia as provided herein and in each of the other Operative

Documents, shall be absolute, irrevocable, and unconditional, it being the intention of the parties hereto that all obligations of the Sponsors under or in connection with this Agreement shall be paid and performed in all events in the manner and at the times herein provided, irrespective of and without prejudice to, in particular, any rights or remedies that are available to the other parties hereto and thereto under any agreements or any applicable laws. The Sponsors shall be entitled to setoff, and to raise rights of retention, in respect of their respective payment claims hereunder and under the other Operative Documents only to the extent their respective counterclaims are undisputed or have been the subject of a final binding arbitral or court decision.

ARTICLE XII
Representations and Warranties

SECTION 12.1 Representations and Warranties of AMD Inc. AMD Inc. hereby represents and warrants to the Agent and the Security Agent as follows:

(i) Organization; Corporate Power.

AMD Inc. and each Material AMD Inc. Subsidiary:

- (a) is a corporation duly incorporated, validly existing, and (where the concept has a technical meaning) in good standing under the laws of the jurisdiction of its incorporation;
- (b) is duly qualified or licensed and (where the concept has a technical meaning) in good standing as a foreign corporation authorized to do business in each other jurisdiction where, because of the nature of its activities or properties in such jurisdiction, such qualification or licensing is required,
- (c) has all requisite corporate power and authority to own, operate, and lease its assets and properties and to carry on the business in which it is engaged and in which it proposes to engage;
- (d) that is an AMD Company, has all requisite corporate power and authority:

40

- (x) to execute, deliver, and perform its obligations under each of the Operative Documents to which it is a party; and
- (y) to assign, and grant a security interest in, the Security in the manner and for the purpose contemplated by the Security Documents to which it is a party; and

(e) is in compliance with all Requirements of Law

except, in each case referred to in clause (b), (c), or (e), to the

extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(ii) Corporate Authority; No Conflict.

The execution, delivery, and performance by each AMD Company of each Operative Document to which any such AMD Company is a party, and the grant by such AMD Company of a security interest in the Security in the manner and for the purpose contemplated by the Security Documents to which such AMD Company is a party, have been duly authorized by all necessary corporate action (including any necessary shareholder action) on the part of such AMD Company, and do not:

- (a) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect binding on such AMD Company, or of the Organizational Documents of such AMD Company;
- (b) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument, to which such AMD Company is a party or by which such AMD Company or its properties are bound; or
- (c) result in, or require (in either case except as contemplated by the Operative Documents), the creation or imposition of any Encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by any of the AMD Companies (other than any right of set-off or banker's lien or attachment that the Agent, the Security Agent, or any Bank may

have under the Operative Documents or applicable law), and none of the AMD Companies is in default under or in violation of its Organizational Documents, any of the Operative Documents to which it is a party,

41

or any such law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture, agreement, or instrument, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(iii) Valid and Binding Obligations.

Each Operative Document which has been executed and delivered by an AMD Company constitutes the legal, valid, and binding obligation of such AMD Company, enforceable against such AMD Company in accordance with its respective terms, subject, however, to the Opinion Reservations.

(iv) Sponsor Security Documents.

- (a) The provisions of each of the Security Documents which has been executed and delivered by a Sponsor are effective to create in favor of the Security Agent for the benefit of the Secured Parties, a legal, valid, and enforceable first priority Encumbrance on all rights, title, and interest of such Sponsor in the Security described therein, subject only to Permitted Encumbrances; and all necessary filings and recordings have been made in the requisite offices in all of the jurisdictions necessary or appropriate to perfect or continue perfected with such priority such Encumbrance on such Security.
- (b) Each Security Document which has been executed and delivered by a Sponsor is effective to grant to the Security Agent a legal, valid, and enforceable security interest on all rights, title, and interest of the relevant Sponsor in the Security described therein. When each such Security Document is duly recorded or filed in the applicable recording or filing office(s), if any, and the recording or filing fees and taxes, if any, in respect thereof are paid and compliance is otherwise had with the formal requirements of applicable law applicable to the recording and filing of security documentation generally, such Security is subject to a legal, valid, enforceable, and perfected first priority Encumbrance.

(v) Financial Information; No Material Adverse Change.

- (a) The audited consolidated balance sheet of AMD Inc. and its Subsidiaries dated December 31, 1995, the unaudited consolidated balance sheet of AMD Inc. and its Subsidiaries for the Fiscal Quarter ending on or about December 30, 1996, and in each case the related consolidated statements of income or operations, share-

42

holders' equity and cash flows for the fiscal period ended on such dates:

- (x) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year-end audit adjustments, in the case of quarterly financial statements;
 - (y) are complete and accurate in all material respects and fairly present the consolidated financial condition of AMD Inc. and its Subsidiaries as of the dates thereof and results of operations and cash flows for the periods covered thereby; and
 - (z) except as specifically disclosed in the Disclosure Schedules, show all material indebtedness and other liabilities, direct or contingent, of AMD Inc. and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments, and Contingent Obligations.
- (b) Since December 31, 1995, there has been no Material Adverse Effect, except as may be specifically disclosed in the Disclosure Schedules.

(vi) Litigation.

Except as specifically disclosed in the Disclosure Schedules, there are no actions, suits, proceedings, claims, or disputes pending, or to the best knowledge of AMD Inc., threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against any AMD Company or any other Subsidiary of AMD Inc. or any of their respective properties which:

- (a) purport to affect or pertain to this Agreement or any other Operative Document, or the entirety of the transactions contemplated hereby or thereby; or
- (b) if determined adversely to such AMD Company or such other Subsidiary, would reasonably be expected to have a Material Adverse Effect.

43

No injunction, writ, temporary restraining order, or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery, or performance of this Agreement or any other Operative Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

(vii) No Default or Termination.

No Event of Default or Unmatured Event of Default, and, to the best of AMD Inc.'s knowledge, no Event of Termination, exists. None of the AMD Companies nor any other Subsidiary of AMD Inc. is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect.

(viii) No Burdensome Restrictions.

None of the AMD Companies nor any other Subsidiary of AMD Inc. is a party to or bound by any Contractual Obligation other than the Operative Documents, or subject to any restriction in any Organizational Document, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

(ix) Title to Properties; Encumbrances.

Each AMD Company and each other Material AMD Inc. Subsidiary has good record and marketable title in fee simple to, or valid leasehold interests in (or the equivalent for the relevant jurisdiction), all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of each AMD Company and each other Material AMD Inc. Subsidiary is subject to no Encumbrances, other than Permitted Encumbrances.

(x) Subsidiaries; Material AMD Inc. Subsidiaries.

- (a) As of the Loan Agreement Effective Date, AMD Inc. has no Subsidiaries other than those specifically disclosed in the Disclosure Schedules and has no equity investments in any other Person other than those specifically disclosed in the Disclosure Schedules;

44

- (b) As of the Loan Agreement Effective Date, there are no Material AMD Inc. Subsidiaries other than those specifically disclosed in the Disclosure Schedules;
- (c) AMD Inc. is the direct legal and beneficial owner of 100% of the issued and outstanding shares of capital stock of AMD Holding, all of which shares have been validly issued;
- (d) AMD Holding is the direct legal and beneficial owner of 100% of the issued and outstanding shares of capital stock of AMD Saxonia, all of which shares have been validly issued;
- (e) AMD Holding has no Subsidiaries other than AMD Saxonia, and has no equity investments in any other Person; and
- (f) AMD Saxonia has no Subsidiaries and has no equity investments in any other Person.

(xi) Insurance.

Except as specifically disclosed in the Disclosure Schedules, properties of each Sponsor and each "Restricted Subsidiary" (under, and as defined in the AMD Inc. 1996 Bank Credit Agreement) are insured with financially sound and reputable insurance companies not Affiliates of AMD Inc., in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where such Sponsor or such "Restricted Subsidiary" (as so defined) operates.

(xii) Copyrights, Patents, Trademarks and Licenses, Etc.

Each AMD Company and each other Material AMD Inc. Subsidiary owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations, and other rights that are reasonably necessary for the operation of its respective businesses, without conflict with the rights of any other Person, except for such conflicts which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as specifically disclosed in the Disclosure Schedules, to the best knowledge of AMD Inc.:

- (a) no slogan or other advertising device, product, process, method, substance, part, or other material now employed, or now contemplated to be employed, by any AMD Company or any other Subsidiary

45

diary of AMD Inc. infringes upon any rights held by any other Person;

- (b) no claim or litigation regarding any of the foregoing is pending or, to the best knowledge of AMD Inc., threatened; and
- (c) no patent, invention, device, application, principle, or any statute, law, rule, regulation, standard, or code is pending or, to the best knowledge of AMD Inc., proposed,

which, in any case described in (a), (b), or (c) above, could reasonably be expected to have a Material Adverse Effect.

(xiii) Taxes.

Each Sponsor and each "Restricted Subsidiary" (under, and as defined in, the AMD Inc. 1996 Bank Credit Agreement) have filed all material US Federal, German, and other tax returns and reports required to be filed, and have paid all material US Federal, German, and other taxes, assessments, fees, and other governmental charges levied or imposed upon them or their properties, income, or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against either Sponsor or any "Restricted Subsidiary" (as so defined) that would, if made, have a Material Adverse Effect.

(xiv) Governmental Approvals with Respect to the Operative Documents.

As of the date this representation and warranty is made or reaffirmed, as the case may be, all Governmental Approvals (including, without limitation, from the European Union, the Federal Republic of Germany, and the Free State of Saxony) necessary for the due authorization, execution, delivery, and performance by each of the AMD Companies of, the legality or validity of the obligations of each of the AMD Companies under, or the enforceability against each of the AMD Companies of, each of the Operative Documents to which it is a party and the due and timely payment by each of the AMD Companies of amounts owing under each of the Operative Documents have been listed on Schedule 20 to the Loan Agreement and, except as otherwise noted

therein, all of such Governmental Approvals have been duly obtained or effected, and are in full force and effect, on the Loan Agreement Effective Date.

46

(xv) Governmental Approvals with Respect to the Plant and the Design Center.

As at the date this representation and warranty is made or reaffirmed, as the case may be, all Governmental Approvals necessary for the construction, ownership, use, and operation by AMD Saxonia of the Plant and the Design Center or which are required in order that the Plant and the Design Center may be operated for their intended purposes and Perform in Accordance with the Plans and Specifications, have been listed on Schedule 20 to the Loan Agreement, and all of such

Governmental Approvals (except those listed in Part B of Schedule 20

to the Loan Agreement) have been duly obtained or effected, are sufficient for all purposes thereof, and are in full force and effect on such date (and, in the case of Government Approvals that have expired, each AMD Company has timely applied for renewal thereof and such Governmental Approvals have been administratively extended under applicable law); and AMD Inc. reasonably believes, after due inquiry, that the Governmental Approvals set forth in Schedule 20 to the Loan

Agreement, together with all Governmental Approvals, if any, that may be required in connection with the transactions contemplated by the Operative Documents subsequent to the date on which this representation and warranty is made or reaffirmed, as the case may be, will be obtained at such time or times as may be necessary to avoid material delay in, or material restrictions on the use or operation of, the Plant and Design Center.

(xvi) Interruption of Business.

Neither the business nor the properties of an AMD Company are presently affected by any fire, explosion, accident, strike, lockout, or other dispute, drought, storm, hail, earthquake, embargo, Act of God, or of the public enemy, or other casualty (whether or not covered by insurance) which impairs, or, if such event or condition were to continue for more than thirty (30) additional days would be likely to impair, such AMD Company's ability to perform its obligations under the Operative Documents.

(xvii) Prior Activities, etc.

Prior to the Loan Agreement Effective Date, neither AMD Holding nor AMD Saxonia has engaged in any business, conducted any operations or activities, nor incurred any obligations or liabilities (contingent or otherwise), other than (a) as described in the Disclosure Schedules, and (b) its obligations, if any, under the Operative Documents, and activities reasonably incidental thereto.

47

(xviii) Status of AMD Holding and AMD Saxonia, etc.

- (a) AMD Holding is an "Unrestricted Subsidiary" under, and for purposes of, the AMD Inc. Senior Secured Note Indenture and is not a "Restricted Subsidiary" under, and for the purposes of, the AMD Inc. 1996 Bank Credit Agreement;
- (b) AMD Saxonia is an "Unrestricted Subsidiary" under, and for purposes of, the AMD Inc. Senior Secured Note Indenture and is not a "Restricted Subsidiary" under, and for the purposes of, the AMD Inc. 1996 Bank Credit Agreement; and
- (c) the Indebtedness of AMD Saxonia under and in connection with the Loan Agreement constitutes "Non-Recourse Debt" under, and for purposes of, the AMD Inc. Senior Secured Note Indenture.

(xix) Accuracy of Information.

As of the date this representation and warranty is made or reaffirmed, as the case may be, all factual information then or theretofore furnished by or on behalf of any AMD Company to the Agent or any Bank or the Technical Advisor for purposes of or in connection with any Operative Document or any transaction contemplated thereby (including the Information Memorandum, true and complete copies of which were furnished to the Agent in connection with the execution and delivery of this Agreement) is true and accurate (taken as a whole) in all material respects on the date as of which such information is dated or certified, and on such date such information (taken as a whole) was not incomplete by omitting to state any material fact necessary to make such information not misleading. Insofar as any such information includes assumptions, estimates, or projections, such assumptions, estimates, or projections have been made in good faith, with due care, and with a diligent application of engineering, construction, and accounting expertise reasonably available within AMD Inc. and its Subsidiaries (it being understood that although any projections and forecasts furnished by an AMD Company represent such AMD Company's

best estimates and assumptions as to future performance, which such AMD Company believes to be fair and reasonable as of the time made in the light of current and reasonably foreseeable business conditions, such projections and forecasts as to future events are not to be viewed as facts and that actual results during the period or periods covered thereby may differ from the projected or forecasted results). Without limiting the generality of the foregoing, as of the Loan Agreement Effective Date, no new information has become available which was not provided to the Technical Advisor prior to the Loan Agreement Effective Date and which, had it been so

48

provided, could reasonably be expected to have caused the Technical Advisor to express an unfavourable opinion with respect to the Project in the Technical Advisor's Report.

(xx) Warranties of AMD Saxonia and AMD Holding.

Each of the representations and warranties made by AMD Saxonia or AMD Holding in any Operative Document to which it is a party (other than the representation and warranty of AMD Holding contained in Section

12.2(ix) and the representation and warranty of AMD Saxonia contained

in ss. 15.1.10 of the Loan Agreement) is true and accurate in all

material respects on each Sponsors' Warranty Date, except to the extent that any such representation or warranty expressly relates solely to an earlier date, and except, in the case of any representation or warranty made on a Sponsors' Warranty Date described in clause (vi) of the definition thereof, as otherwise provided in the

certificate referred to therein.

SECTION 12.2 Representations and Warranties of the Sponsors. The Sponsors, jointly and severally, hereby represent and warrant to the Agent and the Security Agent as follows (save in respect of Section 12.2 (ix) which is

warranted by AMD Holding only):

(i) Organization; Corporate Power.

Each of AMD Holding and AMD Saxonia:

- (a) is a Gesellschaft mit beschränkter Haftung duly organised and existing under the laws of the Federal Republic of Germany and registered in Dresden, Germany;
- (b) is duly qualified or licensed as a foreign corporation authorized to do business in each other jurisdiction where, because of the nature of its activities or properties in such jurisdiction, such qualification or licensing is required,
- (c) has all requisite corporate power and authority to own, operate, and lease its assets and properties and to carry on the business in which it is engaged and in which it proposes to engage;
- (d) has all requisite corporate power and authority
 - (x) to execute, deliver, and perform its obligations under each of the Operative Documents to which it is a party; and

49

- (y) to assign, and grant a security interest in, the Security in the manner and for the purpose contemplated by the Security Documents to which it is or is to be a party; and

(e) is in compliance with all Requirements of Law,

except, in each case referred to in clause (b), (c), or (e), to the

extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(ii) Corporate Authority; No Conflict.

The execution, delivery, and performance by each of AMD Holding and AMD Saxonia of each Operative Document to which either such AMD Company is a party, and the grant by each such AMD Company of a security interest in the Security in the manner and for the purpose contemplated by the Security Documents to which such AMD Company is a

party, have been duly authorised by all necessary corporate action (including any necessary shareholder action) on the part of such AMD Company, and do not:

- (a) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect binding on such AMD Company, or of the Organizational Documents of such AMD Company;
- (b) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument, to which such AMD Company is a party or by which such AMD Company or its properties are bound; or
- (c) result in, or require (in each case except as contemplated by the Operative Documents), the creation or imposition of any Encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by either of such AMD Companies (other than any right of set-off or banker's lien or attachment that the Agent, the Security Agent, or any Bank may have under the Operative Documents or applicable law), and neither of such AMD Companies is in default under or in violation of its Organizational Documents, any of the Operative Documents to which it is a party, or any such law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture,

50

agreement, or instrument, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(iii) Valid and Binding Obligations.

Each Operative Document (which has been executed and delivered by either AMD Holding or AMD Saxonia) constitutes the legal, valid, and binding obligation of such AMD Company, enforceable against such AMD Company in accordance with its respective terms, subject, however, to the Opinion Reservations.

(iv) AMD Holding Security Documents.

- (a) The provisions of each of the AMD Holding Security Documents which has been executed and delivered by AMD Holding are effective to create in favor of the Security Agent for the benefit of the Secured Parties, a legal, valid, and enforceable first priority Encumbrance in all rights, title, and interest of AMD Holding in the AMD Holding Security described therein, subject only to Permitted Encumbrances; and all necessary filings and recordings have been made in the requisite offices in all jurisdictions necessary or appropriate to perfect or continue perfected with such priority such Encumbrance on such Security.
- (b) Each AMD Holding Security Document which has been executed and delivered by AMD Holding is effective to grant to the Security Agent a legal, valid, and enforceable security interest in all rights, title, and interest of AMD Holding in the AMD Holding Security described therein. When each such Security Document is duly recorded or filed in the applicable recording or filing office(s), if any, and the recording or filing fees and taxes, if any, in respect thereof are paid and compliance is otherwise had with the formal requirements of applicable law applicable to the recording and filing of security documentation generally, such AMD Holding Security is subject to a legal, valid, enforceable, and perfected first priority Encumbrance.

(v) Financial Information; No Material Adverse Change.

- (a) The audited consolidated balance sheet of AMD Holding and its Subsidiaries as at 31 December 1996, and the audited balance sheet of AMD Saxonia as at 31 December 1996, and in each case the related consolidated statements of income or operations, sharehol-

51

ders' equity and cash flows for the period from incorporation to such date:

- (x) were prepared in accordance with GAAP consistently applied

throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year-end audit adjustments;

(y) are complete and accurate in all material respects and fairly present the consolidated financial condition of AMD Holding and AMD Saxonia, or the financial condition of AMD Saxonia, as the case may be, as of the date thereof and their results of operations and cash flows for the period covered thereby; and

(z) except as specifically disclosed in the Disclosure Schedules, show all material indebtedness and other liabilities, direct or contingent, of AMD Holding and AMD Saxonia as of the date thereof, including liabilities for taxes, material commitments, and Contingent Obligations.

(b) Since the respective dates of incorporation of AMD Holding and AMD Saxonia, there has been no Material Adverse Effect with respect to AMD Holding or AMD Saxonia, except as may be specifically disclosed in the Disclosure Schedules.

(vi) Litigation.

Except as specifically disclosed in the Disclosure Schedules, there are no actions, suits, proceedings, claims, or disputes pending, or to the best knowledge of the Sponsors, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against AMD Holding or AMD Saxonia or any of their respective properties which:

(a) purport to affect or pertain to this Agreement or any other Operative Document, or the entirety of the transactions contemplated hereby or thereby; or

(b) if determined adversely to such AMD Company would reasonably be expected to have a Material Adverse Effect.

No injunction, writ, temporary restraining order, or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery, or performance of this Agree-

52

ment or any other Operative Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

(vii) No Default or Termination.

No Event of Default or Unmatured Event of Default, and, to the best of the Sponsors' knowledge, no Event of Termination, exists. Neither AMD Holding nor AMD Saxonia is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect.

(viii) No Burdensome Restrictions.

Neither AMD Holding nor AMD Saxonia is a party to or bound by any Contractual Obligation (other than the Operative Documents), or subject to any restriction in any Organizational Document, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

(ix) Solvency.

AMD Holding is not insolvent as a matter of German law.

(x) Title to Properties; Encumbrances.

AMD Saxonia has good record and marketable title in fee simple to, or valid leasehold interests in (or the equivalent for the relevant jurisdiction), all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. AMD Holding has no real property or leasehold interests. The property of each of AMD Holding and AMD Saxonia is subject to no Encumbrances, other than Permitted Encumbrances.

(xi) Subsidiaries; Material AMD Inc. Subsidiaries.

(a) AMD Holding is the direct legal and beneficial owner of 100% of the issued and outstanding shares of capital stock of AMD Saxonia, all of which shares have been validly issued;

(b) AMD Holding has no Subsidiaries other than AMD Saxonia, and has no equity investments in any other Person; and

53

(c) AMD Saxonia has no Subsidiaries and has no equity investments in any other Person.

(xii) Insurance.

Except as specifically disclosed in the Disclosure Schedules, properties of AMD Holding are insured with financially sound and reputable insurance companies not Affiliates of AMD Inc., in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where AMD Holding operates.

(xiii) Copyrights, Patents, Trademarks and Licenses, Etc.

Each of AMD Holding and AMD Saxonia owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations, and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except for such conflicts, if any, which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as specifically disclosed in the Disclosure Schedules, to the best knowledge of the Sponsors:

(a) no slogan or other advertising device, product, process, method, substance, part, or other material now employed, or now contemplated to be employed, by AMD Holding or AMD Saxonia infringes upon any rights held by any other Person;

(b) no claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Sponsors, threatened; and

(c) no patent, invention, device, application, principle, or any statute, law, rule, regulation, standard, or code is pending or, to the best knowledge of the Sponsors, proposed

which, in any case described in (a), (b), or (c) above, could reasonably be expected to have a Material Adverse Effect.

(xiv) Taxes.

AMD Holding has filed all material German and other tax returns and reports required to be filed, and has paid all material German and other taxes, assessments, fees, and other governmental charges levied or imposed

54

upon it or its properties, income, or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against AMD Holding that would, if made, have a Material Adverse Effect.

(xv) Governmental Approvals with Respect to the Operative Documents.

As of the date on which this representation and warranty is made or reaffirmed, as the case may be, all Governmental Approvals (including, without limitation, from the European Union, the Federal Republic of Germany, and the Free State of Saxony) necessary for the due authorization, execution, delivery, and performance by each of AMD Holding and AMD Saxonia of, the legality or validity of the obligations of each of such AMD Companies under, or the enforceability against each of such AMD Companies of, each of the Operative Documents to which it is a party and the due and timely payment by each of such AMD Companies of amounts owing under each of the Operative Documents have been listed on Schedule 20 to the Loan Agreement and, except as

otherwise noted therein, all of such Governmental Approvals have been duly obtained or effected, and are in full force and effect, on the Loan Agreement Effective Date.

(xvi) Governmental Approvals with Respect to the Plant and the Design

Center.

As of the date on which this representation and warranty is made or reaffirmed, as the case may be, all Governmental Approvals necessary for the construction, ownership, use, and operation by AMD Saxonia of the Plant and the Design Center or which are required in order that the Plant and the Design Center may be operated for their intended purposes and Perform in Accordance with the Plans and Specifications, have been listed on Schedule 20 to the Loan Agreement, and all of such

Governmental Approvals (except those listed in Part B of Schedule 20

to the Loan Agreement) have been duly obtained or effected, are sufficient for all purposes thereof, and are in full force and effect on such date (and, in the case of Government Approvals that have expired, each of AMD Holding and AMD Saxonia has timely applied for renewal thereof and such Governmental Approvals have been administratively extended under applicable law); and the Sponsors reasonably believe, after due inquiry, that the Governmental Approvals set forth in Schedule 20 to the Loan Agreement, together with all

Governmental Approvals, if any, that may be required in connection with the transactions contemplated by the Operative Documents subsequent to the date on which this representation and warranty is made or reaffirmed, as the case may be, will be obtained at such time or times as may be necessary to avoid

55

material delay in, or material restrictions on the use or operation of, the Plant and Design Center.

(xvii) Interruption of Business.

Neither the business nor the properties of AMD Holding or AMD Saxonia are presently affected by any fire, explosion, accident, strike, lockout, or other dispute, drought, storm, hail, earthquake, embargo, Act of God, or of the public enemy, or other casualty (whether or not covered by insurance) which impairs, or, if such event or condition were to continue for more than thirty (30) additional days would be likely to impair, such AMD Company's ability to perform its obligations under the Operative Documents.

(xviii) Prior Activities, etc.

Prior to the Loan Agreement Effective Date, neither AMD Holding nor AMD Saxonia has engaged in any business, conducted any operations or activities, nor incurred any obligations or liabilities (contingent or otherwise), other than (i) as described in the Disclosure Schedules, and (ii) its obligations, if any, under the Operative Documents, and activities reasonably incidental thereto.

(xix) Status of AMD Holding and AMD Saxonia, etc.

- (a) AMD Holding is an "Unrestricted Subsidiary" under, and for purposes of, the AMD Inc. Senior Secured Note Indenture and is not a "Restricted Subsidiary" under, and for purposes of, the AMD Inc. 1996 Bank Credit Agreement;
- (b) AMD Saxonia is an "Unrestricted Subsidiary" under, and for purposes of, the AMD Inc. Senior Secured Note Indenture and is not a "Restricted Subsidiary" under, and for purposes of, the AMD Inc. 1996 Bank Credit Agreement; and
- (c) the Indebtedness of AMD Saxonia under and in connection with the Loan Agreement constitutes "Non-Recourse Debt" under, and for purposes of, the AMD Inc. Senior Secured Note Indenture.

(xx) Accuracy of Information.

As of the date this representation and warranty is made or reaffirmed, as the case may be, all factual information then or theretofore furnished by or on behalf of AMD Holding or AMD Saxonia to the Agent or any Bank or the

56

Technical Advisor for purposes of or in connection with any Operative Document or any transaction contemplated thereby (including the Information Memorandum, true and complete copies of which were furnished to the Agent in connection with the execution and delivery of this Agreement) is true and accurate (taken as a whole) in all material respects on the date as of which such information is dated or

certified, and on such date such information (taken as a whole) was not incomplete by omitting to state any material fact necessary to make such information not misleading. Insofar as any such information includes assumptions, estimates, or projections, such assumptions, estimates, or projections have been or will be made in good faith, with due care, and with a diligent application of engineering, construction, and accounting expertise reasonably available within AMD Inc. and its Subsidiaries (it being understood that although any projections and forecasts furnished by an AMD Company represent such AMD Company's best estimates and assumptions as to future performance, which such AMD Company believes to be fair and reasonable as of the time made in the light of current and reasonably foreseeable business conditions, such projections and forecasts as to future events are not to be viewed as facts and that actual results during the period or periods covered thereby may differ from the projected or forecasted results). Without limiting the generality of the foregoing, as of the Loan Agreement Effective Date, no new information has become available which was not provided to the Technical Advisor prior to the Loan Agreement Effective Date and which, had it been so provided, could reasonably be expected to have caused the Technical Advisor to express an unfavourable opinion with respect to the Project in the Technical Advisor's Report.

(xxi) Warranties made by AMD Saxonia.

Each of the representations and warranties made by AMD Saxonia in any Operative Document to which it is a party (other than the representation and warranty contained in ss. 15.1.10 of the Loan

Agreement) is true and accurate in all material respects on each Sponsors' Warranty Date, except to the extent that any such representation or warranty expressly relates solely to an earlier date, and except, in the case of any representation or warranty made on a Sponsors' Warranty Date described in clause (vi) of the

definition thereof, as otherwise provided in the certificate referred to therein.

SECTION 12.3 Repetition of Representations and Warranties. The representations and warranties contained in Sections 12.1 and 12.2 shall be repeated on each

Sponsors' Warranty Date, except to the extent that any such representation and warranty expressly relates solely to an earlier date, and except, in the case of the Sponsors' Warranty Date described in clause (vi) of the definition thereof,

as otherwise set forth in the certificate referred to therein.

57

ARTICLE XIII Covenants

SECTION 13.1 Affirmative Covenants of AMD, Inc. AMD Inc. agrees, so long as any Primary Secured Obligations shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that it will, and will cause each other AMD Company to, unless in either case the Security Agent shall have enforced any of the Security or the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

- (i) furnish to the Agent (with copies for each of the Banks):
 - (a) as soon as possible and in any event within ten (10) Business Days after a Relevant AMD Inc. Individual shall have obtained actual knowledge of the occurrence of a Cost Overrun, an Event of Default, an Unmatured Event of Default or an Event of Termination, or a change in the Projected Total Cost, the statement of an authorised officer of AMD Inc. setting forth the details thereof which has occurred and the action (if any) which AMD Inc. or any other AMD Company proposes to take with respect thereto;
 - (b) as soon as available, and in any event within forty-five (45) days after the end of each of the first three Fiscal Quarters of each Fiscal Year of AMD Inc., (x) consolidated financial statements consisting of a consolidated balance sheet of AMD Inc. as at the end of such Fiscal Quarter and a consolidated statement of income and statement of shareholders' equity and cashflows (including source and application of funds) of AMD Inc. for such Fiscal Quarter and for the Fiscal Year through such Fiscal Quarter, setting forth in comparative form the corresponding figures for the corresponding periods of the preceding Fiscal Year, all in reasonable detail and certified (subject to ordinary good faith year end audit adjustments) by an authorised financial officer of AMD Inc. as being complete and accurate in all

material respects, and as fairly presenting in accordance with GAAP, consistently applied, the financial position and results of operations of AMD Inc. and its Subsidiaries, and (y) consolidating financial statements consisting of a consolidating balance sheet of AMD Inc. as at the end of such Fiscal Quarter and a consolidating statement of income and statement of shareholders' equity and cashflows (including source and application of funds) of AMD Inc. for such Fiscal Quarter and for the Fiscal Year through such Fiscal Quarter, setting forth in comparative form the corresponding figures for the corresponding periods of the preceding Fiscal Year, all in reasonable detail and

58

certified (subject to ordinary good faith year end audit adjustments) by an authorised financial officer of AMD Inc. as being complete and accurate in all material respects, and as having been developed and used in connection with the financial statements referred to in clause (x) above;

- (c) as soon as available, and in any event within ninety (90) days after the end of each Fiscal Year of AMD Inc., (x) financial statements consisting of a consolidated balance sheet of AMD Inc. as at the end of such Fiscal Year and a consolidated statement of income and statement of shareholders' equity and cashflows (including source and application of funds) of AMD Inc. for such Fiscal Year, setting forth in comparative form the corresponding figures for the preceding Fiscal Year, all in reasonable detail and certified by independent certified public accountants of recognised national standing as fairly presenting in accordance with GAAP, consistently applied, the financial position and results of operations of AMD Inc. and its Subsidiaries, and (y) a certificate from each Sponsor confirming, as of the date of such certificate, that, except as otherwise therein set forth, each of the representations and warranties made by each AMD Company in any Operative Document to which it is a party is true and accurate in all material respects on the date of such certificate, except to the extent that any such representation or warranty expressly relates solely to an earlier date;
- (d) (x) in connection with the completion of any Scheduled Project Phase, (1) a Scheduled Project Phase Technical Completion Certificate (AMD Companies), and (2) a Scheduled Project Phase Technical Completion Certificate (Technical Advisor), and (y) as soon as available, and in any event within ten (10) days after the completion of any Scheduled Project Phase, (1) a Project Budget and (2) a Project Schedule relating to the Project, setting forth in reasonable detail a description of all of the Capital Expenditures which have been made during each Scheduled Project Phase with respect to the Project to the date thereof and those which are anticipated to be made during each Project Phase prior to Completion; provided, however, that if, at any time, any

AMD Company or the Agent (acting on the instructions of an Instructing Group), determines that it is appropriate to amend, supplement, or otherwise modify the Approved Project Budget, or the Approved Project Schedule, the parties hereto hereby agree to discuss in good faith any such proposed amendment, supplement, or modification; provided, further, that (a) neither the Agent nor

the Banks shall be

59

obligated in any matter, as a result of any such discussions or otherwise, to agree to any amendments, supplements, or other modifications to the Approved Project Budget or Approved Project Schedule which would reduce or relax the then required financial performance of AMD Saxonia with respect to the Project, and (b) each of the Agent and the Banks reserve(s) all rights hereunder in the event that such discussions fail to produce an amendment or other supplement to, or modification of, the Approved Project Budget or the Approved Project Schedule. In the event (but only in such event) that AMD Saxonia (with the consent of each Sponsor) and the Agent agree to amend, supplement, or otherwise modify any Approved Project Budget or any Approved Project Schedule, as the case may be, then such amended, supplemented, or otherwise modified Approved Project Budget or Approved Project Schedule, as the case may be, shall thereafter be the "Approved

Project Budget" or the "Approved Project Schedule" for all

purposes hereof until further changed, if at all, pursuant to
this Section 13.1(i) (d);

- (e) promptly following AMD Inc.'s or such other AMD Company's receipt or transmission thereof pursuant to the terms of the AMD Holding Wafer Purchase Agreement, and unless otherwise concurrently delivered by another AMD Company pursuant thereto, a copy of each Compliance Certificate to be delivered pursuant thereto;
- (f) promptly following AMD Inc.'s or such other AMD Company's receipt or transmission thereof, and unless otherwise concurrently delivered by another AMD Company to the Agent under an Operative Document, a copy of each notice, report, schedule, certificate, financial statement, or other document furnished pursuant to any of the Operative Documents if such notice, report, schedule, certificate, financial statement, or other document could reasonably be considered material to the Agent or any Bank in connection with the Operative Documents and the entirety of the transactions contemplated thereby;
- (g) promptly following the occurrence of (x) any change in the identification of the applicable AMD Inc. Primary Bank Credit Agreement pursuant to the definition thereof contained in Section 1.1, or (y) any consent or waiver or amendment or modification

with respect to the incorporated covenants, related definitions, or ancillary provisions of the AMD Inc. Primary Bank Credit Agreement or of the AMD Inc. Senior Secured Note Indenture, notice of such

60

change and the basis therefor or of such consent or waiver or amendment or modification and the basis therefor; and

- (h) such other information with respect to the business affairs, financial condition, and/or operations of AMD Inc. and its Subsidiaries (including AMD Saxonia) and Affiliates as the Agent or any Bank (acting through the Agent) may from time to time reasonably request for purposes of the transactions contemplated by the Operative Documents.
- (ii) pay and perform all of its obligations under each of the Operative Documents to which it is a party in the manner and at the time contemplated therein.
- (iii) cause AMD Holding at all times to be a wholly owned Subsidiary of AMD Inc. and cause AMD Saxonia at all times to be a wholly owned Subsidiary of AMD Holding.
- (iv) promptly following a request by the Agent or any Bank (acting through the Agent) to do so, permit the Agent, the Technical Advisor, the Auditor, or any of their respective representatives to have reasonable access during normal business hours to any of the Wafer Fabrication Plants owned or controlled by AMD Inc. or any of its Subsidiaries or Affiliates and to such books and records of AMD Inc. and its Subsidiaries or Affiliates as may be necessary or reasonably desirable (in the good faith discretion of the Agent or any Bank) to verify compliance by each AMD Company with its obligations under the Operative Documents to which it is a party; provided, that such access

shall be exercised in a manner which does not disrupt the operations of the Plant, the Design Center, or the relevant Wafer Fabrication Plant in any material respect.
- (v) prior to Completion, cause AMD Saxonia to use Sponsor Loans, Equity Contributions, and Advances solely to pay Project Costs and, if applicable, Cost Overruns incurred to complete the Project in accordance with the Plans and Specifications.

SECTION 13.2 Negative Covenants of AMD Inc. AMD Inc. agrees, so long as any Primary Secured Obligation shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that it will not, and not permit any other AMD Company to, unless in either case the Security Agent shall have enforced any of the Security or the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

61

- (i) terminate, amend or modify, or agree to the termination, amendment or

modification, of any Operative Document, other than (w) the AMD Inc. Primary Bank Credit Agreement or the AMD Inc. Senior Secured Note Indenture (each of which may be amended, modified, or terminated in accordance with Section 13.3), (x) the Equipment Supply Contracts that

are not Material Equipment Supply Contracts, (y) the Service Contracts that are not Material Service Contracts, or (z) in the case of the Project Budget, the Approved Project Budget, the Project Schedule, the Approved Project Schedule, and the Management Plan, as expressly provided hereunder; provided, that AMD Inc. may terminate the AMD

Holding Wafer Purchase Agreement or the AMD Holding Research Agreement only in accordance with the express termination provisions thereof; provided, further, that AMD Holding may terminate the AMD Saxonia

Wafer Purchase Agreement or the AMD Saxonia Research Agreement only in accordance with the express termination provisions thereof; and provided, further, that the AMD Saxonia Hedging Contract may be

terminated only in accordance with the express termination provisions thereof. The foregoing notwithstanding, AMD Saxonia may amend or modify, or agree to the amendment or modification of, the Design/Build Agreement, any Material Equipment Supply Contract, any Material Service Contract, or the Plans and Specifications to the extent such amendment or modification does not, individually or in the aggregate, decrease or adversely affect (x) the value or use of the Plant and the Design Center (or of the rights of the Banks with respect thereto) in any material respect, (y) the Anticipated Capacity of the Plant (under, and as defined in, the AMD Saxonia Wafer Purchase Agreement), or (z) the capacity of the Plant to perform, on a substantially continuous basis, the functions for which it was specifically designed in accordance with the plans and specifications as originally approved by the Technical Advisor and the Agent for purposes of the Operative Documents; provided, that no such amendment or modification will,

individually or in the aggregate, be inconsistent with the Approved Project Budget or the Approved Project Schedule or materially increase the Cost to Complete.

- (ii) create, incur, or suffer to exist any Encumbrance with respect to its rights under or in respect of the Sponsors' Loan Agreement.
- (iii) permit AMD Holding or AMD Saxonia to amend their respective Organizational Documents.

SECTION 13.3 Incorporated Covenants of AMD, Inc. AMD Inc. agrees, so long as any Primary Secured Obligation shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that it will, unless the Security Agent shall have enforced any of the Security or the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing, duly keep, perform, and observe, for the benefit of

the Agent, the Security Agent, and the Secured Parties, each and every affirmative, negative, and informational covenant contained in each of (x) the AMD Inc. Senior Secured Note Indenture, and (y) the AMD Inc. Primary Bank Credit Agreement (to the extent that such covenants are applicable to AMD Inc. thereunder), all of which covenants, together with related definitions and ancillary provisions, are hereby incorporated herein by reference as if such terms were set forth herein in full; provided, however, that:

- (i) with respect to the AMD Inc. Primary Bank Credit Agreement referred to in clause (i) of the definition thereof:

 - (a) any references to the "Agent" shall be deemed to be references to the Agent (except where such term is used in Sections 6.06, 6.14, and 7.01 thereof);

 - (b) any references to the "Banks" shall be deemed to be references to the Banks (except where such term is used in Section 6.06 or 7.01 thereof);

 - (c) any references to the "Majority Banks" shall be deemed to be references to an Instructing Group (except where such term is used in Section 6.14 thereof);

 - (d) any references to the "Agreement" shall be deemed to be references to this Agreement (except where such term is used in

Section 7.05(a) thereof);

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- (e) any references to the "Loan Documents" shall be deemed to be references to the Operative Documents (except where such term is used in Section 6.12 or 7.01(b) thereof);

 - (f) any references to the "Collateral Documents" shall be deemed to be references to any Security Documents to which AMD Inc. is a party (except where such term is used in Sections 6.06 and 7.02 thereof);

 - (g) any references to an "Event of Default" shall be deemed to be references to an Event of Default (or, in the case of Section 7.02(d) thereof, but subject, in any case, to Section 13.3(iv), an Unmatured Event of Default which is described in ss. 21.2(i) of the Loan Agreement);

 - (h) any references to a "Default" shall be deemed to be references to an Unmatured Event of Default;

63

- (i) any references to a "Material Adverse Effect" shall be deemed to be references to a Material Adverse Effect;
 - (j) any references to "So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied" shall be deemed to be references to "So long as any Bank shall have any commitment to make Advances under the Loan Agreement or any of the Primary Secured Obligations shall remain unpaid or unsatisfied"; and
 - (k) for purposes of each "Compliance Certificate" to be delivered pursuant to Section 6.02(a) thereof, the following additional paragraph shall be deemed to be included after the initial paragraph thereof:

"Reference is also made to that certain Sponsors' Support Agreement, dated 11 March 1997 (as extended, renewed, amended or restated from time to time, the "Sponsors' Support Agreement"), between the Company, AMD Saxony Holding GmbH and Dresdner Bank AG, as Agent and Security Agent. Except where such terms are used in the first sentence of the immediately preceding paragraph, the terms "Banks" and "Agent" shall, for purposes hereof, have the respective meanings assigned thereto in the Sponsors' Support Agreement.";
- (ii) with respect to the AMD Inc. Senior Secured Note Indenture:
- (a) the reference to "so long as any Notes are outstanding" contained in Section 4.03 thereof shall be deemed to be a reference to "so long as any Bank shall have any commitment to make Advances under the Loan Agreement or any of the Primary Secured Obligations shall remain unpaid or unsatisfied", and the reference to "the Holders of the Notes" contained in Section 4.03 thereof shall be deemed to be a reference to "the Agent and the Banks";

 - (b) the references to "this Indenture" and "the Trustee" contained in Section 4.06 thereof shall be deemed to be references to "this Agreement" and "the Security Agent and the Agent", respectively;
 - (c) subject to Section 13.3(iv), the reference to "no Default or Event of Default" contained in clause (a) of Section 4.07 thereof (which follows clause (v)) shall be deemed to be a reference to "no Event of Default or Unmatured Event of Default"; the reference to

"Event of Default" in the proviso which follows clause (c) of

 Section 4.07 thereof shall be deemed to be a reference to "Event

 of Default"; and the reference to "a Default" in the penultimate
 paragraph of Section 4.07 thereof shall be deemed to be a

 reference to "an Event of Default or an Unmatured Event of
 Default";

- (d) the reference to "the Holders of the Notes" contained in Section

 4.15 thereof shall be deemed to be a reference to "the Agent and

 the Banks";
- (e) the reference to "the Notes, this Indenture and the Collateral
 Documents pursuant to a supplemental indenture or other documents
 or instruments in form reasonably satisfactory to the Trustee"
 contained in clause (ii) of Section 5.01 thereof shall be deemed

 to be a reference to "each of the Operative Documents to which
 AMD Inc. is a party pursuant to one or more documents or
 instruments in form reasonably satisfactory to the Agent"; and
- (f) the references to "this Indenture" contained in Section 5.02

 thereof shall be deemed to be references to "this Agreement"; and
 the reference to "the obligation to pay the principal of,
 premium, if any, and interest, if any, on the Notes" contained in
 Section 5.02 thereof shall be deemed to be a reference to "its

 obligations under each of the Operative Documents to which it is
 a party";
- (iii) with respect to the AMD Inc. Primary Bank Credit Agreement referred
 to in clause (ii) of the definition thereof, such modifications to the

 provisions incorporated in this Agreement as shall be appropriate to
 make them applicable to this Agreement and consistent with the Project
 shall be deemed to be made; and
- (iv) if (x) AMD Inc., during the pendency of an Event of Default, or an
 Unmatured Event of Default described in ss.21.2(i) of the Loan
 Agreement, at its sole option, desires to be released from the effects
 of Section 13.3(i)(g), as it relates to Section 7.02(d) of the AMD

 Inc. Primary Bank Credit Agreement described in clause (i) of the
 definition thereof, or (y) AMD Inc., during the pendency of an Event
 of Default or an Unmatured Event of Default, at its sole option,
 desires to be released from the effects of Section 13.3 (ii)(c), as it

 relates to Section 4.07 of the AMD Inc. Senior Secured Note Indenture,

 AMD Inc. may (but shall not be required to) deliver written notice to
 the Agent (with a copy to the Paying Agent) referring to this Section
 13.3 (iv) and demanding that the Banks (I) accelerate the Loan
 Agreement and (II) make a demand for payment in full under the
 Sponsors' Guaranty on, or as soon as practicable after, the first date
 that the Banks are

entitled to do so. In the event that the Banks do not so accelerate
 the Loan Agreement and make such demand under the Sponsors' Guaranty,
 or, as the case may be, give notice (the "Sponsors' Guaranty Notice")

 to AMD Inc. that they intend to do so on, or as soon as practicable
 after, the first date that the Banks are entitled to do so, in each
 case within 90 days of the date the Sponsors' Guaranty Notice is
 delivered to the Agent, then with effect from such 90th day (or, if
 after having given the Sponsors' Guaranty Notice, the Banks do not so
 accelerate the Loan Agreement and make demand under the Sponsors'
 Guaranty on, or as soon as practical after, the first date they are
 entitled to do so):

- (a) in the case of clause (x) above, the parenthetical expression
 contained in Section 13.3(i)(g) shall be deemed to read as

 follows: "(except when such term is used in Section 7.02(d)

 thereof)"; and

(b) in the case of clause (y) above, Section 13.3(ii)(c) shall be of

no further effect.

The provisions and definitions of the applicable AMD Inc. Primary Bank Credit Agreement, and the AMD Inc. Senior Secured Note Indenture, as incorporated by reference in this Agreement, shall continue to be binding on AMD Inc. after giving effect to any consent or waiver with respect to such provisions or to any amendment or modification or (in the case of the AMD Inc. Senior Secured Note Indenture only) termination thereof, in each case given or made in accordance with the terms of and by the parties to the applicable AMD Inc. Primary Bank Credit Agreement or the AMD Inc. Senior Secured Note Indenture.

SECTION 13.4 Affirmative Covenants of the Sponsors. The Sponsors, jointly and severally, agree, so long as any Primary Secured Obligations shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that AMD Holding will (and, at all times prior to the exercise of rights by the Security Agent under any of the Security Documents, AMD Inc. will cause AMD Holding to), unless the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

- (i) duly and punctually pay and perform all of its obligations under each of the Operative Documents to which it is a party in the manner and at the time contemplated therein.
- (ii) pay or discharge (a) all taxes, assessments, and governmental charges or levies imposed upon it or upon its income or profits or any property belonging to it prior to the date on which penalties attach thereto, and (b) all lawful claims prior to the time they become an Encumbrance upon any property of AMD Holding, and other than taxes, assessments, charges, levies, or claims included in clauses (a) and -----
(b) above which are not, individually or collectively, substantial in ---
aggregate amount; provided, that -----

66

(after providing notice thereof to the Agent) AMD Holding shall not be required to pay or discharge any such tax, assessment, charge, levy, or claim while the same is being contested by it in good faith and by appropriate proceedings and adequate book reserves have been established with respect thereto, and so long as the lien or charge resulting from the nonpayment or non-discharge of such tax, assessment, charge, levy, or claim shall not, individually or in the aggregate, have a Material Adverse Effect.

- (iii) cause AMD Saxonia to preserve and maintain its corporate existence, rights, privileges, and franchises in the jurisdiction of its incorporation, and cause AMD Saxonia to not have operations in any other jurisdiction.
- (iv) comply in all material respects with all laws, rules, regulations, and governmental orders (Federal, state, local, and foreign) having applicability to it or to the business or businesses at any time conducted by AMD Holding except to the extent that any such noncompliance, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.
- (v) promptly following AMD Holding's receipt or transmission thereof, unless otherwise concurrently delivered by another AMD Company to the Agent under an Operative Document, furnish to the Agent a copy of each notice, report, schedule, certificate, financial statement, or other document furnished pursuant to any of the Operative Documents if such notice, report, schedule, certificate, financial statement, or other document could reasonably be considered material to the Agent or any Bank in connection with the Operative Documents or the entirety of the transactions contemplated thereby.
- (vi) promptly following a request from the Security Agent to do so and at AMD Holding's own expense, take all such lawful action as the Security Agent may reasonably request to enforce or secure the performance by each other AMD Company under any Operative Document to which AMD Holding is a party of such AMD Company's respective obligations under and in connection with the applicable Operative Document in accordance with the respective terms thereof, and exercise any right of termination or remedy available to AMD Holding thereunder or in connection therewith to the extent and in the manner reasonably directed by the Security Agent, including, without limitation, the institution of legal or administrative actions or proceedings to compel or enforce performance by each other AMD Company of its respective obligations thereunder, or to recover any payment due AMD Holding thereunder.

- (vii) keep, or cause to be kept, adequate records and books of account, in which complete entries are to be made reflecting its business and financial transactions, such entries to be made in accordance with GAAP consistently applied in the case of financial transactions or as otherwise required by applicable rules and regulations of any governmental agency or regulatory authority (federal, state, local or foreign) having jurisdiction over AMD Holding, or the transactions contemplated by this Agreement or the other Operative Documents to which it is or will be a party.
- (viii) maintain, obtain or effect all Governmental Approvals which may at any time or from time to time be necessary for the due authorization, execution, delivery, performance, legality, validity, or enforceability of each of the Operative Documents to which it is or will be a party.
- (ix) prior to Completion, cause AMD Saxonia to use Sponsor Loans, Equity Contributions and Advances solely to pay Project Costs and, if applicable, Cost Overruns incurred to complete the Project in accordance with the Plans and Specifications.

SECTION 13.5 Negative Covenants of the Sponsors. The Sponsors, jointly and severally, agree, so long as any Primary Secured Obligation shall remain outstanding or any Bank shall have any commitment under or arising out of the Loan Agreement, that AMD Holding will not (and AMD Inc. will not, at any time prior to the exercise of rights by the Security Agent under any of the Security Documents, permit AMD Holding to), unless the Agent (acting on the instructions of an Instructing Group) shall have otherwise consented in writing:

- (i) terminate, amend or modify, or agree to the termination, amendment or modification, of any Operative Document, other than (w) the AMD Inc. Primary Bank Credit Agreement or the AMD Inc. Senior Secured Note Indenture (each of which may be amended, modified or terminated in accordance with Section 13.3), (x) the Equipment Supply Contracts that -----
are not Material Equipment Supply Contracts, (y) the Service Contracts that are not Material Service Contracts, or (z) in the case of the Project Budget, the Approved Project Budget, the Project Schedule, the Approved Project Schedule, and the Management Plan, as expressly provided hereunder; provided, that AMD Inc. may terminate the AMD -----
Holding Wafer Purchase Agreement or the AMD Holding Research Agreement only in accordance with the express termination provisions thereof; provided, further, that AMD Holding may terminate the AMD Saxonia -----
Wafer Purchase Agreement or the AMD Saxonia Research Agreement only in accordance with the express termination provisions thereof; and provided, further, that the AMD Saxonia Hedging Contract may be -----
terminated only in accordance with the express termination provisions thereof. The foregoing notwithstanding, AMD Saxonia may amend or modify, or agree to the amendment

- or modification of, the Design/Build Agreement, any Material Equipment Supply Contract, any Material Service Contract, or the Plans and Specifications to the extent such amendment or modification does not, individually or in the aggregate, decrease or adversely affect (x) the value or use of the Plant and the Design Center (or of the rights of the Banks with respect thereto) in any material respect, (y) the Anticipated Capacity of the Plant (under, and as defined in, the AMD Saxonia Wafer Purchase Agreement), or (z) the capacity of the Plant to perform, on a substantially continuous basis, the functions for which it was specifically designed in accordance with the plans and specifications as originally approved by the Technical Advisor and the Agent for purposes of the Operative Documents; provided, that no such -----
amendment or modification will, individually or in the aggregate, be inconsistent with the Approved Project Budget or the Approved Project Schedule or materially increase the Cost to Complete.
- (ii) engage in any activities other than those contemplated by the Operative Documents to which it is a party or the transactions contemplated thereby and activities reasonably incidental thereto.
- (iii) create, incur, assume, or suffer to exist any Encumbrance in, upon, or with respect to any of its properties or assets, whether now owned or hereafter acquired, or assign or otherwise convey any right to receive income to secure any obligation, except (1) as contemplated by

the AMD Holding Security Documents, and (2) for Permitted Encumbrances.

- (iv) create, incur, assume, or suffer to exist any Indebtedness, whether current or funded, except current accounts and other amounts payable in the ordinary course of business, and except to the extent contemplated by the Operative Documents.
- (v) create, incur, assume, or suffer to exist any obligations as lessee for the rental or hire of real or personal property of any kind whatsoever.
- (vi) assume, guarantee, or endorse, or otherwise become directly or contingently liable in respect of, any obligation of any Person, except pursuant to the Operative Documents to which it is a party.
- (vii) merge with or into or consolidate with any Person, or, acquire, lease, or purchase, all or substantially all of the assets or stock of any class of, or any partnership or joint venture interest in, any Person, or create or acquire any Subsidiary, except for the acquisition of AMD Saxonia.
- (viii) sell, lease, assign, transfer, or otherwise dispose of any of its assets, including its accounts receivable, except as contemplated by the Operative

69

Documents; or issue or sell any shares of any class of its capital stock to any Person except to AMD Inc.

- (ix) make any loan or advance or extend any credit to any Person other than AMD Saxonia or as contemplated by the AMD Holding Wafer Purchase Agreement, or purchase or otherwise acquire the capital stock or obligation of, or any investment in, any Person other than AMD Saxonia, in each case other than Cash Equivalent Investments which have been pledged to the Security Agent pursuant to the AMD Holding Security Documents.
- (x) apply for or become liable with respect to any letter of credit or acceptance financing; or enter into or become liable with respect to any interest or currency swap, hedge, exchange, or other similar obligation.
- (xi) purchase any shares of any Person, other than AMD Saxonia, or redeem any of its shares, declare or pay any dividend thereon or make any distribution to its shareholders, except for any such redemption or distribution made as a result of the transactions contemplated by Section 4.4 or 6.3.

- (xii) except as provided in the Management Service Agreement, pay any salary, compensation, or bonus of any character to any officer, director, or employee of AMD Holding or any Affiliate thereof or provide any such Person with any medical, surgical, dental, hospital, disability, unemployment, retirement, pension, vacation, or insurance benefit of any kind or adopt, establish, or maintain any plan, fund, or program to provide any such benefit.
- (xiii) enter into any transaction with AMD Inc. or an Affiliate thereof (other than AMD Saxonia) on a basis materially less favourable to AMD Holding than would be the case if such transaction had been effected with a Person other than AMD Inc. or an Affiliate thereof.
- (xiv) open or maintain a bank account with any Person, except for demand or other deposit accounts at the Agent and at Security Agent.
- (xv) amend or modify the Organizational Documents of AMD Saxonia.
- (xvi) issue any power of attorney or other contract or agreement giving any Person power or control over the day-to-day operations of AMD Holding's business, except as contemplated by the Operative Documents.
- (xvii) commence, or join with any other creditor in commencing, any bankruptcy, reorganization, or insolvency proceeding with respect to AMD Saxonia or AMD Inc.

70

- (xviii) enter into any agreement other than as contemplated by the Operative Documents to which it is or will be a party or under any instrument or document delivered or to be delivered by it hereunder or thereunder, or in connection herewith or therewith.

- (xix) make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change its Fiscal Year.
- (xx) create, incur, assume, or suffer to exist any Encumbrance with respect to its rights under or in respect of the Sponsors' Loan Agreement, except as set forth in the Security Documents.

SECTION 13.6 Recourse to AMD Inc. for Breach of Covenant. It is expressly understood and agreed by the parties hereto that the obligations of AMD Saxonia under the Loan Agreement are intended to be limited recourse obligations from the perspective of AMD Inc. and that the covenants of the Sponsors contained in this Article XIII are not intended to represent a guaranty of AMD Saxonia's

obligations under the Loan Agreement. Accordingly, (i) neither AMD Inc. nor its assets (other than its interests in AMD Holding) shall be exposed to liability (whether in damages or otherwise) for breach of any covenant contained in this Article XIII to the extent that such damages would otherwise result in AMD Inc.

incurring greater financial exposure than the aggregate amount otherwise agreed to be payable by AMD Inc. pursuant to this Agreement and the other Operative Documents, and (ii) AMD Holding shall have no right of contribution against AMD Inc. arising from any payment made by AMD Holding under this Agreement or the Sponsors' Guaranty to the extent that AMD Inc. provides funds for the purpose of such payment by contributions to AMD Holding's stated capital or capital reserves and/or by loans to AMD Holding; provided, however, that the provisions

of this Section 13.6 shall not be construed to absolve AMD Inc. for its

liability, whether in damages or otherwise, for actions or omissions constituting fraud or misrepresentation or breach of warranty; and provided,

further that the provisions of this Section 13.6 shall not preclude the Security

Agent from seeking temporary relief (if otherwise available) for any prospective breach by AMD Inc. of its covenants contained in this Article XIII.

ARTICLE XIV

Costs and Expenses; Indemnities; Taxes; Etc.

SECTION 14.1 Costs and Expenses. The Sponsors, jointly and severally, agree to pay (to the extent not previously paid by AMD Saxonia promptly following a demand by the Agent therefor, it being understood and agreed that the Agent will demand such payment for the costs and expenses of the preparation of this Agreement) all costs and expenses (including reasonable legal fees and expenses) of the Agent, the Security Agent, and the Paying Agent in connection with the negotiation, preparation, execution, and delivery of this Agreement, any amendments or modifications of (or supplements to) this Agreement, and any and all other documents furnished pursuant hereto or in connection herewith, as well as all costs and

71

expenses (including, without limitation, reasonable attorneys' fees and expenses) if any, in connection with the enforcement of this Agreement or any other agreement furnished by them prior to the enforcement by the Security Agent of any of the Security pursuant hereto or in connection herewith.

SECTION 14.2 General Indemnity. The Sponsors, jointly and severally, hereby agree to indemnify, exonerate, and hold the Agent, the Security Agent, and the Paying Agent, and each of the officers, directors, employees of the Agent, the Security Agent, and the Paying Agent (herein collectively called the "Indemnitees") free and harmless from and against any and all actions, claims,

losses, liabilities, damages, and expenses, including, without limitation, reasonable legal fees and expenses (herein collectively called the "Indemnified

Liabilities"), which may be incurred by or asserted against the Indemnitees or

any Indemnitee as a result of, or arising out of, or relating to, or in connection with:

- (i) the failure by either Sponsor to comply with its respective obligations under this Agreement, the Sponsors' Guaranty, and the Sponsors' Loan Agreement (subject, in the case of Indemnified Liabilities arising from Article XIII, to the provisions of Section 13.6);
- (ii) the inaccuracy by either Sponsor of any of its representations and warranties contained in any of the Operative Documents to which it is a party as and when made or reaffirmed as the case may be (provided

that AMD Inc. shall have no liability under this Section 14.2 in

respect of any inaccuracy by AMD Holding of the representation and
warranty contained in Section 12.2 (viii)); and

- (iii) any investigation, litigation, or proceeding related to this Agreement or the consummation of the transactions contemplated hereby, whether or not any such Indemnatee is a party thereto, and, to the extent that the foregoing undertaking may be unenforceable for any reason, the Sponsors, jointly and severally, hereby agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 14.3 Undertaking to Contribute. AMD Inc. hereby undertakes that in the event:

- (i) a liability is imposed on AMD Saxonia and/or AMD Holding as a result of the German tax authorities recharacterising interest on the Sponsors' Loans as dividends; or
- (ii) a liability is imposed on AMD Saxonia and/or AMD Holding as a result of the German tax authorities ruling that AMD Saxonia and/or AMD Holding is not sufficiently profitable (the "Liabilities"),

72

and in either case (x) provided all remedies and/or appeals under the provisions of the German and U.S.A. (Income and Capital) Tax Treaty, to the extent applicable, have been exhausted and (y) only to the extent that AMD Saxonia is not able to repay the Advances in the amounts and at the times scheduled, that it will contribute Equity Capital (or other contributions to AMD Saxonia's capital reserves) to AMD Holding (and AMD Inc. shall to the extent necessary and depending on where the Liability arises, contribute sufficient funds or otherwise cause sufficient funds to be made available, to AMD Holding as shall be necessary to enable AMD Holding to so contribute to AMD Saxonia and AMD Inc. shall cause AMD Holding to do the same) in an amount not exceeding the Liabilities that, when added to amounts then available to AMD Saxonia, is sufficient to pay the Primary Secured Obligations.

SECTION 14.4 SAB Related Agreements Indemnity. The Sponsors, jointly and severally, hereby agree to indemnify, exonerate, and hold the Agent, and each of the officers, directors, employees of the Agent (herein collectively called the "SAB Indemnitees") free and harmless from and against any and all actions,

claims, losses, liabilities, damages, and expenses, including, without limitation, reasonable legal fees and expenses (herein collectively called the "Indemnified SAB Liabilities"), which may be incurred by or asserted against the

SAB Indemnitees or any SAB Indemnitee as a result of, or arising out of, or relating to, or in connection with, the SAB Related Agreements (other than any such Indemnified SAB Liabilities finally determined by a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of an SAB Indemnitee), and, to the extent that the foregoing undertaking may be unenforceable for any reason, the Sponsors, jointly and severally, hereby agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified SAB Liabilities which is permissible under applicable law.

SECTION 14.5 Payments Free and Clear of Taxes, etc. Each of the Sponsors hereby agrees that:

- (a) All payments by such Sponsor hereunder shall be made to the Person entitled thereto in Same Day Funds, free and clear of and without deduction for any present or future income, excise, stamp, or franchise taxes and other taxes, fees, duties, withholdings, or other charges of any nature whatsoever imposed by any taxing authority on such payments, but excluding taxes imposed on or measured by such Person's net income or receipts or the net income or receipts of any branch thereof (such non-excluded items being called "Taxes"). In the event that any withholding or deduction from any payment to be made by either of the Sponsors hereunder is required in respect of any Taxes pursuant to any applicable law, rule, or regulation, then such Sponsor will, subject to Section 14.5(d),

- (i) pay directly to the relevant authority the full amount required to be so withheld or deducted;

73

- (ii) promptly forward to such Person (with a copy to the Security Agent) an official receipt or other documentation satisfactory to

the Security Agent evidencing such payment to such authority; and

- (iii) pay to such Person such additional amount or amounts as is necessary to ensure that the net amount actually received by such Person will equal the full amount such Person would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against any Person entitled to receive a payment under this Agreement with respect to any payment received by such Person hereunder, such Person may pay such Taxes and the Sponsors will promptly pay such additional amounts (including any penalties, interest, or expenses, but only (in the case of penalties or interest) to the extent not resulting from a negligent or wilful failure to pay any or all of such Taxes by such Person, as the case may be) as is necessary in order that the net amount received by such Person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such Person would have received had no such Taxes been asserted.

- (b) The additional amount or amounts that either Sponsor shall be required to pay pursuant to clause (iii) of Section 14.5(a) shall be reduced,

to the extent permitted by applicable law, by the amount of the offsetting tax benefits, if any, as determined by the relevant Person in the exercise of its sole discretion, which such Person actually receives and utilises as a result of such Sponsor's payment under clause (i) of Section 14.5(a) to the relevant authority (it being

expressly understood and agreed that such Person shall be required to use commercially reasonable efforts to claim or utilise any such benefit which may be available to it unless it believes in good faith that to do so would be inconsistent with its internal tax and other policies or if, in its good faith judgment, it would be disadvantaged in any respect with respect to its tax position or planning).

- (c) Subject to the relevant Person complying with Section 14.5(d) below,

if either of the Sponsors fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the applicable recipient hereunder the required receipts or other required documentary evidence, such Sponsor shall indemnify such Person for any incremental Taxes, interest, or penalties that may become payable by such Person as a result of any such failure.

- (d) Each Person entitled to receive a payment hereunder that is entitled to claim an exemption (either on its own account or for the account of the relevant Sponsor) in respect of all or a portion of any Taxes which are otherwise required to be paid or deducted or withheld pursuant to this Section 14.5 in respect of any payments made by a

Sponsor hereunder shall, within a reasonable time after receiving a written request from such Sponsor, provide such

Sponsor with such certificates as may be appropriate in order to obtain the benefits of such exemption.

- (e) Without prejudice to the survival of any other agreement of the Sponsors hereunder, the agreements and obligations of the Sponsors contained in this Section 14.5 shall survive the payment in full of

the principal of and interest on the loans and other financial accommodations made to AMD Saxonia under the Loan Agreement.

SECTION 14.6 Judgment. The Sponsors hereby agree that:

- (a) If, for the purposes of obtaining a judgment in any court, it is necessary to convert a sum due hereunder in Deutsche Marks into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Security Agent could purchase Deutsche Marks with such other currency on the Business Day preceding that on which final judgment is given.
- (b) The obligation of each of the Sponsors in respect of any sum due from it to the Security Agent, the Agent, the Paying Agent, or any Bank hereunder shall, notwithstanding any judgment in a currency other than Deutsche Marks be discharged only to the extent that on the Business Day following receipt by the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, of any sum adjudged to be so due in such other currency, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, may, in accordance with normal banking procedures, purchase Deutsche Marks with such other currency; in the event that the Deutsche Marks so purchased are less

than the sum originally due to the Security Agent, the Agent, the Paying Agent, or any Bank, in Deutsche Marks, such Sponsor, as a separate obligation and notwithstanding any such judgment, hereby indemnifies and holds harmless the Security Agent, the Agent, the Paying Agent, and each Bank against such loss, and if the Deutsche Marks so purchased exceed the sum originally due to the Security Agent, the Agent, or such Bank in Deutsche Marks, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, shall remit to the relevant Sponsor such excess.

SECTION 14.7 License Agreement. With respect to the License Agreement,

- (a) AMD Inc. hereby waives, and agrees to cause each of its Subsidiaries other than AMD Saxonia to waive, any and all rights, claims and/or causes of action such Person now has or in the future may have against AMD Saxonia, its successors and assigns, the Agent, the Security Agent, the Paying Agent, any Bank, any receiver appointed to operate the Plant, or a third party purchaser of the capital stock, or of all or substantially all of the assets, of AMD Saxonia (herein collectively referred to as the "Beneficiaries" and individually as a "Beneficiary"), based on: (i) its use, in any manner whatsoever, of any Non-Proprietary Know-how or of Information Residuals (as such terms are defined

75

in the License Agreement); (ii) its use, within the scope of the license granted in Section 3(a) of the License Agreement, of the

Developed Intellectual Property (as defined in the License Agreement), or (iii) its use, in any manner whatsoever, of Post Research Agreement AMD Saxonia Developed Improvements or Post Research Agreement AMD Saxonia Developed Intellectual Property (as such terms are defined in the License Agreement). The preceding sentence notwithstanding, AMD Inc. does not waive any rights, claims or causes of action based on the infringement and/or misappropriation of any patents, copyrights, mask works, trademarks and trade secrets, whether registered or not, which are owned by AMD Inc. or by an Affiliate of AMD Inc. other than AMD Saxonia and not licensed to AMD Saxonia under the License Agreement; provided, however, that the use of Information Residuals shall not be deemed to constitute an infringement and/or misappropriation of any intellectual property rights of AMD Inc. or any of its Subsidiaries (other than AMD Saxonia).

- (b) each Sponsor hereby acknowledges and agrees that, following the termination of the AMD Saxonia Wafer Purchase Agreement, the operation of the Plant by AMD Saxonia, its successors and assigns, or by a Beneficiary shall not, absent a separate infringement or other unlawful violation, under the License Agreement or otherwise, of a proprietary, substantial, and identifiable right of AMD Inc., or any of its Subsidiaries other than AMD Saxonia, constitute: (i) a breach of the terms of the License Agreement or of any of the Service Agreements (as defined in the License Agreement), or (ii) an infringement upon any intellectual property right of AMD Inc. or its Subsidiaries other than AMD Saxonia; and
- (c) except where such failure was due to a breach by AMD Saxonia of its covenants to cooperate with AMD Inc., if AMD Inc. fails to complete the document removal process set forth in Section 9 of the License Agreement within the period required therein following the termination of the AMD Saxonia Research Agreement, AMD Inc. and its Subsidiaries other than AMD Saxonia shall be deemed to have waived any and all rights, claims and/or causes of action they have or in the future may have against AMD Saxonia, its successors and assigns, or against a Beneficiary based on the disclosure or use, for any purpose, by such Person of any documentation left in the Plant on the grounds that such documentation or the information contained therein is proprietary to AMD Inc. or its Affiliates or Subsidiaries other than (in either case) AMD Saxonia.

ARTICLE XV
Miscellaneous

SECTION 15.1 No Waiver; Modifications in Writing. No failure or delay on the part of the Agent or the Security Agent in exercising any right, power, or remedy hereunder shall operate

76

as a waiver thereof, nor shall any single or partial exercise of any such right,

power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Agent or the Security Agent at law or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Agreement, or consent to any departure by either Sponsor therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Agent and the Security Agent. Any waiver of any provision of this Agreement, and any consent to any departure by either Sponsor from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on either Sponsor in any case shall entitle such Sponsor to any other or further notice or demand in similar or other circumstances.

SECTION 15.2 Severability of Provisions. In case any provision of this Agreement is invalid or unenforceable, the validity or enforceability of the remaining provisions hereof shall remain unaffected. The parties hereto shall have an obligation to replace any invalid or unenforceable provision by a valid and enforceable provision which approximates best the economic purpose of the invalid provision.

SECTION 15.3 Termination. This Agreement and the obligations of the parties hereunder shall terminate on the day that AMD Saxonia has paid in full all of the Primary Secured Obligations, and the Banks shall have no other or further commitments under the Loan Agreement; provided, that such obligations shall

automatically revive and be reinstated if and to the extent that AMD Saxonia shall subsequently have obligations to any Secured Party under or in connection with any of the Operative Documents.

SECTION 15.4 Assignment. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns; provided that neither AMD Inc. nor AMD Holding shall have the right to transfer

or assign its rights under this Agreement without the prior written consent of the Agent and the Security Agent.

SECTION 15.5 Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 15.5. Unless otherwise

specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 15.5, notices, demands, instructions, and other

communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

77

To the Security Agent:

Dresdner Bank AG, as Security Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489-1350

To the Agent:

Dresdner Bank AG, as Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489-1350

To AMD Inc.:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94088
Attention: General Counsel
Facsimile No.: (1) (408) 749-3945

To AMD Holding:

AMD Saxony Holding GmbH

SECTION 15.6 Relationship to Other Agreements. The rights of the Agent and the Security Agent pursuant to this Agreement are in addition to any other rights or remedies which the Agent and the Security Agent may have under statutory law or other agreements between one or more of the Agent, the Security Agent, the Banks, and AMD Inc. or AMD Holding.

SECTION 15.7 Effectiveness of Agreement; Survival; Expiry of Obligation. This Agreement shall not be effective for any purpose whatsoever prior to the execution and delivery of the Loan Agreement by each of AMD Saxonia and the Agent. Subject to Section 15.3 hereof, the obligations of the Sponsors under

this Agreement shall terminate, except as otherwise

78

provided herein, upon the payment in full of all of the Primary Secured Obligations to the Secured Parties under or in connection with the Financing Documents and the Security Documents, and the expiration or termination of all of their respective commitments thereunder (the "Loan Agreement Termination

Date"); provided, however, that the obligations of the Sponsors contained in

Article XIV hereof shall survive any termination of this Agreement. Except as

provided in Section 2.4 of the Sponsors' Guaranty, the obligations of the

Sponsors under the Sponsors' Guaranty shall expire once the Agent advises the Sponsors that Completion has occurred.

SECTION 15.8 EMU. European Economic and Monetary Union anticipate the introduction of a single currency and the substitution of the national currencies of Member States participating in Monetary Union. On the date on which the Deutsche Mark is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member States participating in European Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with European Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify, or renegotiate this Agreement or any of its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Agreement shall continue in full force and effect in accordance with its terms.

ARTICLE XVI
Governing Law, Jurisdiction, and Language

SECTION 16.1 Governing Law. The form and execution of this Agreement and all rights and obligations of the parties arising hereunder shall be governed by the Laws of the Federal Republic of Germany.

SECTION 16.2 Jurisdiction. Each of AMD Inc. and AMD Holding hereby submits to the exclusive jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Agreement. AMD Inc. states that Advanced Micro Devices GmbH, whose address is Rosenheimerstrasse 143b, 81671 Munich, Germany, Attention: Legal Department, Tel: +49 89 450 530, Fax: +49 89 406 490, Telex: 841523883, is its accredited agent for service of process and hereby undertakes to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent or the Security Agent to take suits, actions, or proceedings against a Sponsor to enforce any judgment rendered by the courts in Frankfurt am Main in any other court or entity of competent jurisdiction where such Sponsor has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

79

SECTION 16.3 Use of English Language. This Agreement has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Agreement shall be in the English language and, if reasonably requested by the Agent, shall be accompanied by a certified German translation thereof. In the event of any inconsistency, the English language version of any such document shall control.

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

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

Its

AMD SAXONY HOLDING GMBH

/s/ Marvin D. Burkett

DRESDNER BANK AG, as Agent and Security Agent

/s/ Dr. Hans-Jurgen Menzel /s/ Horst Oechsler

SPONSORS' LOAN AGREEMENT

Dated 11 March 1997

between

ADVANCED MICRO DEVICES, INC.,

AMD SAXONY HOLDING GMBH,

and

AMD SAXONY MANUFACTURING GMBH

SPONSORS' LOAN AGREEMENT

THIS SPONSORS' LOAN AGREEMENT, dated 11 March 1997, is made between
ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the
laws of the State of Delaware, United States of America, with its chief
executive office and principal place of business at One AMD Place, Sunnyvale,
California 94088, United States of America ("AMD Inc."), AMD SAXONY HOLDING

GMBH, Dresden, registered in the Commercial Register of the Dresden County Court
HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the

"Sponsors"), and AMD SAXONY MANUFACTURING GMBH, Dresden, registered in the

Commercial Register of the Dresden County Court HRB 13186 ("AMD Saxonia").

W I T N E S S E T H :

WHEREAS, AMD Saxonia, a wholly-owned Subsidiary (such and other capitalised
terms being used herein with the meanings provided in Section 1.1) of AMD

Holding, which is, in turn, a wholly owned Subsidiary of AMD Inc., has been
formed for the purpose of constructing, owning, and operating (i) the Plant and
(ii) the integrated Design Center (the construction, ownership, and operation of
the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design
Center, and start up costs of the operation of the Plant, (i) the Sponsors will
make substantial subordinated loans to, and AMD Holding will make substantial
equity investments in, AMD Saxonia, and (ii) AMD Saxonia has entered into a
Syndicated Loan Agreement, dated 11 March 1997 (the "Loan Agreement"), with the

banks from time to time party thereto (hereinafter collectively called the
"Banks" and individually called a "Bank"), Dresdner Bank AG ("Dresdner"), as

Agent (in such capacity, the "Agent") for the Banks, and as Security Agent (in

such capacity, the "Security Agent") for the Secured Parties referred to below,

and Dresdner Bank Luxembourg S.A., as Paying Agent (in such capacity, the
"Paying Agent"), providing, inter alia, for two separate senior secured term and

standby facilities aggregating up to DM1,650,000,000 (one billion six hundred
fifty million Deutsche Marks);

WHEREAS, the Sponsors desire that the Project be constructed and completed
and are entering into this Agreement with AMD Saxonia for the purpose, among
other things, of providing certain undertakings to and for the benefit of AMD
Saxonia, the Agent, the Banks, the Security Agent, and the Secured Parties;

WHEREAS, as contemplated by the Sponsors' Support Agreement and the Loan
Agreement, AMD Saxonia, each Bank, the Agent, and the Security Agent each
desires to obtain a commitment from the Sponsors to make certain unsecured
subordinated loans to AMD Saxonia to enable AMD Saxonia to fulfill certain of
its obligations under the Loan Agreement;

WHEREAS, the Sponsors are willing to extend such commitment on the terms
and subject to the conditions hereinafter set forth; and

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

NOW, THEREFORE, the Sponsors and AMD Saxonia, agree as follows:

ARTICLE I
Definitions and Accounting Terms

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

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

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

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

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

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

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

"Class A Sponsors' Loans" has the meaning assigned to that term in Section 2.1.

"Class B Sponsors' Loans" has the meaning assigned to that term in Section 2.1.

"Deutsche Mark Equivalent" means, with respect to any Class A Sponsors' Loan, the amount, expressed in Deutsche Marks, which results from the conversion of Dollars to Deutsche Marks at a spot rate of exchange equal to the greater of (i) DM 1.45 for \$ 1.00 and (ii) the Agent's spot rate of exchange, expressed in Deutsche Marks, for the sale of Dollars

for Deutsche Marks prevailing on the date two (2) Business Days prior to the date such Class A Sponsors' Loan is or was due to be made.

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

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

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

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

this Agreement.

"Required Sponsors' Loans" has the meaning assigned to that term in Section

2.1.

"Security Agent" has the meaning assigned to that term in the second

recital of this Agreement.

"Sponsors" has the meaning assigned to that term in the introduction to

this Agreement.

"Sponsors' Loan" means an unsecured, subordinated loan that is or is

required to be made by a Sponsor to AMD Saxonia pursuant hereto, which loans are
subordinated pursuant to the Sponsors' Subordination Agreement (including any
such loan made prior to the Loan Agreement Effective Date as contemplated by
Section 2.1).

"Sponsors' Support Agreement" means the Sponsors' Support Agreement, of

even date herewith, between the Sponsors, the Agent, and the Security Agent.

"Voluntary Sponsors' Loans" has the meaning assigned to that term in

Section 2.4.

SECTION 1.2 Miscellaneous. In this Agreement, unless the context requires
otherwise, (i) any reference to an Operative Document shall be to such Operative
Document as the same may have been or from time to time may be amended, varied,
re-issued, replaced, novated, or supplemented, in each case, in accordance with
the terms thereof and hereof, and in effect; (ii) any statutory provisions shall
be construed as references to those provisions as amended, modified, re-enacted,
or replaced from time to time; (iii) words importing a gender include every
gender; and (iv) references to Sections are to Sections of this Agreement.
Section headings are inserted for reference only and shall be ignored in
construing this Agreement. A time of day, unless otherwise specified, shall be
construed as a reference to Frankfurt am Main time.

4

ARTICLE II
Subordinated Loan Provisions

SECTION 2.1 Required Sponsors' Loans. On the terms and subject to the conditions
of this Agreement, the Sponsors, jointly and severally, hereby undertake that
either Sponsor or both of the Sponsors will make Sponsors' Loans to AMD Saxonia:

- (i) in an aggregate principal amount of at least DM 290,000,000 (two
hundred ninety million Deutsche Marks) for all such Sponsors' Loans,
the exact amount thereof being equal to the Deutsche Mark Equivalent
of \$200,000,000 (two hundred million Dollars) for all such Sponsors'
Loans, as contemplated by Section 2.2 (the "Class A Sponsors' Loans");

and

- (ii) in an aggregate principal amount of up to an additional DM 145,000,000
(one hundred forty five million Deutsche Marks) as contemplated by
Section 2.3 (the "Class B Sponsors' Loans"; and, together with the

Class A Sponsors' Loans, collectively, the "Required Sponsors'

Loans").

For the avoidance of doubt:

- (i) the obligations of the Sponsors under this Agreement are intended to
reflect, rather than to be in addition to, the obligations of the
Sponsors pursuant to the Sponsors' Support Agreement;
- (ii) to the extent, but only to the extent, reflected in AMD Saxonia's
financial statements referred to in ss.15.1.6 of the Loan Agreement

(or, if not so reflected, as certified by AMD Inc. to the Agent and the Security Agent as of the Loan Agreement Effective Date), Sponsors' Loans made to AMD Saxonia prior to the Loan Agreement Effective Date, and/or contributions by AMD Holding to AMD Saxonia's capital reserves prior to the Loan Agreement Effective Date (to the extent, but only to the extent, not otherwise taken into account in determining whether AMD Holding has complied with its obligations under Article II of the Sponsors' Support Agreement), shall

be taken into account as Class A Sponsors' Loans in determining whether the Sponsors shall have complied with their obligations under this Article II;

(iii) although the obligations of the Sponsors contained in this Article II

are in addition to, and not in limitation of, their respective obligations contained elsewhere in this Agreement and in the other Operative Documents, if the Agent shall have otherwise expressly consented thereto in writing (which consent will not unreasonably be delayed or withheld), the Sponsors shall be deemed to have complied with their obligations to make Class A Spon

5

sors' Loans and/or Class B Sponsors' Loans to the extent, but only to the extent, that AMD Holding shall have made additional contributions to AMD Saxonia's Equity Capital (or other contribution to AMD Saxonia's capital reserves) which contributions are not otherwise required to be made pursuant hereto or to any other Operative Document;

(iv) the Sponsors shall not be relieved:

(a) of the foregoing obligation by virtue of any Equity Capital (or other contribution to AMD Saxonia's capital reserves) contributed or required to be contributed to AMD Saxonia pursuant to Section

2.1 of the Sponsors' Support Agreement or (except as, and to the

extent, provided in clause (iii) above) otherwise;

(b) of any obligation to make Class A Sponsors' Loans (or to contribute additional Equity Capital or other contributions to AMD Saxonia's capital reserves in lieu thereof) by virtue of any payment made by either Sponsor under the Sponsors' Guaranty; or

(c) of any obligation following Completion to make Class B Sponsors' Loans until and unless the Sponsors shall have paid all amounts payable under the Sponsors' Guaranty following a demand for payment made by the Agent thereunder (it being understood and agreed that the obligation of the Sponsors to make Class B Sponsors' Loans shall be subject to the occurrence of Completion);

(v) each Class A Sponsors' Loan shall be denominated in Deutsche Marks and the Deutsche Mark Equivalent thereof shall be calculated for the purpose of determining whether the Sponsors have complied with their obligations under Section 2.2; provided, however, that any Class A

Sponsors' Loan may, with the consent of the Agent (such consent not to be unreasonably delayed or withheld), be funded in Dollars, but for all purposes of this Agreement and the Sponsors' Support Agreement shall be deemed to have been funded in Deutsche Marks in an amount which is equal to the Deutsche Mark Equivalent thereof; and

(vi) the amounts set forth in this Section 2.1 are cumulative minimum

aggregate amounts for both Sponsors, collectively; nothing contained herein shall be deemed to preclude the Sponsors (or either of them) from making additional Sponsors' Loans in order to fulfil their respective obligations contained in Article IV, V, VI, or VII of the
----- - --
Sponsors' Support Agreement, or for any other reason.

6

SECTION 2.2 Time of Class A Sponsors' Loans. The Class A Sponsors' Loans will be made in cash and in Same Day Funds and will be made as follows:

- (i) at least DM 145,000,000 (one hundred forty five million Deutsche Marks) for all such Class A Sponsors' Loans, the exact amount thereof being equal to the Deutsche Mark Equivalent of \$100,000,000 (one hundred million Dollars) for all such Class A Sponsors' Loans, by the earlier to occur of:
 - (a) the acceleration of the Advances under the Loan Agreement following the occurrence of an Event of Default (it being understood and agreed that if, at the time of any such acceleration, the Primary Secured Obligations are less than the amount otherwise required to be lent to AMD Saxonia under this Section 2.2(i), the amount of such Class A Sponsors' Loans shall -----
be an amount which, when added to the aggregate amount of all Sponsors' Loans and/or other contributions to AMD Saxonia's Equity Capital or capital reserves then concurrently being made, is equal to the Primary Secured Obligations at such time); and
 - (b) December 31, 1998; and
- (ii) at least a further DM 145,000,000 (one hundred forty five million Deutsche Marks) for all such Class A Sponsors' Loans, the exact amount thereof being equal to the Deutsche Mark Equivalent of \$100,000,000 (one hundred million Dollars) for all such Class A Sponsors' Loans, by the earlier to occur of:

- (a) the acceleration of the Advances under the Loan Agreement following the occurrence of an Event of Default (it being understood and agreed that if, at the time of any such acceleration, the Primary Secured Obligations are less than the amount otherwise required to be lent to AMD Saxonia under this Section 2.2(ii), the amount of such Class A Sponsors' Loans shall -----
be an amount which, when added to the aggregate amount of all Sponsors' Loans and/or other contributions to AMD Saxonia's Equity Capital or capital reserves then concurrently being made, is equal to the Primary Secured Obligations at such time); and
- (b) December 31, 1999;

provided, however, that such Class A Sponsors' Loans shall be required -----
to be made in whole or in part prior to the aforesaid dates if, but only to the extent that, the ratio of:

7

- (x) the sum of
 - (1) the then aggregate outstanding principal amount of the Sponsors' Loans,
 - plus

 - (2) the then aggregate amount of AMD Saxonia's Equity Capital and capital reserves
- to
--
- (y) the then aggregate outstanding principal amount of the Advances, under the Loan Agreement,

is less than 25:75.

SECTION 2.3 Time of Class B Sponsors' Loans. The Class B Sponsors' Loans will be made in cash and in Same Day Funds and will be made upon first written demand by the Security Agent to the extent necessary to remedy any shortfall in the Fixed Charge Coverage Ratio as required by the Security Agent at any time and from time to time following Completion if, on or as of a Financial Ratio Calculation Date, AMD Saxonia's Fixed Charge Coverage Ratio is less than 125%.

SECTION 2.4 Voluntary Sponsors' Loans.

(i) Making of Voluntary Sponsors' Loans. On the terms and subject to the conditions of this Agreement, the Sponsors (or either of them) may, in order to comply with their obligations under the Sponsors' Support Agreement or for any other reason, from time to time at their option (but shall not be required to), on any Business Day, make additional Sponsors' Loans to AMD Saxonia (herein collectively called the "Voluntary Sponsors' Loans").

Loans").

(ii) Timing of Voluntary Sponsors' Loans. Voluntary Sponsors' Loans may be made by a Sponsor from time to time on at least two (2) Business Days' prior notice to AMD Saxonia and the Agent.

SECTION 2.5 Subordination of Sponsors' Loans; Acknowledgment of Subordination. The Sponsors and AMD Saxonia acknowledge and agree that the obligation of AMD Saxonia to repay the principal of and interest on the Sponsors' Loans shall be subordinated to all obligations of AMD Saxonia to the Banks, the Agent, and the Security Agent under or arising out of the Loan Agreement and any other Operative Document, all as, and to the extent, provided in the Sponsors' Subordination Agreement.

8

ARTICLE III
Interest Provisions

SECTION 3.1 Interest Rate. The unpaid principal amount from time to time outstanding of each Sponsors' Loan shall bear interest at a rate per annum equal to 7%, compounded monthly. As provided in the Sponsors' Subordination Agreement, payment of interest on the Sponsors' Loans has been subordinated to the Senior Liabilities (as therein defined) and, once permitted to be paid by AMD Saxonia pursuant to the Sponsors' Subordination Agreement, shall be paid quarterly in arrears.

SECTION 3.2 Computation of Interest. Interest shall be computed on the basis of the actual number of days elapsed and a 360-day year.

ARTICLE IV
Disbursements and Prepayments

SECTION 4.1 Disbursements and Repayments. The proceeds of each Sponsors' Loan shall be deposited to the Operating Account. Subject to the Sponsors' Subordination Agreement, all payments to be made by AMD Saxonia in respect of the Sponsors' Loans shall be made to the applicable Sponsor(s) that made such Sponsors' Loans at its address as set forth in Section 6.5 (or to such other ----- address or account as such Sponsor may specify by written notice to AMD Saxonia and the Agent), not later than noon, Frankfurt time, on the date due (after giving effect to any extension of any such due date contemplated hereby); and funds received after that hour shall be deemed to have been received on the next succeeding Business Day.

ARTICLE V
Obligations Unconditional

SECTION 5.1 Absolute and Unconditional Nature of the Sponsors' Obligations. The obligation of the Sponsors to perform their respective obligations under this Agreement, and the right of AMD Saxonia to receive the proceeds of each Sponsors' Loan to be made by or on behalf of either of the Sponsors as provided herein, shall be absolute and unconditional, it being the intention of the parties hereto that all obligations of the Sponsors under or in connection with this Agreement shall be paid and performed in all events in the manner and at the times herein provided, irrespective of and without prejudice to, in particular, any rights or remedies that are available to the other parties hereto under any agreements or any applicable laws. The Sponsors shall be entitled to set off, and to raise rights of retention, in respect of their respective payment claims hereunder and under the other Operative Documents only to the extent their respective counterclaims are undisputed or have been the subject of a final judgment.

9

ARTICLE VI
Miscellaneous

SECTION 6.1 No Waiver; Modifications in Writing. No failure or delay on the part of AMD Saxonia in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right,

power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to AMD Saxonia at law or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Agreement, or consent to any departure by either of the Sponsors, or AMD Saxonia, therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of AMD Saxonia and, if prior to the Loan Agreement Termination Date, the Agent and the Security Agent.

Any waiver of any provision of this Agreement, and any consent to any departure by either Sponsor from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on either Sponsor in any case shall entitle such Sponsor to any other or further notice or demand in similar or other circumstances.

SECTION 6.2 Severability of Provisions. In case any provision of this Agreement is invalid or unenforceable, the validity or enforceability of the remaining provisions hereof shall remain unaffected. The parties hereto shall have an obligation to replace any invalid or unenforceable provision by a valid and enforceable provision which approximates best the economic purpose of the invalid provision.

SECTION 6.3 Termination. This Agreement and the obligations of the Sponsors to make Sponsors' Loans shall terminate on the day that AMD Saxonia has paid in full all of the Primary Secured Obligations, and the Banks shall have no other or further commitments under or arising out of the Loan Agreement; provided, -----
that such obligations shall automatically revive and be reinstated (with effect from the date of such reinstatement) if and to the extent that AMD Saxonia shall subsequently have obligations under or arising out of the Loan Agreement.

SECTION 6.4 Assignment. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns; provided, however, that neither of the Sponsors nor AMD Saxonia shall have the -----
right to transfer or assign its rights under this Agreement prior to the Loan Agreement Termination Date, without the prior written consent of the Agent and the Security Agent.

10

SECTION 6.5 Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any party hereto or any other Person shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 6.5. Unless otherwise

specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 6.5, notices, demands, instructions, and other

communications in writing shall be given to or made upon the respective parties hereto and other Persons at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

To AMD Inc.: Advanced Micro Devices, Inc.
 One AMD Place
 Sunnyvale, California 94088
 Attention: General Counsel
 Facsimile No.: (1) (408) 749-3945

To AMD Holding: AMD Saxony Holding GmbH
 Washingtonstrasse 16 A/B
 01139 Dresden
 Attention: Geschäftsführer
 Facsimile No: (49) 351 8412 150

To AMD Saxonia: AMD Saxony Manufacturing GmbH
 Washingtonstrasse 16 A/B
 01139 Dresden
 Attention: Geschäftsführer
 Facsimile No: (49) 351 8412 150

with, in each case prior to the Loan Agreement Termination Date, a copy concurrently delivered:

To the Security Agent: Dresdner Bank AG, as Security Agent
 Dr. Kulz-Ring 10

01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489 1350

To the Agent: Dresdner Bank AG, as Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489 1350

11

SECTION 6.6 Relationship to Other Agreements. The rights of AMD Saxonia, pursuant to this Agreement are in addition to any other rights or remedies which AMD Saxonia may have under statutory law or other agreements between one or more of AMD Saxonia, the Agent, the Security Agent, the Banks, and the Sponsors.

SECTION 6.7 EMU. European Economic and Monetary Union anticipate the introduction of a single currency and the substitution of the national currencies of Member States participating in Monetary Union. On the date on which the Deutsche Mark is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member States participating in European Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with European Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify, or renegotiate this Agreement or any of its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Agreement shall continue in full force and effect in accordance with its terms.

ARTICLE VII
Governing Law, Jurisdiction, and Language

SECTION 7.1 Governing Law; etc. NOTWITHSTANDING THAT THE SPONSORS' SUPPORT AGREEMENT IS GOVERNED BY THE LAWS OF GERMANY, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK. THIS AGREEMENT AND THE OTHER OPERATIVE DOCUMENTS TO WHICH ANY OF THE AMD COMPANIES IS A PARTY CONSTITUTE THE ENTIRE UNDERSTANDING AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, WITH RESPECT THERETO.

SECTION 7.2 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, OR UNDER, THIS AGREEMENT SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. EACH AMD COMPANY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH AMD COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PRO

12

CESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. EACH AMD COMPANY 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 ANY AMD COMPANY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR 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, SUCH AMD COMPANY HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT.

SECTION 7.3 Waiver of Jury Trial. EACH AMD COMPANY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY AMD COMPANY. EACH AMD COMPANY ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE BANKS ENTERING INTO THE LOAN AGREEMENT AND EACH SUCH OTHER OPERATIVE DOCUMENT TO WHICH THEY ARE A PARTY.

SECTION 7.4 Use of English Language. This Agreement has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Agreement shall be in the English language and, if reasonably requested by the Agent, a certified German translation thereof shall be furnished by the relevant party promptly following such request. In the event of any inconsistency, the English language version of any such document shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers or agents thereunto duly authorized, as of the date first above written.

13

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

Its

AMD SAXONY HOLDING GMBH

By /s/ Marvin D. Burkett

AMD SAXONY MANUFACTURING GMBH

By /s/ Jack L. Saltich

14

SPONSORS' SUBORDINATION AGREEMENT

Dated 11 March 1997

between

ADVANCED MICRO DEVICES, INC.,

AMD SAXONY HOLDING GMBH,

AMD SAXONY MANUFACTURING GMBH

and

DRESDNER BANK AG

as Agent and Security Agent

SPONSORS' SUBORDINATION AGREEMENT

THIS SPONSORS' SUBORDINATION AGREEMENT, dated 11 March 1997, is made between ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."), AMD SAXONY HOLDING

GMBH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the

"Sponsors"), AMD SAXONY MANUFACTURING GMBH, Dresden, registered in the

Commercial Register of the Dresden County Court HRB 13186 ("AMD Saxonia"), and

DRESDNER BANK AG ("Dresdner"), as Agent (in such capacity, the "Agent") for the

Banks under the Loan Agreement referred to below and as Security Agent (in such capacity, the "Security Agent") for the Secured Parties under such Loan

Agreement.

W I T N E S S E T H :

WHEREAS, AMD Saxony Manufacturing GmbH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13186 ("AMD Saxonia"), a wholly-owned

Subsidiary (such and other capitalised terms being used herein with the meanings provided in Section 1.1), of AMD Holding, which is, in turn, a wholly-owned

Subsidiary of AMD Inc., has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, (i) the Sponsors expect to make substantial subordinated loans to, and AMD Holding expects to make substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997 (the "Loan

Agreement"), with the banks from time to time party thereto (hereinafter

collectively called the "Banks" and individually called a "Bank"), Dresdner, as

Agent and Security Agent, and Dresdner Bank Luxembourg S.A., as Paying Agent (in such capacity, the "Paying Agent"), providing, inter alia, for two separate

senior secured term and standby facilities aggregating up to DM1,650,000,000 (one billion six hundred fifty million Deutsche Marks);

WHEREAS, the Sponsors desire that the Project be constructed and completed and are entering into this Agreement with AMD Saxonia, the Agent, the Security Agent for the benefit of the Banks and the Paying Agent (the Agent, the Security Agent, the Banks and the Paying Agent being hereinafter collectively called the "Secured Parties" and individually called a "Secured Party"), for the purpose,

among other things, of providing (i) certain assurances with respect to the completion of the Project, and (ii) certain undertakings to and for the benefit

of the Secured Parties; and

WHEREAS, a condition precedent to the initial Advance is, inter alia, the execution by the Sponsors of this Agreement, and, in extending credit to AMD Saxonia under the Loan

2

Agreement, the Banks are relying on the undertakings of the Sponsors contained herein;

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

SECTION 1. Definitions. Unless otherwise defined herein, terms used herein have the meanings assigned to such terms in the Sponsors' Support Agreement. In addition, the following terms (whether or not underlined) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

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

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

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

"AMD Holding Junior Liabilities" means all Junior Liabilities owing to AMD Holding.

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

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

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

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

"Junior Liabilities" means all obligations and liabilities of AMD Saxonia to either of the Sponsors (including, in the case of AMD Holding, any AMD Holding Junior Liabilities), howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due.

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

3

"Loan Agreement Termination Date" means the first date on or as of which (i) all Primary Secured Obligations have been paid in full, and (ii) the Banks have no commitments under or in connection with the Loan Agreement.

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

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

"Secured Parties" and "Secured Party" have the respective meanings assigned

to such terms in the third recital of this Agreement.

"Security Agent" has the meaning assigned to such term in the introduction

to this Agreement.

"Senior Liabilities" means all obligations and liabilities of AMD Saxonia

to the Agent, the Security Agent, any Bank, the Paying Agent, or either
Guarantor (other than any arising solely by reason of any pledge or assignment
of any AMD Holding Junior Liabilities made to the Security Agent pursuant to
Section 2(b) hereof) under or arising out of any Financing Document, howsoever

created, arising, or evidenced, whether direct or indirect, absolute or
contingent, or now or hereafter existing, or due or to become due, it being
expressly understood and agreed that the term "Senior Liabilities" shall

include, without limitation, any and all interest accruing on any of the Senior
Liabilities after the commencement of any proceedings referred to in Section 4,

notwithstanding any provision or rule of law which might restrict the rights of
the Security Agent, as against AMD Saxonia or any other Person, to collect such
interest.

"Sponsors" has the meaning assigned to such term in the introduction to

this Agreement.

"Sponsors' Support Agreement" means the Sponsors' Support Agreement, of

even date herewith, between the Sponsors, the Agent, and the Security Agent, as
the same may at any time be amended or modified in accordance with the terms
thereof and in effect.

In this Agreement, unless the context requires otherwise, (i) any reference
to an Operative Document shall be to such Operative Document as the same may
have been or from time to time may be amended, varied, re-issued, replaced,
novated or supplemented, in each case in accordance with the terms thereof and
hereof, and in effect; (ii) any statutory provisions shall be construed as
references to those provisions as amended, modified, re-enacted, or replaced
from time to time; (iii) words importing a gender include every gender; and (iv)
references to Sections are to Sections of this Agreement. Section headings are
inserted for reference only and shall be ignored in construing this Agreement. A
time of day, unless otherwise specified, shall be construed as a reference to
Frankfurt am Main time.

4

SECTION 2. Obligations of Sponsors. The Sponsors will, from time to time, (a)
promptly notify the Security Agent of the creation of any Junior Liabilities
pursuant to the Sponsors' Loan Agreement, and (b) in the case of AMD Holding,
and as collateral security for all Senior Liabilities, indorse without recourse,
deliver, and pledge to the Security Agent any and all promissory notes or other
instruments evidencing any of the AMD Holding Junior Liabilities, in a manner
satisfactory to the Security Agent.

SECTION 3. Subordination. Except as expressly provided in this Agreement, or as
the Agent (acting on the instructions of an Instructing Group) may hereafter
otherwise expressly consent in writing, the payment of all Junior Liabilities
shall be postponed and subordinated to the payment in full of all Senior
Liabilities, and no payments or other distributions whatsoever in respect of any
Junior Liabilities shall be made, nor shall any property or assets of AMD
Saxonia be applied to the purchase or other acquisition or retirement of any
Junior Liabilities; provided, however, that as long as no Event of Default, or

Unmatured Event of Default with respect to either Sponsor which is of the type
described in Section 8.01(f) or (g) of the AMD Inc. 1996 Bank Credit Agreement

has occurred and is continuing, there are excepted from the foregoing provisions
of this Section 3 (without duplication): (i) those payments to either of the

Sponsors made by AMD Saxonia pursuant to Article II of the Management Service

Agreement, (ii) those payments to AMD Holding made by AMD Saxonia pursuant to
Article IV of the AMD Saxonia Wafer Purchase Agreement, (iii) those payments to

AMD Inc. made by AMD Saxonia in respect of purchases of equipment in the
ordinary course of business and on an arm's length basis and not exceeding
DM50,000,000 (fifty million Deutsche Marks) in aggregate, (iv) those payments to
the Sponsors made by AMD Saxonia in accordance with Section 4.4 of the Sponsors'

Support Agreement, and (v) those payments to the Sponsors made by AMD Saxonia in
accordance with Section 6.3 of the Sponsors' Support Agreement; and provided,

further, that there are excepted from the provisions of this Section 3: (i)

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distributions in respect of the Junior Liabilities to the extent such distributions constitute non cash credits expressly permitted to be made under the Management Service Agreement or the AMD Saxonia Wafer Purchase Agreement, (ii) those payments to AMD Inc. made by AMD Saxonia pursuant to the AMD Saxonia Hedging Agreement other than payments of premium and other than payments in respect of the early termination thereof and (iii) performance by AMD Saxonia of its obligations (other than payment obligations, if any) under the AMD Saxonia Wafer Purchase Agreement, the AMD Saxonia Research Agreement or the License Agreement. Moreover, if the AMD Saxonia Wafer Purchase Agreement or the Management Service Agreement terminates for any reason whatsoever, AMD Saxonia shall be permitted to credit the amounts payable thereunder against the amounts receivable by it thereunder strictly in accordance with the terms and provisions of each such Operative Document.

In addition to, and without intending to derogate from, the foregoing provisions of this Section 3, each of the Sponsors hereby subordinates its claims arising under or in connection with the Sponsors' Loan Agreement to all other present and future creditors of AMD Saxonia, but the subordination under this sentence shall not apply to any such claims as long as and to the extent that omitting such claims from the subordination under this sentence will not result

5

in or lead to an increase of an overindebtedness of AMD Saxonia within the meaning of Sec. 63 Act on Limited Liability Companies (GmbHG), to be determined on the basis of AMD Saxonia's statement of affairs (Vermögensstatus) as per any relevant point in time or, if applicable, in an opening or closing liquidation balance sheet (Liquidationseröffnungs-, schlussbilanz). For the purposes of determining whether a repayment of principal or the payment of interest by AMD Saxonia is permitted under this paragraph the value of the assets and liabilities of AMD Saxonia to be included in the relevant statement of affairs shall always be determined by the managing directors and confirmed by the Auditor in accordance with the applicable rules. The Sponsors shall not be entitled to make payment claims under the Sponsors' Loan Agreement as long as there is an overindebtedness of AMD Saxonia within the above meaning, or as long as there is not a liquidation surplus, or in a bankruptcy proceeding over the assets of AMD Saxonia, it being understood that the Sponsors' claims shall rank behind all other creditors in case of any insolvency proceeding which is governed by the provisions of the Insolvency Act (Insolvenzordnung).

SECTION 4. Bankruptcy, Insolvency, etc. In the event of any dissolution, winding up, liquidation, reorganization, or other similar proceedings relating to AMD Saxonia or to its creditors, as such, or to its property (whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency, compromise proceedings (Vergleichsverfahren) or any other marshalling of the assets and liabilities of AMD Saxonia, or any sale of all or substantially all of the assets of AMD Saxonia, or otherwise), the Senior Liabilities shall first be paid in full before either of the Sponsors shall be entitled to receive and to retain any payment or distribution in respect of the Junior Liabilities, and in order to implement the foregoing, (a) each of the Sponsors hereby irrevocably agrees that in such event all payments and distributions of any kind or character in respect of the Junior Liabilities to which such Sponsor would be entitled if the Junior Liabilities were not subordinated, or, in the case of the AMD Holding Junior Liabilities, subordinated and pledged or assigned, pursuant to this Agreement, shall be made directly to the Security Agent; (b) upon the commencement and during the continuance of any proceedings referred to in this Section 4, the Security Agent shall have the right to require either or both of

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the Sponsors to claim, enforce, prove, or vote in respect of the Junior Liabilities in such manner as is directed by the Security Agent and as is permitted by applicable law, including, without limitation, to direct that all payments and distributions of any kind or character in respect of the Junior Liabilities to which such Sponsor would be entitled if the Junior Liabilities were not subordinated (or, in the case of the AMD Holding Junior Liabilities, subordinated and (if applicable) pledged) pursuant to this Agreement, shall be made directly to the Security Agent; provided, that if the Security Agent shall

not have required a Sponsor to claim, enforce, prove, or vote in respect of any of the Junior Liabilities on or before the day which is 10 Business Days before a date on which the failure to so claim, enforce, prove, or vote would invalidate or otherwise materially adversely affect the rights of such Sponsor, such Sponsor shall have the right to claim, enforce, prove, or vote in respect of such Junior Liabilities in such Sponsor's sole discretion; and (c) each Sponsor hereby irrevocably agrees that the Security Agent may, at its sole discretion for purposes hereof, in the name of such Sponsor or otherwise, demand, sue for, collect, receive, and receipt for any and all such payments or distributions, and file, prove, and vote, or consent in any such

6

proceedings with respect to, any and all claims of such Sponsor relating to the Junior Liabilities.

SECTION 5. Payments Held in Trust. In the event that either of the Sponsors receives any payment or other distribution of any kind or character from AMD Saxonia or from any other source whatsoever in respect of any of the Junior Liabilities, other than as expressly permitted by the terms of this Agreement, such payment or other distribution shall be received in trust for the Security Agent, and promptly turned over by such Sponsor to the Security Agent. Each of the Sponsors will mark its books and records, and cause AMD Saxonia to mark its books and records, as to clearly indicate that the Junior Liabilities are subordinated in accordance with the terms of this Agreement, and will cause to be clearly inserted in any instrument which at any time evidences any of the Junior Liabilities a statement to the effect that the payment thereof is subordinated in accordance with the terms of this Agreement. Each of the Sponsors will execute such further documents or instruments and take such further action as the Security Agent may reasonably request from time to time to carry out the intent of this Agreement.

SECTION 6. Application of Payments; No Subrogation. All payments and distributions received by the Security Agent in respect of the Junior Liabilities in accordance with the terms hereof, to the extent received in or converted into cash, may be applied by the Security Agent first to the payment of any and all expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Security Agent in enforcing this Agreement or in endeavouring to collect or realize upon any of the Junior Liabilities or any security therefor in accordance with the terms hereof, and any balance thereof shall, solely as between the Sponsors and the Security Agent, be applied by the Security Agent, in the manner provided by the Loan Agreement, toward the payment of the Senior Liabilities remaining unpaid; but, as between AMD Saxonia and its creditors, no such payments or distributions of any kind or character shall be deemed to be payments or distributions in respect of the Senior Liabilities; and, notwithstanding any such payments or distributions received by the Security Agent in respect of the Junior Liabilities and so applied by the Security Agent toward the payment of the Senior Liabilities, each of the Sponsors shall be subrogated to the then-existing rights of the Agent, the Security Agent, and the Banks, if any, in respect of the Senior Liabilities only at such time as (i) the Agent, the Security Agent, and the Banks shall have received payment of the full amount of the Senior Liabilities, as provided for in Section 9, or (ii) this

Agreement shall terminate pursuant to Section 15. Each Secured Party shall, at

the relevant Sponsor's request and expense made after such time, execute and deliver to such Sponsor appropriate documents (without recourse or warranty whatsoever) to evidence the transfer by subrogation to such Sponsor of an interest in the Senior Liabilities resulting from the application of payments in the manner contemplated by this Section 6. The obligations of the Secured

Parties under the preceding sentence shall survive any termination of this Agreement.

SECTION 7. Waivers by the Sponsors. Each of the Sponsors hereby waives: (a) notice of acceptance by the Agent, the Security Agent, or any Bank of this Agreement; (b) notice of the existence or creation or non-payment of all or any of the Senior Liabilities; and (c) all

7

diligence in collection or protection of or realization upon the Senior Liabilities or any thereof or any security therefor.

SECTION 8. Obligations of the Sponsors. Neither of the Sponsors will, without the prior written consent of the Security Agent: (a) transfer or assign, or attempt to enforce or collect, any Junior Liabilities or any rights in respect thereof, except (i) that AMD Inc. may assign any Senior Liability to AMD Holding, and (ii) that AMD Inc. may enforce or collect any Junior Liabilities that are expressly permitted to be paid pursuant to Section 3; provided, that

nothing in this Agreement shall be deemed to prevent AMD Inc. from seeking damages, equitable relief or otherwise enforcing any rights it may have against AMD Saxonia arising out of (x) any tort or infringement of AMD Inc. tangible or intangible property rights (including without limitation rights under applicable patent, copyright and trade secret laws and similar principles) to the extent such tort or infringement arises after the date of termination of the AMD Holding Wafer Purchase Agreement or (y) a breach by AMD Saxonia of its obligations under the License Agreement to the extent, but only to the extent, such tort or infringement arises after the date of termination of the AMD Holding Wafer Purchase Agreement; (b) take any collateral security for any Junior Liabilities; (c) convert any Junior Liabilities into equity capital of AMD Saxonia (it being understood and agreed that the Sponsors' Loans made by AMD Holding (but not AMD Inc.) may be converted into equity of AMD Saxonia); or (d) commence, or join with any other creditor commencing, any bankruptcy, reorganisation, or insolvency proceedings with respect to AMD Saxonia.

SECTION 9. Continuing Subordination. This Agreement shall in all respects be a continuing agreement and shall remain in full force and effect (notwithstanding, without limitation, the dissolution of either of the Sponsors or that at any time or from time to time all Senior Liabilities may have been paid in full),

but shall automatically terminate on the Loan Agreement Termination Date.

SECTION 10. Rights of the Agent, the Security Agent, and the Banks. The Agent, the Security Agent, and each Bank may, from time to time, at its sole discretion and without notice to either of the Sponsors, take any or all of the following actions without affecting its or their rights under this Agreement: (a) retain or obtain a security interest in any property of any Person to secure any of the Senior Liabilities; (b) retain or obtain the primary or secondary obligations of any other obligor or obligors with respect to any of the Senior Liabilities; (c) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Senior Liabilities, or release or compromise any obligation of any nature of any obligor with respect to any of the Senior Liabilities; (d) compromise, settle, release, renew, extend, indulge, amend, change, waive, modify, or supplement in any respect any of the terms or conditions of any of the Operative Documents; and (e) release its lien on or security interest in, or surrender, release, or permit any substitution or exchange for, all or any part of any property securing any of the Senior Liabilities, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter, or exchange any obligations of any nature of any obligor with respect to any such property.

8

SECTION 11. Transfer of Obligations; Enforcement. The Security Agent, the Agent, or any Bank may, from time to time, without notice to either of the Sponsors, but subject, however, to the provisions of Section 26 of the Loan Agreement,

assign or transfer any or all of the Senior Liabilities or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein, shall, to the extent of the interest of any such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor. The rights of the Secured Parties hereunder shall be exercisable solely by the Security Agent on behalf of the Secured Parties, unless either the

Security Agent is not able pursuant to applicable law to realize the practical benefits of such rights on behalf of the Secured Parties or the limitations set

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forth in this sentence would otherwise materially adversely affect the rights of the Secured Parties hereunder.

SECTION 12. Additional Provisions. None of the Agent, the Security Agent, or the Banks shall be prejudiced in its rights under this Agreement by any act or failure to act of any of AMD Saxonia or either of the Sponsors, or any noncompliance of AMD Saxonia or either of the Sponsors with any agreement or obligation, regardless of any knowledge thereof which the Agent, the Security Agent, or such Bank may have or with which the Agent, the Security Agent, or such Bank may be charged; and no action of the Agent, the Security Agent, or any Bank permitted hereunder shall in any way affect or impair the rights of the Agent, the Security Agent, or any Bank, and the obligations of each of the Sponsors, under this Agreement. For the purposes of this subordination, Senior Liabilities shall include all obligations of AMD Saxonia under or in connection with any of the Operative Documents to the Agent, the Security Agent, the Paying Agent and each Bank, notwithstanding any right or power of any AMD Saxonia or anyone else to assert any claim or defence as to the invalidity or unenforceability of any such obligation, and no such claim or defence shall affect or impair the agreements and obligations of the Sponsors hereunder; provided, however, that Senior Liabilities shall not include any obligations or

liabilities of AMD Saxonia which a court of competent jurisdiction shall have determined (which determination shall be final and unappealable) are invalid or unenforceable.

SECTION 13. Cumulative Remedies; Modifications in Writing. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Agent or the Security Agent at law, in equity, or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Agreement, or consent to any departure by either of the Sponsors or AMD Saxonia therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Agent and the Security Agent.

SECTION 14. Severability of Provisions. In case any provision of this Agreement is invalid or unenforceable, the validity or enforceability of the remaining provisions hereof shall remain unaffected. The parties hereto shall have an obligation to replace any invalid provision by a valid provision which approximates best the economic purpose of the invalid provision.

9

SECTION 15. Termination. This Agreement and the obligations of the parties hereunder shall terminate on the Loan Agreement Termination Date; provided, that

such obligations shall automatically revive and be reinstated if and to the extent that AMD Saxonia shall subsequently have obligations to any of the Secured Parties under or arising out of any of the Financing Documents.

SECTION 16. Assignment. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns; provided, however, that the Security Agent, the Agent, and the Banks may

transfer their rights under this Agreement, subject, however, to the provisions of Section 26 of the Loan Agreement; provided, further, that neither of the

Sponsors nor AMD Saxonia shall have the right to transfer or assign its rights under this Agreement without the prior written consent of the Agent and the Security Agent; and provided, further, that AMD Saxonia may assign this

Agreement to the Security Agent as security for the obligations of AMD Saxonia under the Loan Agreement and the other Operative Documents. Notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, Senior Liabilities shall be and remain Senior Liabilities for the purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor, subject, however, to the provisions of Section

11; provided, however, that, in addition to its rights under Section 11, unless

the Security Agent (acting on the instructions of an Instructing Group) shall otherwise consent in writing, the Security Agent shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement for the benefit of the Secured Parties as to those of the Senior Liabilities which have not been so assigned or transferred.

SECTION 17. Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 17. Unless otherwise specified in a notice sent or

delivered in accordance with the foregoing provisions of this Section 17,

notices, demands, instructions, and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

To the Security Agent:

Dresdner Bank AG, as Security Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489-1350

10

To the Agent:

Dresdner Bank AG, as Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489-1350

To AMD Inc.:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94088
Attention: General Counsel
Facsimile No.: (1) (408) 774 7399

To AMD Holding:

AMD Saxony Holding GmbH
Washingtonstrasse 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile No.: (49) 351 8412 150

To AMD Saxonia:

AMD Saxony Manufacturing GmbH
Washingtonstrasse 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile No.: (49) 351 8412 150

SECTION 18. Relationship to Other Agreements. The rights of the Agent and the Security Agent pursuant to this Agreement are in addition to any other rights or remedies which the Agent and the Security Agent may have under statutory law or other agreements between one or more of the Agent, the Security Agent, the Banks, the Sponsors, and AMD Saxonia. Where such rights and remedies are in conflict with the provision of this Agreement, the provision of this Agreement shall prevail.

11

SECTION 19. Governing Law. This Agreement and all rights and obligations of the parties arising hereunder or in connection herewith shall be governed by the Laws of the Federal Republic of Germany.

SECTION 20. Jurisdiction. Each of the Sponsors and AMD Saxonia hereby submits to the exclusive jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Agreement. AMD Inc. states that Advanced Micro Devices GmbH, whose address is Rosenheimerstrasse 143b, 81671 Munich, Germany, Attention: Legal Department, Tel: +49 89 450 530, Fax: +49 89 406 490, Telex: 841523883, is its accredited agent for service of process and hereby undertakes to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent or the Security Agent to take suits, actions, or proceedings against a Sponsor to enforce any judgment rendered by the courts in Frankfurt am Main in any other court or entity of competent jurisdiction where such Sponsor has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

SECTION 21. Use of English Language. This Agreement has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Agreement shall be in the English language and, if reasonably requested by the Agent, shall be accompanied by a certified German translation promptly thereafter. In the event of any inconsistency, the English language version of any such document shall control.

SECTION 22. Operative Document. This Agreement is an Operative Document executed pursuant to the Loan Agreement.

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

ADVANCED MICRO DEVICES, INC.

/s/ Marvin D. Burkett
By _____
Its _____

12

AMD SAXONY HOLDING GMBH

/s/ Marvin D. Burkett

AMD SAXONY MANUFACTURING GMBH

/s/ Jack L. Saltich

DRESDNER BANK AG, as Agent and Security Agent

/s/ Dr. Hans-Jurgen Menzel /s/ Horst Oechsler

SPONSORS' GUARANTY
(GARANTIEVERTRAG)

DATED 11 MARCH 1997

BETWEEN

ADVANCED MICRO DEVICES, INC.,

AMD SAXONY HOLDING GMBH,

AND

DRESDNER BANK AG
AS AGENT AND SECURITY AGENT

SPONSORS' GUARANTY (GARANTIEVERTRAG)

THIS SPONSORS' GUARANTY, dated 11 March 1997, is made by ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."), and AMD SAXONY HOLDING GMBH, Dresden,

registered in the Commercial Register of the Dresden County Court HRB 13931

("AMD Holding"; and, together with AMD Inc., collectively, the "Sponsors"), in

favour of DRESDNER BANK AG ("Dresdner"), as Agent (in such capacity, the

"Agent") for the Banks under the Loan Agreement referred to below and as

Security Agent (in such capacity, the "Security Agent") for the Secured Parties

under such Loan Agreement.

W I T N E S S E T H :

WHEREAS, AMD Saxony Manufacturing GmbH, Dresden, registered in the Commercial Register of the Dresden County Court HRB 13186 ("AMD Saxonia"), a wholly-owned

Subsidiary (such and other capitalised terms being used herein with the meanings provided in Section 1.1) of AMD Holding, which is, in turn, a wholly-owned

Subsidiary of AMD Inc., has been formed for the purpose of constructing, owning, and operating (i) the Plant and (ii) the integrated Design Center (the construction, ownership, and operation of the Plant and the Design Center being hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design Center, and start-up costs of the operation of the Plant, (i) the Sponsors expect to make substantial subordinated loans to, and AMD Holding expects to make substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has entered into a Syndicated Loan Agreement, dated 11 March 1997 (the "Loan

Agreement"), with the banks from time to time party thereto (hereinafter

collectively called the "Banks" and individually called a "Bank"), Dresdner, as

Agent and Security Agent, and Dresdner Bank Luxembourg S.A., as Paying Agent (in such capacity, the "Paying Agent"), providing, inter alia, for two separate

senior secured term and standby facilities aggregating up to DM1,650,000,000 (one billion six hundred fifty million Deutsche Marks);

WHEREAS, the Sponsors desire that the Project be constructed and completed and are executing and delivering this Guaranty in favour of the Agent and the

Security Agent for the benefit of the Banks and the Paying Agent (the Agent, the Security Agent, the Banks and the Paying Agent hereinafter collectively called the "Secured Parties" and individually called a "Secured Party"), for the

purpose, among other things, of providing (i) certain assurances with respect to the completion of the Project, and (ii) certain undertakings to and for the benefit of the Secured Parties;

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

WHEREAS, the Sponsors have duly authorized the execution, delivery, and performance of this Guaranty; and

1

WHEREAS, it is in the best interests of the Sponsors to execute this Guaranty inasmuch as the Sponsors will derive substantial benefits from the loans and other financial accommodations made from time to time to AMD Saxonia by the Banks pursuant to the Loan Agreement;

NOW, THEREFORE, in order to induce the Banks to make the loans and other financial accommodations to AMD Saxonia pursuant to the Loan Agreement, the Sponsors hereby agree, for the benefit of the Secured Parties, as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Definitions. Unless otherwise defined herein, terms used herein

have the meanings assigned to such terms in the Sponsors' Support Agreement. In addition, the following terms (whether or not underlined) when used in this Guaranty, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Agent" has the meaning assigned to such term in the introduction to this Guaranty.

"AMD Holding" has the meaning assigned to such term in the introduction to this Guaranty.

"AMD Inc." has the meaning assigned to such term in the introduction to this Guaranty.

"AMD Saxonia" has the meaning assigned to such term in the first recital of this Guaranty.

"Bank" and "Banks" have the respective meanings assigned to such term in the second recital of this Guaranty.

"Dresdner" has the meaning assigned to such term in the introduction to this Guaranty.

"Guaranty" means this Sponsors' Guaranty, as the same may at any time be amended or modified in accordance with the terms hereof and in effect. "Loan Agreement" has the meaning assigned to such term in the second recital of this Guaranty.

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

"Project" has the meaning assigned to such term in the first recital of this Guaranty.

"Security Agent" has the meaning assigned to such term in the introduction to this Guaranty.

"Secured Parties" and "Secured Party" have the respective meanings assigned to such terms in the third recital of this Guaranty.

"Sponsors" has the meaning assigned to such term in the introduction to this Guaranty.

"Sponsors' Support Agreement" means the Sponsors' Support Agreement, of even date herewith, between the Sponsors, the Agent, and the Security Agent, as the same may at any time be amended or modified in accordance with the terms thereof and in effect.

SECTION 1.2 Miscellaneous. In this Guaranty, unless the context requires otherwise, (i) any reference to an Operative Document shall be to such Operative Document as the same may have been or from time to time may be amended, varied, re-issued, replaced, novated or supplemented, in each case, in accordance with the terms thereof and hereof, and in effect; (ii) any statutory provision shall be construed as references to those provision as amended, modified, re-enacted, or replaced from time to time; (iii) words importing a gender include every gender and; (iv) references to Sections are to Sections of this Guaranty. Section headings are inserted for reference only and shall be ignored in construing this Guaranty.

ARTICLE II
GUARANTY PROVISIONS

SECTION 2.1 Guaranty. The Sponsors, jointly and severally, hereby absolutely, unconditionally, and irrevocably (all of the following guaranteed and indemnified obligations referred in sub-clauses (a) and (b) below being collectively called the "Guaranteed Obligations")

- (a) guarantee the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand, or otherwise, of all obligations of AMD Saxonia now or hereafter existing under or arising out of the Loan Agreement, whether for principal, interest, fees, expenses, or otherwise, howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent or now or hereafter existing or due or to become due (including in all cases 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)), and
(b) indemnify and hold harmless each Secured Party for any and all costs and expenses (including reasonable attorney's fees and expenses) incurred by such Secured Party in enforcing any rights under this Guaranty in accordance with the terms hereof;

provided, however, that (i) the right of recovery against the Sponsors under this Guaranty is, however, limited to the amount of DM 217,500,000 (two hundred seventeen million five hundred thousand Deutsche Marks), plus, to the extent

that any amount payable hereunder is not paid when due, interest on such amount from the date due until paid, calculated at the same per annum rate of interest as is from time to time applicable to the obligations guaranteed hereby, and plus all costs and expenses referred to in sub-clause (b) of this Section 2.1,

and (ii) the Sponsors shall be released from liability under this Guaranty from and upon their receipt of written notice from the Agent to the effect that Completion has occurred. This Guaranty constitutes a guaranty of payment when due and not of collection, and the Sponsors specifically agree that it shall not be necessary or required that the Security Agent, the Agent, the Paying Agent, or any Bank exercise any right, assert any claim, or demand or enforce any remedy whatsoever against AMD Saxonia (or any other Person) before or as a condition to the obligations of the Sponsors hereunder. For the avoidance of doubt, the obligations of the Sponsors under this Guaranty constitute a primary guaranty obligation (Garantievertrag) and not a surety guaranty obligation

(Burgschaft). The Sponsors shall pay the Guaranteed Obligations only upon first written demand from the Agent following the occurrence of an Event of Default and acceleration of the Advances under the Loan Agreement.

SECTION 2.2 EMU. European Economic and Monetary Union anticipate the

introduction of a single currency and the substitution of the national currencies of Member States participating in Monetary Union. On the date on which the Deutsche Mark is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member States participating in European Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with European Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify, or renegotiate this Guaranty or any of its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Guaranty shall continue in full force and effect in accordance with its terms.

SECTION 2.3 Guaranty Absolute. This Guaranty shall in all respects be a

continuing, absolute, unconditional, and irrevocable guaranty of payment, and, subject to the provisions of the proviso to Section 2.1 hereof, shall remain in

full force and effect until all Guaranteed Obligations have been paid in full, all obligations of the Sponsors hereunder shall have been paid in full, and the commitments of the Banks under and in connection with the Loan Agreement shall have terminated. Subject to Section 2.1 above, the Sponsors jointly and

severally guarantee that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan 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 the Security Agent, the Agent, or any Bank with respect thereto. The liability of the Sponsors under this Guaranty shall be joint and several and shall be continuing, absolute, unconditional, and irrevocable irrespective of:

- (a) any lack of validity, legality, or enforceability of the Loan Agreement or any other Operative Document;

4

- (b) the failure of the Security Agent, the Agent, the Paying Agent, or any Bank

- (i) to assert any claim or demand or to enforce any right or remedy against AMD Saxonia or any other Person (including any other guarantor) under or in connection with the provisions of the Loan Agreement, any other Operative Document, or otherwise, or

- (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Guaranteed Obligations;

- (c) any change in the time, manner, or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other extension, compromise, or renewal of any Guaranteed Obligation;
- (d) any reduction, limitation, impairment, or termination of any Guaranteed Obligations for any reason, including any claim of waiver, release, surrender, alteration, right of retention or compromise, and shall not be subject to (and the Sponsors hereby waive any right to or claim of) any defense or setoff, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, non-genuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Guaranteed Obligations;
- (e) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of the Loan Agreement or any other Operative Document;
- (f) 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 the Security Agent, the Agent, the Paying Agent, or any Bank securing any of the Guaranteed Obligations; or
- (g) any other circumstance which might otherwise constitute a defense available to, or a discharge of, AMD Saxonia, any surety (Burge), or any guarantor.

SECTION 2.4 Reinstatement, etc. Each of the Sponsors agrees that, subject to

the provisions of the proviso to Section 2.1 hereof, 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) of any of the Guaranteed Obligations is
rescinded or must otherwise be restored by any Secured Party, upon the
insolvency, bankruptcy, or reorganization of AMD Saxonia, or otherwise, as
though such payment had not been made.

SECTION 2.5 Waiver, etc. Each of the Sponsors hereby waives promptness,

diligence, notice of acceptance, and any other notice with respect to any of the
Guaranteed Obligations and this Guaranty and any requirement that the Security
Agent, the Agent, the Paying Agent, or any Bank protect, secure, perfect, or
insure any security interest or lien, or any property subject thereto, or
exhaust any right or take any action against AMD Saxonia or any other Person
(including any other guarantor) or any collateral securing any Guaranteed
Obligations.

5

Each of the Sponsors hereby further waives its right to deposit (Hinterlegung)
under (S) 372 of the German Civil Code.

SECTION 2.6 Subrogation, etc. Neither of the Sponsors will exercise any rights

which it may acquire by reason of any payment made hereunder, whether by way of
subrogation, reimbursement, or otherwise, until the prior payment, in full and
in cash, of all Guaranteed Obligations. Any amount paid to either of the
Sponsors on account of any payment made hereunder prior to the payment in full
of all Guaranteed Obligations shall not be commingled with assets of the
relevant Sponsor and shall immediately be paid to the Security Agent and
credited and applied against the Guaranteed Obligations, whether matured or
unmatured, in accordance with the terms of the Loan Agreement; provided,

however, that if

- (a) either of the Sponsors has made payment to the Security Agent of
all or any part of the Guaranteed Obligations, and
- (b) all Guaranteed Obligations have been paid in full and the
commitments of the Banks under or in connection with the Loan
Agreement to AMD Saxonia have been permanently terminated,

the Security Agent, the Agent, the Paying Agent, and each Bank agree that, at
the relevant Sponsor's request and expense, the Security Agent, the Paying
Agent, the Agent, or such Bank will execute and deliver to such Sponsor
appropriate documents (without recourse and without representation or warranty)
necessary to evidence the transfer by subrogation to such Sponsor of an interest
in the Guaranteed Obligations resulting from such payment by such Sponsor. In
furtherance of the foregoing, for so long as any Guaranteed Obligations or
commitments by the Banks under or in connection with the Loan Agreement to AMD
Saxonia remain outstanding, each of the Sponsors shall refrain from taking any
action or commencing any proceeding against AMD Saxonia (or its successors or
assigns, whether in connection with a bankruptcy proceeding, or otherwise) to
recover any amounts in respect of payments made under this Guaranty to the
Security Agent, the Agent, the Paying Agent, or any Bank.

SECTION 2.7 Successors, Transferees, and Assigns. This Guaranty shall:

(a) be binding upon each of the Sponsors, and their respective
successors, transferees, and assigns; and

- (b) inure to the benefit of and be enforceable by each Secured Party,
and each of their respective successors, transferees, and assigns.

Without limiting the generality of the foregoing clause (b), each Bank may

assign or otherwise transfer (in whole or in part) the loans and financial
accommodations made by it to AMD Saxonia under the Loan Agreement to any other
Person, and such other Person, for purposes of this Guaranty, shall thereupon
become vested with all rights and benefits in respect thereof granted to the
transferring Bank under any Operative Document (including this Guaranty) or
otherwise, subject, however, to any contrary provisions in such assignment or
transfer, and to the provisions of Section 26 of the Loan Agreement.

6

SECTION 2.8 Payments Free and Clear of Taxes, etc. Each of the Sponsors hereby

agrees that:

- (a) All payments by such Sponsor hereunder shall be made to the Security Agent at its principal office in Frankfurt am Main in Same Day Funds, free and clear of and without deduction for any present or future income, excise, stamp, or franchise taxes and other taxes, fees, duties, withholdings, or other charges of any nature whatsoever imposed by any taxing authority on such payments, but excluding taxes imposed on or measured by any Secured Party's net income or receipts or the net income or receipts of any branch thereof (such non-excluded items being called "Taxes"). In the event that any withholding or deduction from any payment to be made by either of the Sponsors hereunder is required in respect of any Taxes pursuant to any applicable law, rule, or regulation, then such Sponsor will, subject to Section 2.8(d),
- (i) pay directly to the relevant authority the full amount required to be so withheld or deducted;
- (ii) promptly forward to the Security Agent an official receipt or other documentation satisfactory to the Security Agent evidencing such payment to such authority; and
- (iii) pay to the Security Agent such additional amount or amounts as is necessary to ensure that the net amount actually received by the relevant Secured Party will equal the full amount such Secured Party would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Security Agent, the Agent, or any Bank with respect to any payment received by the Security Agent hereunder, the Security Agent, the Agent, the Paying Agent, or such Bank may pay such Taxes and the Sponsors will promptly pay such additional amounts (including any penalties, interest, or expense, but only (in the case of penalties or interest) to the extent not resulting from a negligent or wilful failure to pay any or all of such Taxes by the Security Agent, the Agent, the Paying Agent or such Bank, as the case may be) as is necessary in order that the net amount received by the Security Agent, the Agent, the Paying Agent, or such Bank after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount the Security Agent, the Agent, the Paying Agent, or such Bank would have received had no such Taxes been asserted.

- (b) The additional amount or amounts that either Sponsor shall be required to pay pursuant to clause (iii) of Section 2.8(a) shall be reduced, to the extent permitted by applicable law, by the amount of the offsetting tax benefits, if any, as determined by the relevant Secured Party in the exercise of its sole discretion, which such Secured Party actually receives and utilises as a result of such Sponsor's payment under clause (i) of Section 2.8(a) to the relevant authority (it being expressly understood and agreed that such Secured Party shall be required to use commercially reasonable efforts to claim or utilise any

7

such benefit which may be available to it unless it believes in good faith that to do so would be inconsistent with its internal tax and other policies or if, in its good faith judgment, it would be disadvantaged in any respect with respect to its tax position or planning).

- (c) Subject to the relevant Secured Party complying with Section 2.8(d) below, if either of the Sponsors fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Security Agent the required receipts or other required documentary evidence, such Sponsor shall indemnify the Security Agent, the Agent, the Paying Agent, and each Bank for any incremental Taxes, interest, or penalties that may become payable by the Security Agent, the Agent, the Paying Agent, or any Bank as a result of any such failure.
- (d) Each Secured Party that is entitled to claim an exemption (either on its own account or for the account of the relevant Sponsor) in respect of all or a portion of any Taxes which are otherwise required to be paid or deducted or withheld pursuant to this Section 2.8 in respect of any payments made by a Sponsor hereunder shall, within a reasonable time after receiving a written request

from such Sponsor, provide such Sponsor with such certificates as may be appropriate in order to obtain the benefits of such exemption.

- (e) Without prejudice to the survival of any other agreement of the Sponsors hereunder, the agreements and obligations of the Sponsors contained in this Section 2.8 shall survive the payment in full of -----
the principal of and interest on the loans and other financial accommodations made to AMD Saxonia under the Loan Agreement.

SECTION 2.9 Judgment. The Sponsors hereby agree that:

- (a) If, for the purposes of obtaining a judgment in any court, it is necessary to convert a sum due hereunder in Deutsche Marks into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Security Agent could purchase Deutsche Marks with such other currency on the Business Day preceding that on which final judgment is given.
- (b) The obligation of each of the Sponsors in respect of any sum due from it to the Security Agent, the Agent, the Paying Agent, or any Bank hereunder shall, notwithstanding any judgment in a currency other than Deutsche Marks, be discharged only to the extent that on the Business Day following receipt by the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, of any sum adjudged to be so due in such other currency, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, may, in accordance with normal banking procedures, purchase Deutsche Marks with such other currency; in the event that the Deutsche Marks so purchased are less than the sum originally due to the Security Agent, the Agent, the Paying Agent, or any Bank, in Deutsche Marks, such Sponsor, as a separate obligation and notwithstanding any such judgment, hereby indemnifies and holds harmless the Security Agent, the Agent, the Paying Agent, and each Bank

9

against such loss, and if the Deutsche Marks so purchased exceed the sum originally due to the Security Agent, the Agent, the Paying Agent, or such Bank in Deutsche Marks, the Security Agent, the Agent, the Paying Agent, or such Bank, as the case may be, shall remit to the relevant Sponsor such excess.

ARTICLE III
MISCELLANEOUS PROVISIONS

SECTION 3.1 No Waiver; Modifications in Writing. In addition to, and not in -----
limitation of, Sections 2.3 and 2.5, no failure or delay on the part of the -----

Agent or the Security Agent in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other rights, power, or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Agent or the Security Agent at law, in equity, or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Guaranty, or consent to any departure by either Sponsor therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Agent and the Security Agent. Any waiver of any provision of this Guaranty, and any consent to any departure by either Sponsor from the terms of any provision of this Guaranty, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on either Sponsor in any case shall entitle such Sponsor to any other or further notice or demand in similar or other circumstances.

SECTION 3.2 Severability of Provisions. Any provision of this Guaranty which -----

is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. Each Sponsor shall have an obligation to replace any invalid provision by a valid provision which approximates best the economic purpose of the invalid provision.

SECTION 3.3 Termination. The obligations of the Sponsors hereunder shall -----

terminate on the earlier to occur of (i) the receipt by the Sponsors of written notice from the Agent to the effect that Completion has occurred and (ii) the

day that AMD Saxonia has paid in full all obligations then owing, and all obligations in respect of principal and interest, whether or not then owing, under or arising out of the Loan Agreement and the Banks have no other or further commitments under or arising out of the Loan Agreement.

SECTION 3.4 Binding on Successors, Transferees, and Assigns; Assignment of

Guaranty. In addition to, and not in limitation of, Section 2.7, this Guaranty

shall be binding upon the Sponsors and their respective successors, transferees, and assigns, and shall inure to the benefit of the Security Agent, the Agent, the Paying Agent, and each Bank, and their respective successors, transferees, and assigns, and shall be enforceable by the Security Agent, for the benefit of itself, the Agent, the Paying Agent, and each Bank and their respective successors, transferees, and assigns (to the full extent provided pursuant to Section 2.7), in each case subject to Section 26 of the Loan Agreement;

provided, however, that neither Sponsor may assign any of its obligations

hereunder without the prior written consent

9

of the Security Agent. The rights of the Secured Parties hereunder shall be exercisable solely by the Security Agent on behalf of the Secured Parties unless either the Security Agent is not able pursuant to applicable law to realise the practical benefits of such rights on behalf of the Secured Parties or the limitation set forth in this sentence would otherwise materially adversely affect the rights of the Secured Parties hereunder.

SECTION 3.5 Notice. All notices, demands, instructions, and other

communications required or permitted to be given to or made upon any of the Persons listed below shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be deemed to be given for purposes of this Guaranty on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 3.5. Unless

otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 3.5, notices, demands, instructions, and

other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

To the Security Agent:

Dresdner Bank AG, as Security Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351/489-1350

To the Agent:

Dresdner Bank AG, as Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351/489-1350

To AMD Inc.:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94088
Attention: General Counsel
Facsimile No.: (1) (408) 774 7399

10

To AMD Holding:

AMD Saxony Holding GmbH
Washingtonstrasse 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile No.: (49) 351 8412 150

SECTION 3.6 Relationship to Other Agreements. The rights of the Agent and the

Security Agent pursuant to this Guaranty are in addition to any other rights or remedies which the Agent and the Security Agent may have under statutory law or other agreements between one or more of the Agent, the Security Agent,, the Paying Agent the Banks, and the Sponsors. Where such rights and remedies are in conflict with the provisions of this Guaranty, the provisions of this Guaranty shall prevail.

SECTION 3.7 Setoff. In addition to, and not in limitation of, any rights of

the Security Agent, the Agent, or any Bank under applicable law, the Security Agent, the Agent, the Paying Agent, and each Bank shall, upon the acceleration of the Advances under the Loan Agreement following the occurrence any Event of Default or upon the occurrence and during the continuance of any event with respect to either Sponsor of the type described in Section 8.01(f) or (g) of the

AMD Inc. 1996 Bank Credit Agreement, have the right to appropriate and apply to the payment of the obligations of each of the Sponsors owing to it hereunder, whether or not then due, and AMD Holding (but not AMD Inc.) hereby grants to the Security Agent, the Agent, the Paying Agent, and each Bank a continuing security interest (securing its obligations under this Guaranty) in, any and all of its balances, credits, deposits, accounts, or moneys then or thereafter maintained with the Security Agent, the Agent, the Paying Agent, or such Bank and any and all property of every kind or description of or in the name of AMD Holding now or hereafter, for any reason or purpose whatsoever, in the possession or control of the Security Agent, the Agent, the Paying Agent, or such Bank, or any agent or bailee for the Security Agent, the Agent, the Paying Agent, or such Bank.

SECTION 3.8 Governing Law; etc. This Guaranty and all rights and obligations

of the parties arising under or in connection herewith shall be governed by the Laws of the Federal Republic of Germany.

SECTION 3.9 Jurisdiction. Each of the Sponsors hereby submits to the exclusive

jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Guaranty. AMD Inc. states that Advanced Micro Devices GmbH whose address is Rosenheimerstrasse 143b, 81671 Munich, Germany, Attention: Legal Department, Tel.: +49 89 450 530, Fax: +49 89 406 490, Telex: 841523883, is its accredited agent for service of process and hereby undertakes to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent or the Security Agent to take suits, actions, or proceedings against a Sponsor to enforce any judgment rendered by the courts in Frankfurt am Main in any other court or entity of

competent jurisdiction where such Sponsor has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

SECTION 3.10 Operative Document. This Guaranty is an Operative Document

executed pursuant to the Loan Agreement.

SECTION 3.11 Place of Performance and Payment. The place of performance and

payment (Zahlungs-und Erfullungsort) under this Guaranty shall be Frankfurt am Main.

SECTION 3.12 Use of English Language. This Guaranty has been executed in the

English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Guaranty shall be in the English language and, if reasonably requested by the Agent, a certified German translation thereof shall be furnished promptly thereafter. In the event of any inconsistency, the English language version of any such document shall control.

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

Its

AMD SAXONY HOLDING GMBH

/s/ Marvin D. Burkett

DRESDNER BANK AG,
as Agent and Security Agent

/s/ Dr. Hans-Jurgen Menzel /s/ Horst Oechsler

AMD HOLDING WAFER
PURCHASE AGREEMENT

between

ADVANCED MICRO DEVICES,
INC.

and

AMD SAXONY HOLDING GMBH

TABLE OF CONTENTS

<TABLE>

ARTICLE I

<S>

Interpretation
Section 1.01.
Section 1.02.

<C>

Definitions
Construction of Certain Terms.

ARTICLE II

Section 2.01. Supply of Products
Section 2.01. Sale of Products by AMD Holding to AMD Inc.
Section 2.02. Importation of Products
Section 2.03. Quality of the Products; Inspection and Rejection; Replacement Product

ARTICLE III

Section 3.01. Payments and Delivery of Products
Section 3.01. Purchase Price of Products
Section 3.02. Certain Forecasts and Notices Relating to Quarterly Pricing; Capacity
Section 3.03. Ordering Procedure
Section 3.04. Shipping Terms
Section 3.05. Payments; Set Off
Section 3.06. Method of Payment
Section 3.07. Product Warranty.
Section 3.08. Disclaimer.
Section 3.09. Limitation of Liability
Section 3.10. Annual Fee; Reimbursement of Certain Administrative Costs of AMD Holding

ARTICLE IV

Section 4.01. Technical Assistance
Section 4.01. Provision to AMD Saxonia of Know-how, Advice, Technical Assistance, Expert Support and Training and Access to Comparable Plants
Section 4.02. Charge for Technical Assistance

ARTICLE V

Section 5.01. Accounting Reports; Other Reports; Right of Inspection by or on Behalf of AMD Holding
Section 5.01. Annual Accounting Reports
Section 5.02. Periodic Written Report regarding AMD Inc.
Section 5.03. Accountants' Certification; Officer's Certificate
Section 5.04. Access to AMD Inc. Facilities

</TABLE>

<TABLE>

<S>

ARTICLE VI
Section 6.01.
Section 6.02.
Section 6.03.

<C>

Effectiveness; Termination
Effectiveness; Termination
Rights Upon Termination
Survival

ARTICLE VII

Section 7.01. Miscellaneous
Section 7.01. Representations and Warranties Generally
Section 7.02. Force Majeure
Section 7.03. Relationship of Parties
Section 7.04. Assignment
Section 7.05. Waivers
Section 7.06. Rights Cumulative

Section 7.07.	Notices
Section 7.08.	No Effect on Other Agreements
Section 7.09.	Governing Law
Section 7.10.	Dispute Resolution
Section 7.11.	Consent to Jurisdiction and Forum; AMD Holding Appointment of Agent for Service of Process
Section 7.12.	Judgment Currency
Section 7.13.	Language
Section 7.14.	Entire Agreement
Section 7.15.	Counterparts
Section 7.16.	Amendments
Section 7.17.	EMU

3

AMD HOLDING WAFER PURCHASE AGREEMENT

This AMD Holding Wafer Purchase Agreement (this "Agreement") dated as of 11 March, 1997 is between:

- (1) Advanced Micro Devices, Inc., a corporation organized and existing under the laws of the State of Delaware, United States of America, with its principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc."); and
- (2) AMD Saxony Holding GmbH, a Gesellschaft mit beschränkter Haftung organized and existing under the laws of Germany and registered in Dresden, Germany ("AMD Holding").

RECITALS

WHEREAS, AMD Saxony Manufacturing GmbH, a Gesellschaft mit beschränkter Haftung organized and existing under the laws of Germany and registered in Dresden, Germany ("AMD Saxonia"), is a wholly-owned Subsidiary (such and other capitalized terms not otherwise defined herein having the meaning assigned thereto in Section 1.01) of AMD Holding, which in turn is a wholly-owned Subsidiary of AMD Inc.;

WHEREAS, AMD Inc., AMD Holding and AMD Saxonia are currently involved in the initial planning stages of a project pursuant to which AMD Saxonia will construct, own and operate inter alia the Plant to be located in or near Dresden, Germany to manufacture Wafers using high-volume semiconductor wafer fabrication processes;

WHEREAS, concurrently herewith, AMD Holding and AMD Saxonia are entering into the AMD Saxonia Wafer Purchase Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD Saxonia Wafer Purchase Agreement") pursuant to which AMD Holding is obtaining the exclusive right to purchase Wafers from AMD Saxonia, and AMD Saxonia is agreeing, on such exclusive basis, to manufacture and sell Wafers to AMD Holding, in each case on the terms and conditions of the AMD Saxonia Wafer Purchase Agreement;

WHEREAS, on the terms and conditions of this Agreement, including the payment terms of Article III, AMD Inc. wishes the exclusive right to purchase such Wafers from AMD Holding as are purchased by AMD Holding from AMD Saxonia pursuant to the AMD Saxonia Wafer Purchase Agreement, and AMD Holding is willing, on such exclusive basis, to sell such Wafers to AMD Inc.;

WHEREAS, concurrently herewith (i) AMD Inc. and AMD Holding are entering into the AMD Holding Research Agreement, (ii) AMD Inc., AMD Holding and AMD Saxonia are entering into the License Agreement and the amendment and restatement

4

of the Management Service Agreement and (iii) AMD Holding and AMD Saxonia are entering into the AMD Saxonia Research Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

Interpretation

Section 1.01. Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to them in the AMD Saxonia Wafer Purchase Agreement.

Section 1.02 Construction of Certain Terms.

(a) Unless otherwise specifically provided, (i) references to the singular shall include the plural and vice versa, and references by way of masculine pronoun or adjective shall include references by way of the feminine; (ii) references to Articles, Sections and Subsections shall be to Articles, Sections and Subsections of this Agreement; (iii) accounting terms are to be construed in accordance with German GAAP; (iv) all references to money, costs and payments in this Agreement are to money, costs and payments in DM; and (v) references to days in this Agreement shall be to calendar days.

(b) The index to and headings in this Agreement are inserted for convenience only and are to be ignored in construing this Agreement.

ARTICLE II

Supply of Products

Section 2.01. Sale of Products by AMD Holding to AMD Inc.

(a) AMD Holding hereby agrees to sell to AMD Inc., and AMD Inc. hereby agrees to purchase from AMD Holding, in accordance with the terms of this Agreement, 100% of such Products as are manufactured by AMD Saxonia and sold to AMD Holding in accordance with the AMD Saxonia Wafer Purchase Agreement. AMD Holding further agrees that, during the term of this Agreement, unless AMD Inc. and, prior to the Loan Agreement Termination Date, the Agent, otherwise consent thereto,

(i) it shall not under any circumstances, directly or indirectly, (i) market, distribute or sell any Products or any other goods or services to any Person other than AMD Inc. or one or more of AMD Inc.'s Subsidiaries and Affiliates, (ii) order

5

Products from AMD Saxonia under the AMD Saxonia Wafer Purchase Agreement unless ordered by AMD Inc. hereunder, (iii) amend, supplement or otherwise modify the AMD Saxonia Wafer Purchase Agreement, or (iv) engage in any activities other than (v) the investment in equity of AMD Saxonia, (w) the making of loans and provision of other financial support to AMD Saxonia, (x) the purchase and sale of Products as contemplated hereby, (y) the provision of research, design and development services as contemplated by the AMD Holding Research Agreement and (z) activities reasonably incidental to any of the foregoing; and

(ii) it shall cause AMD Saxonia to comply with AMD Saxonia's obligations under the AMD Saxonia Wafer Purchase Agreement except to the extent inconsistent with the terms of the Sponsors' Subordination Agreement (as defined in the Loan Agreement).

(b) On the terms and subject to the conditions of this Agreement, AMD Inc. hereby agrees to purchase from AMD Holding and pay for the Products Onshipped (as defined below) to it pursuant to the terms of this Agreement. For purposes of this Agreement, "Onshipped" means Products delivered by or on behalf of AMD Holding F.O.B. Dresden, Germany pursuant to Section 3.04 pursuant to one or more purchase orders placed by AMD Inc. and accepted by AMD Holding in accordance with this Agreement. For purposes of this definition, all Products Shipped by AMD Saxonia to AMD Holding under the AMD Saxonia Wafer Purchase Agreement shall be deemed to be delivered by AMD Holding under this Agreement.

(c) AMD Inc. hereby agrees to provide, on behalf of AMD Holding, such technical assistance and to make such disclosures to AMD Saxonia at such times and to the extent required to be provided or made by AMD Holding, or required to be arranged by AMD Holding to be provided or made, pursuant to Section 2.01(c) of the AMD Saxonia Wafer Purchase Agreement.

(d) Section 2.01(d) of the AMD Saxonia Wafer Purchase Agreement contemplates delivery to AMD Holding of pre-production samples of Products under the circumstances contemplated thereby. AMD Holding shall submit such samples to AMD Inc. for approval under this Agreement within one Business Day of its receipt of such samples from AMD Saxonia pursuant to such Section 2.01(d). AMD Inc. shall communicate its approval or disapproval of any such samples no later than 10 days after such samples are submitted to AMD Holding by AMD Saxonia for such approval (and shall be deemed to have approved such samples under this Section 2.01(d) if it has not communicated any such disapproval within such 10 day period). Approval shall not be unreasonably withheld by AMD Inc. and, once given, shall constitute irrevocable confirmation that the Products manufactured in conformity with the samples (or differing only within normal silicon computer chip industry limits) will comply with the Specifications and will meet the requirements of quality specified in Section 2.03, except in respect of defects in such samples or future production which are not capable of being revealed on reasonable inspection by AMD Inc.

(e) AMD Holding with AMD Inc.'s approval shall nominate one or more senior managers of AMD Inc. to act as its representative for liaising with AMD Saxonia, pursuant to Section 2.01(e) of the AMD Saxonia Wafer Purchase Agreement, in connection with the manufacture and development of Products by AMD Saxonia.

Section 2.02. Importation of Products. AMD Inc. shall be responsible, at its own cost and expense, for obtaining any and all consents, authorizations, permits or approvals in connection with the import of Products hereunder into any territory outside Germany.

Section 2.03. Quality of the Products; Inspection and Rejection; Replacement Product. Without prejudice to AMD Inc.'s obligation to make payment for Products Onshipped pursuant to Section 3.05:

(a) AMD Holding shall use, and shall cause AMD Saxonia to use, all reasonable efforts to ensure that each Product Onshipped meets the Specifications for that Product. In order to assist AMD Holding in such efforts and for the purpose of assuring to AMD Inc. the quality of the Products required under this Agreement, AMD Holding shall permit the duly authorized representatives of AMD Inc., at any time during normal working hours and on reasonable notice, to inspect any premises of AMD Holding, and shall use all reasonable efforts to permit such representatives, at such time and on such notice, to inspect any premises of any third party where any of the Products, or any labeling or packaging for them, are stored by or for AMD Holding. In addition, AMD Holding shall cause AMD Saxonia to permit the duly authorized representatives of AMD Inc., at any time during normal working hours and on reasonable notice, to inspect any premises of AMD Saxonia, and shall cause AMD Saxonia to use all reasonable efforts to permit such representatives, at such time and on such notice, to inspect any premises of any third party where any of the Products, or any labeling or packaging for them, are manufactured or stored by or for AMD Saxonia.

(b) AMD Inc. shall promptly notify AMD Holding and AMD Saxonia in writing should the quality of the Products Onshipped vary materially from the typical quality of the four previous shipments or, in the case of the first four shipments, from the quality of the previous shipments. In such event, AMD Holding shall use, and shall cause AMD Saxonia to use, its reasonable commercial efforts to restore the quality of the Products delivered hereunder to again meet such typical quality as soon as possible.

ARTICLE III

Payments and Delivery of Products

Section 3.01 Purchase Price of Products.

(a) AMD Inc. shall pay to AMD Holding the relevant Actual Selling Price Per Wafer for each Product Onshipped by AMD Holding and, to the extent paid by AMD Saxonia and/or AMD Holding, the costs and expenses for freight and insurances (including such costs and expenses in respect of delivery from AMD Saxonia to AMD Holding). In

addition, and without duplication, AMD Inc. agrees to make payments from time to time to AMD Holding in amounts equal to (and on the same basis as) all other amounts (but without duplication of amounts compensated to AMD Holding under Section 6.02 or any other provision hereof) due from AMD Holding to AMD Saxonia under the AMD Saxonia Wafer Purchase Agreement, including without limitation the following:

- (i) payment of the Price Adjustment Amount when and to the extent required to be paid by AMD Holding under Section 3.03 of the AMD Saxonia Wafer Purchase Agreement;
- (ii) payment of Excess Start-Up Costs when and to the extent required to be paid by AMD Holding under Section 3.04 of the AMD Saxonia Wafer Purchase Agreement;
- (iii) payment of the Advance Payment Adjustment Amount when and to the extent required to be paid by AMD Holding under Section 3.05 of the AMD Saxonia Wafer Purchase Agreement;
- (iv) payment of the Fixed Cost Compensation Amount when and to the extent required to be paid by AMD Holding under Section 3.06 of the AMD Saxonia Wafer Purchase Agreement; and

(v) payment of the Pari Passu Compensation Amount when and to the extent required to be paid by AMD Holding under Section 3.12 of the AMD Saxonia Wafer Purchase Agreement.

(b) AMD Inc. may offset against amounts it owes or will owe to AMD Holding under this Agreement the same amount as is required to be credited from time to time by AMD Saxonia to AMD Holding under the AMD Saxonia Wafer Purchase Agreement.

(c) Without limiting Sections 2.01(a) and (b), AMD Holding agrees that it will neither Onship any Product to AMD Inc. for an amount in excess of the purchase price paid by AMD Holding to AMD Saxonia (or credited to AMD Holding by AMD Saxonia) for such Product, nor bill AMD Inc. for research and development services in an amount in excess of the amount paid by AMD Holding to AMD Saxonia (or credited to AMD Holding by AMD Saxonia) for such research and development services.

Section 3.02. Certain Forecasts and Notices Relating to Quarterly Pricing; Capacity.

(a) AMD Holding shall deliver to AMD Inc. copies of each estimate and forecast required to be delivered to AMD Holding by AMD Saxonia pursuant to Section 3.02 of the AMD Saxonia Wafer Purchase Agreement as soon as practicable after AMD Holding receives the relevant estimate or forecast. To the extent any such estimate or forecast must be reasonably acceptable to AMD Holding, AMD Holding agrees to consult with AMD Inc., and

8

shall consider AMD Inc.'s views in determining whether such estimate or forecast is reasonably acceptable to AMD Holding.

(b) Not later than ten (10) days before the commencement of each Period, AMD Inc. shall prepare and deliver to AMD Holding (with a copy to AMD Saxonia and, if prior to the Loan Agreement Termination Date, the Agent) a written forecast, showing in reasonable detail AMD Inc.'s good faith and reasonable estimate of the volume of each Product that AMD Inc. anticipates ordering from AMD Holding in accordance with the terms of this Agreement for delivery during the course of the Period, provided that such estimate shall be not less than 1 for any Period commencing on or after the Completion Date. AMD Holding shall adopt such estimate in the Requirements Forecast required to be delivered by it pursuant to Section 3.02(a)(ii) of the AMD Saxonia Wafer Purchase Agreement.

(c) Whenever AMD Holding is required under the terms of the AMD Saxonia Wafer Purchase Agreement to make a determination of the Capacity of a Wafer Fabrication Plant, AMD Holding shall request that AMD Inc. determine such Capacity, and AMD Inc. promptly shall determine such Capacity in good faith and inform AMD Holding thereof. AMD Holding shall adopt such determination for purposes of the AMD Saxonia Wafer Purchase Agreement unless it cannot reasonably do so. In the event Section 7.10(k) of the AMD Saxonia Wafer Purchase Agreement applies to a dispute over the determination of Capacity under the AMD Saxonia Wafer Purchase Agreement, AMD Holding shall consult with AMD Inc. and use all reasonable efforts to cause a technical consultant acceptable to AMD Inc. to be appointed pursuant to such Section.

Section 3.03. Ordering Procedure.

(a) AMD Inc. shall place with AMD Holding written orders (with copies to AMD Saxonia) for Products, to be Onshipped during a Fiscal Quarter, at least 7 days prior to the beginning of such Fiscal Quarter and shall specify the volume of Products ordered, the Actual Selling Price Per Wafer, the desired destination, a reasonable shipment date and any other relevant shipping terms for the Products covered by each such order. AMD Holding shall use its best efforts to advise AMD Inc. in advance of any inability to make full and timely delivery of any Products ordered by AMD Inc. AMD Inc. shall take delivery of, and be solely responsible for the disposition of, any Product with respect to any order which it has placed with AMD Holding.

(b) AMD Inc. may change the destination of any order prior to the Product shipment date. AMD Holding shall use its best efforts to Onship each order of Products on the shipment date requested and to the destination specified by AMD Inc., unless AMD Inc. gives notice to AMD Holding of a different destination for such order in accordance with this Section 3.03, in which event AMD Holding shall use its best efforts to Onship such order of Products to the revised destination, if any.

Section 3.04. Shipping Terms. AMD Holding shall deliver the Products purchased hereunder F.O.B. Dresden, Germany. AMD Inc. will arrange and be responsible for and pay all freight, trucking, insurance and other charges incurred in connection with the shipment of the Products from Dresden, Germany, to such place or places of delivery as specified by AMD Inc. pursuant to Section 3.03.

Section 3.05. Payments; Set Off.

(a) AMD Inc. shall pay to AMD Holding the relevant Actual Selling Price Per Wafer for each Product Onshipped by AMD Holding and, to the extent paid by AMD Holding and/or AMD Saxonia, the costs and expenses for freight and insurances, unconditionally before the date on which AMD Holding is required to pay to AMD Saxonia the corresponding Actual Selling Price Per Wafer for the relevant Product Shipped by AMD Saxonia pursuant to Section 3.10 of the AMD Saxonia Wafer Purchase Agreement (provided AMD Holding or AMD Saxonia gives AMD Inc. reasonable advance notice of such date) but in no event later than 30 days after receipt of invoices denominated in DM from AMD Holding in accordance with this Section 3.05. AMD Holding shall be entitled to issue invoices to AMD Inc. as soon as the relevant Products are Onshipped as provided in Section 3.04 above.

(b) Payment for all other amounts due hereunder from either party (including any adjustment amount as set forth in Section 3.01 hereof) shall be unconditionally due on or before the date specified in the AMD Saxonia Wafer Purchase Agreement for the corresponding such amount. AMD Holding agrees that it shall, as soon as practicable and in any event prior to the relevant due date for any such payment, deliver to AMD Inc. any certification, invoice or notice from AMD Saxonia to AMD Holding which, pursuant to the terms of the AMD Saxonia Wafer Purchase Agreement, is to be delivered by AMD Saxonia to AMD Holding prior to the relevant due date for payment of any amount under the AMD Saxonia Wafer Purchase Agreement.

(c) All amounts under this Agreement not paid when due from AMD Inc. shall bear interest at the rate of 7.0% per annum from the date due until paid, calculated on the basis of actual days and months elapsed. Such interest shall be due and payable at the end of each calendar month. In no event shall the interest charged exceed the maximum amount permitted under law.

(d) The obligations of AMD Inc. under this Agreement are intended by the parties to be absolute and unconditional under any and all circumstances except to the extent expressly stated in this Agreement, and are intended to be independent of the rights and obligations of AMD Holding and AMD Inc. or any of their Affiliates or of any third party under this Agreement or any other agreement or arrangement in each case except as expressly stated in this Agreement.

(e) The parties hereto hereby expressly acknowledge, agree, and understand that the payment by AMD Inc. of all amounts payable by it hereunder as required by this Agreement shall in no way be prevented, delayed, or otherwise affected as a result of any dispute between the parties (or between any of the parties and their Affiliates) or by any breach of this Agreement or any other agreement entered into in connection herewith and/or any adverse change in the financial or economic condition of AMD Holding or any Affiliate thereof, including without limitation AMD Holding's or any such Affiliate's liquidation or bankruptcy, or any kind of insolvency proceeding in respect thereof.

10

(f) Except as otherwise expressly provided herein and in that certain Management Service Agreement entered into concurrently herewith (a copy of which is attached as Exhibit VII to the AMD Saxonia Wafer Purchase Agreement), no obligations of AMD Inc. under this Agreement shall be subject to any counterclaim, set-off, deduction, withholding, or defense based upon (and without prejudice to) any claim that AMD Inc. may have against AMD Holding, any of its Affiliates, or any other Person, or released, discharged, or in any way affected for any reason or through any circumstances whatsoever (other than as required by any mandatory non-waivable requirements of law) including, without limitation, (i) any breach of any representation or warranty on the part of AMD Holding under or in connection with this Agreement or any other agreement entered into in connection herewith or any failure of AMD Holding to perform any of its agreements, covenants, or other obligations hereunder or thereunder, or (ii) any other circumstance which might constitute a legal or equitable discharge or defense of AMD Inc.; provided that, as between AMD Inc. and AMD Holding (and (x) notwithstanding any other provision hereof, and (y) without prejudice to any rights of subrogation that may arise), payment or performance by AMD Inc. or any other Person of any obligation of AMD Holding under the AMD Saxonia Wafer Purchase Agreement (including without limitation pursuant to the AMD Inc. Guaranty (as defined in the Sponsors' Support Agreement)) shall constitute payment or performance (as applicable) of the corresponding such obligation of AMD Inc. hereunder.

(g) Any amounts that are due from AMD Holding to AMD Inc. hereunder shall be payable only in the form of credit against amounts owed or to be owed by AMD Inc. to AMD Holding under this Agreement, except to the extent expressly provided in Section 4.02. Any amount that is due from AMD Inc. to AMD Holding hereunder may be set-off against any payment then due (whether as a credit or otherwise) hereunder or under the Management Service Agreement from AMD Holding

to AMD Inc.

Section 3.06. Method of Payment. Payments under this Agreement from AMD Inc. to AMD Holding, if made other than by set-off permitted by Section 3.05, shall be made by wire transfer deposited into account no. [*] or such other account specified by AMD Holding with the prior written consent of the Agent (a copy of which consent shall be delivered by AMD Holding to AMD Inc.) with not less than 15 days written notice to AMD Inc., and all such payments shall be made in DM.

Section 3.07. Product Warranty. Subject to Section 3.08, AMD Holding represents and warrants that all Products sold to AMD Inc. pursuant to this Agreement shall conform in all material respects to the Specifications for such Products and, if expressly agreed by AMD Holding in writing in advance, to any specific changes thereto contained in a specific purchase order.

Section 3.08. Disclaimer. THE WARRANTY CONTAINED IN SECTION 3.07 IS THE SOLE AND EXCLUSIVE WARRANTY AS TO THE PRODUCTS AND IS EXPRESSLY IN LIEU OF ANY EXPRESS OR IMPLIED WARRANTIES, IN FACT OR IN LAW, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY SIMILAR WARRANTIES IMPLIED BY APPLICABLE LAW. REPAIR OR

11

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

REPLACEMENT OF DEFECTIVE PRODUCTS SHALL BE AMD INC.'S EXCLUSIVE REMEDY WITH RESPECT TO DEFECTIVE PRODUCTS. AMD HOLDING ASSUMES NO LIABILITY IN TORT OR STRICT LIABILITY, NOR SHALL AMD HOLDING BE LIABLE TO AMD INC. OR ANY SUBSIDIARY OR AFFILIATE THEREOF FOR LOSS OF USE OF PRODUCTS OR ANY OTHER INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES INCURRED BY AMD INC. OR ANY SUBSIDIARY OR AFFILIATE THEREOF. IN NO EVENT SHALL THE LIABILITY OF AMD HOLDING ARISING IN CONNECTION WITH ANY PRODUCTS SOLD HEREUNDER EXCEED THE ACTUAL AMOUNT PAID BY AMD INC. TO AMD HOLDING FOR PRODUCTS INVOLVED IN SUCH CLAIM.

Section 3.09. Limitation of Liability. In furtherance of the parties' selection of California law to govern this Agreement, the parties hereby expressly exclude rescission (Wandlung) and price reduction (Minderung) as remedies for defective Products and agree that in no event shall German Civil Code Paragraph 462 be applicable. To the extent permissible under applicable law, AMD Holding assumes no liability in tort or strict liability, nor shall AMD Holding be liable to AMD Inc. or any AMD Inc. Affiliate for loss of use of Products or any other incidental, special, indirect or consequential damages or lost profits incurred by AMD Inc. or an AMD Inc. Affiliate. Without prejudice to Section 3.08, in no event shall the liability of AMD Holding arising in connection with any Products sold hereunder exceed the actual amount paid by AMD Inc. to AMD Holding for Products involved in such claim.

Section 3.10. Annual Fee; Reimbursement of Certain Administrative Costs of AMD Holding.

(a) AMD Inc. agrees to pay AMD Holding an annual fee, no later than 30 days after the end of the relevant Fiscal Year, of (i) DM 250,000 for the Fiscal Year ending December 1997, and (ii) DM 500,000 for each Fiscal Year thereafter during the term of this Agreement (which fee shall be pro-rated for any part of a Fiscal Year other than the Fiscal Year ending December 1997), as compensation to AMD Holding for undertaking any obligations under the Operative Documents (as defined in the Sponsors' Support Agreement) that benefit AMD Inc.

(b) AMD Inc. agrees to compensate AMD Holding for any administrative costs, including without limitation bookkeeping, legal and accounting costs and amounts payable by AMD Holding to AMD Saxonia pursuant to Section 3.07 of the AMD Saxonia Wafer Purchase Agreement, incurred by AMD Holding in connection with this Agreement, the AMD Saxonia Wafer Purchase Agreement and the Research Agreements, plus a surcharge on such costs of 7.5%. All amounts payable by AMD Inc. under this Section 3.10(b) shall be payable in arrears no later than 30 days after the end of each Fiscal Year.

ARTICLE IV

Technical Assistance

12

Section 4.01. Provision to AMD Saxonia of Know-how, Advice, Technical Assistance, Expert Support and Training and Access to Comparable Plants. AMD Inc. hereby agrees to (i) provide, on behalf of AMD Holding, AMD Saxonia with such technical assistance, advice, expert support, Intellectual Property, Technical Documentation, copies, technical discussions, lectures, guidance and technical and other training, (ii) make such disclosures and notifications to

AMD Saxonia, (iii) permit AMD Saxonia to make such copies and (iv) permit AMD Saxonia to send employees of AMD Saxonia to visit AMD Inc.'s Wafer Fabrication Plants, in each case to the extent and in the manner required to be provided, made or permitted, or required to be arranged to be provided, made or permitted, by AMD Holding and/or AMD Inc. under Article IV of the AMD Saxonia Wafer Purchase Agreement. To the extent any such requirement is contingent on AMD Saxonia making a request to AMD Holding, AMD Holding shall inform AMD Inc. of each such request (including all relevant details) as soon as practicable after such request is made by AMD Saxonia to AMD Holding.

Section 4.02. Charge for Technical Assistance.

(a) As compensation in full for the performance of the services contemplated under this Article IV, AMD Holding shall reimburse AMD Inc. for (i) all reasonable out-of-pocket expenses incurred by AMD Inc. in connection with providing such services, plus (ii) the reasonable salaries and other remuneration of the relevant personnel involved, in each case to the extent not reimbursed by AMD Saxonia directly to AMD Inc. In this regard, AMD Inc. shall issue quarterly invoices to AMD Holding itemizing in detail the basis for each invoiced amount. Prior to the Effective Date, all such invoiced amounts shall, notwithstanding Section 3.05, be paid by AMD Holding within thirty-five (35) days of its receipt of the respective invoice. Payments shall be made in DM by wire transfer. From and after the Effective Date, payments shall be made only in the form of credits against amounts owed or to be owed by AMD Inc. to AMD Holding under this Agreement.

(b) The parties agree that any invoiced amounts to be paid or credited by AMD Holding under this Section 4.02 shall not duplicate amounts charged for services provided by AMD Inc. to AMD Saxonia pursuant to the Management Service Agreement.

(c) The foregoing notwithstanding, (i) in no event shall the aggregate amounts to be paid to AMD Inc. under this Section 4.02 and under the Management Service Agreement prior to the Effective Date exceed DM 135,000,000 (One Hundred Thirty-Five Million Deutsche Marks), and (ii) the parties agree that any Intellectual Property provided in any form to AMD Saxonia or to AMD Holding for the benefit of AMD Saxonia for its use hereunder is provided at no charge.

ARTICLE V

Accounting Reports; Other Reports; Right of Inspection by or on Behalf of AMD Holding

13

Section 5.01. Annual Accounting Reports.

(a) AMD Inc. and its duly authorized representatives and, if the Loan Agreement Termination Date has not yet taken place, the Agent shall at all reasonable times have access to the books and accounts kept by AMD Holding and annually upon the closing of the Fiscal Year all such books and accounts shall be audited by Ernst & Young GmbH or such other firm of independent and internationally known public accountants as may be selected by AMD Holding with the approval of AMD Inc. and, if the Loan Agreement Termination Date has not yet taken place, the Agent (the consent of the Agent not to be unreasonably withheld). A copy of each such report of audit, together with a reconciliation of AMD Holding's fiscal year figures to the statutory financial statements of AMD Holding, shall be sent promptly to AMD Inc. and, prior to the Loan Agreement Termination Date, the Agent. AMD Inc. and its duly authorized representatives shall also have the right to examine and inspect at any reasonable time all properties and operations of AMD Holding to which this Agreement relates.

(b) AMD Holding shall (i) cause AMD Saxonia to give AMD Inc. at all reasonable times access to the books and accounts kept by AMD Saxonia and (ii) cause all such books and accounts to be audited annually upon the closing of the Fiscal Year by Ernst & Young GmbH or such other firm of independent and internationally known public accountants as may be selected by AMD Saxonia with the approval of AMD Inc. and, if the Loan Agreement Termination Date has not yet taken place, the Agent (the consent of the Agent not to be unreasonably withheld). A copy of each such report of audit, together with a reconciliation of AMD Saxonia's fiscal year figures to the statutory financial statements of AMD Saxonia, shall be sent promptly to AMD Inc. and, prior to the Loan Agreement Termination Date, the Agent by or on behalf of AMD Holding. AMD Holding shall cause AMD Saxonia to permit AMD Inc. and its duly authorized representatives to examine and inspect at any reasonable time all properties and operations of AMD Saxonia to which the AMD Saxonia Wafer Purchase Agreement relates.

Section 5.02. Periodic Written Report regarding AMD Inc. AMD Inc. shall prepare and deliver to AMD Holding and AMD Saxonia and, if the Loan Agreement Termination Date has not yet taken place, the Agent not later than 30 days after the end of each Period commencing on or after the Effective Date a written report in form and substance reasonably satisfactory to the Agent and AMD Saxonia discussing in reasonable detail AMD Inc.'s production volumes of all

Comparable Products and AMD Inc.'s purchase volumes of Comparable Products produced by third parties and the Capacity as well as Capacity Utilization levels of other AMD Inc. Wafer Fabrication Plants producing Comparable Products and, to the extent relevant to this Agreement, other information that AMD Saxonia and/or, if the Loan Agreement Termination Date has not yet taken place, the Agent may reasonably request in connection with this Agreement.

Section 5.03. Accountants' Certification; Officer's Certificate. AMD Holding shall, as soon as practicable after its receipt of the same, deliver to AMD Inc. a copy of each certificate delivered by or on behalf of AMD Saxonia to AMD Holding pursuant to Section 5.03 of the AMD Saxonia Wafer Purchase Agreement.

14

Section 5.04. Access to AMD Inc. Facilities. If the Loan Agreement Termination Date has not yet taken place, AMD Inc. shall give reasonable access upon reasonable notice, to any Person duly designated by the Agent, to any of AMD Inc.'s Wafer Fabrication Plants and other AMD Inc. manufacturing or research facilities and all books, records, facilities and information the Agent may reasonably require for purposes of this Agreement.

ARTICLE VI

Effectiveness; Termination

Section 6.01. Effectiveness; Termination.

(a) This Agreement shall become effective on the date hereof and (unless otherwise extended as hereinafter provided) shall terminate on the date (the "Initial Termination Date") which is the earlier of (i) the Loan Agreement Termination Date and (ii) the Termination Date (as defined below). At the option of AMD Holding, exercised by giving notice to AMD Inc. at least six months prior to the Loan Agreement Termination Date, and provided that no Termination Event has occurred and is continuing and the AMD Saxonia Wafer Purchase Agreement is extended for the same period, this Agreement may be extended for one additional three year term. At the option of AMD Inc., exercised by giving notice to AMD Holding, at least six months prior to the Loan Agreement Termination Date, and provided that no Termination Event has occurred and is continuing and the AMD Saxonia Wafer Purchase Agreement is extended for the same period (and AMD Holding shall use its best efforts to effect such extension under the terms of the AMD Saxonia Wafer Purchase Agreement following its receipt of such notice), the initial term of this Agreement may be extended for one additional three year term (to the extent not previously extended by AMD Holding pursuant to the preceding sentence).

(b) Each of the events described in this Section 6.01(b), whether or not such events directly or indirectly affect AMD Inc. or AMD Holding, shall constitute a Termination Event. If such a Termination Event has occurred and is continuing, AMD Holding (or, if prior to the Loan Agreement Termination Date, the Security Agent on behalf of AMD Holding pursuant to and in accordance with the Security Documents (as defined in the Sponsors' Support Agreement)) may, by notice to AMD Inc. and, if prior to the Loan Agreement Termination Date, the Agent, terminate this Agreement in case of any of the Termination Events described in clauses (viii) through (xii) below. In addition, this Agreement shall automatically terminate (without any requirement for any action by any party hereto) immediately upon the occurrence of the Termination Event described in clauses (i) through (vii) below. Any such automatic termination shall be effective on the date of the relevant Termination Event, and any termination upon the giving of notice pursuant to this Section 6.02 shall be effective on the date any such notice is given (the date of any such automatic or other termination being the "Termination Date"). The Termination Events are as follows:

15

(i) the expropriation or condemnation of the Plant or any substantial part of the assets or business of AMD Saxonia or AMD Holding by any Governmental Authority, or the involuntary suspension, or curtailment below seventy-five percent of capacity, by AMD Saxonia of the operation of the Plant for six months or more as a result of any change in or introduction of any Law, or any change in the interpretation or application thereof, in each case occurring after the date hereof;

(ii) AMD Inc. or AMD Holding being required by any Governmental Authority to divest itself of all or a substantial portion of its direct or indirect interest in AMD Saxonia, or AMD Saxonia being required by any Governmental Authority to divest itself of all or a substantial portion of the Plant;

(iii) the destruction of the Plant or a substantial portion thereof and a decision by AMD Saxonia not to rebuild the same after having received insurance proceeds in respect of such destruction in an amount at least equal to the depreciated book value of such Plant or substantial portion thereof;

(iv) obligations of AMD Saxonia being accelerated following lapse of any applicable grace periods as a result of the occurrence of an event described in Section 21 of the Loan Agreement that would permit the Banks to terminate the Facilities under, and as defined in, such agreement, and/or the Agent, the Security Agent or any of the Banks exercising remedies pursuant to any of the Security Documents (as defined in the Loan Agreement);

(v) the involuntary (including without limitation as a result of enforcement of any rights of security granted in shares of AMD Holding and/or AMD Saxonia or performance of any undertakings to transfer such shares made to secure obligations of AMD Holding and/or AMD Saxonia) transfer of a controlling interest in AMD Holding and/or AMD Saxonia from AMD Inc. and its Subsidiaries to one or more third parties;

(vi) the involuntary dissolution or winding up of the business of AMD Holding and/or AMD Saxonia;

(vii) the AMD Saxonia Wafer Purchase Agreement terminating in accordance with its terms;

(viii) failure by AMD Inc. to make any payment required from it hereunder or under the AMD Holding Research Agreement or Sponsors' Support Agreement within 45 days of the date due therefor, or default by AMD Inc. in the performance of or compliance with any other term contained in this Agreement or any such other agreement and such default shall not have been remedied or waived within 30 days after receipt of notice from AMD Holding or, if the Loan Agreement Termination Date has not yet taken place, the Agent of such default;

(ix) any of AMD Inc.'s representations or warranties made in this Agreement or the AMD Holding Research Agreement or in any statement or

16

certificate at any time given by AMD Inc. in writing pursuant to any thereof being false in any material respect on the date as of which made; (x) a court having jurisdiction in the premises entering a decree or order for relief in respect of AMD Inc. in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, which decree or order is not stayed; or any other similar relief being granted under any applicable federal or state law;

(xi) a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over AMD Inc. or over all or a substantial part of its property, having been entered; or the involuntary appointment of an interim receiver, trustee or other custodian of AMD Inc. for all or a substantial part of its property; or the issuance of a warrant of attachment, execution or similar process against any substantial part of the property of AMD Inc.; and the continuance of any such events in this clause (xi) for 90 days unless stayed, dismissed, bonded or discharged; or

(xii) AMD Inc. having an order for relief entered with respect to it or commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consenting to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or consenting to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; the making by AMD Inc. of any assignment for the benefit of creditors; or the inability or failure by AMD Inc. or the admission by AMD Inc. in writing of its inability to pay its debts as such debts become due; or the Board of Directors of AMD Inc. (or any committee thereof) adopting any resolution or otherwise authorizing action to approve any of the foregoing.

Section 6.02. Rights Upon Termination.

(a) Promptly, but in no event later than 20 days following the Termination Date,

(i) the Adjusted Selling Price Per Wafer for the Period ending on the Termination Date shall be calculated in accordance with Section 3.03 of the AMD Saxonia Wafer Purchase Agreement;

(ii) in the event that the Termination Date occurs before all of the

Excess Start-up Costs or the Start-up Cost Savings, whichever the case may be, has been paid in accordance with Section 3.04 of the AMD Saxonia Wafer Purchase Agreement, the amount of any unpaid Excess Start-up Costs or Start-up Costs Savings shall be calculated in accordance with Section 3.04 of that Agreement;

(iii) if no Products were Shipped in the Period ending on the Termination Date, the final Advance Payment Adjustment Amount for that Period shall be

17

calculated in accordance with Section 3.05 of the AMD Saxonia Wafer Purchase Agreement;

(iv) the Fixed Cost Compensation Amount for the Period ending on the Termination Date shall be calculated in accordance with Section 3.06 of the AMD Saxonia Wafer Purchase Agreement;

(v) the Pari Passu Compensation Amount shall be calculated in accordance with Section 3.12 of the AMD Saxonia Wafer Purchase Agreement;

(vi) amounts payable by AMD Holding under Section 3.07 of the AMD Saxonia Wafer Purchase Agreement shall be calculated in accordance with the terms thereof; and the amounts payable by AMD Inc. under Section 3.10 shall be calculated in accordance with the terms thereof;

and, for purposes of each such calculation under the AMD Saxonia Wafer Purchase Agreement and of clause (b) of this Section 6.02 only, the Termination Date under the AMD Saxonia Wafer Purchase Agreement shall be deemed to be the Termination Date hereunder.

(b) AMD Inc. shall purchase from AMD Holding all inventory and work-in-process of AMD Saxonia as of the Termination Date that AMD Holding is required to purchase from AMD Saxonia pursuant to Section 6.02(b) of the AMD Saxonia Wafer Purchase Agreement. The terms and conditions of such sale shall be as set forth in Section 6.02(b) of the AMD Saxonia Wafer Purchase Agreement. The purchase price to be paid by AMD Inc. therefore shall be equal to the purchase price paid or to be paid by AMD Holding therefor under such Section 6.02(b) and shall be paid before the date on which AMD Holding is required to pay for such inventory and work-in-process under the AMD Saxonia Wafer Purchase Agreement.

(c) Upon termination of this Agreement for any reason, any amounts due from AMD Inc. to AMD Holding hereunder (including for this purpose the amounts calculated under 6.02(a) and/or 6.02(b)) shall be aggregated, and any amounts due (whether in the form of an obligation to pay or credit) from AMD Holding to AMD Inc. hereunder (including for this purpose the amounts calculated under 6.02(a) and/or 6.02(b)) and under the Management Service Agreement shall be aggregated. If the aggregate amount payable by AMD Inc. exceeds the aggregate amount payable and/or to be credited by AMD Holding, then each party's obligation to make payment of any such amount will be automatically satisfied and discharged and replaced by an obligation upon AMD Inc. to pay to AMD Holding the excess of the larger aggregate amount over the smaller aggregate amount. If the aggregate amount payable by AMD Holding exceeds the aggregate amount payable by AMD Inc., then each party's obligation to make payment of any such amount will be automatically discharged and the amount of such excess shall be additional compensation to be retained by AMD Holding for the early termination of this Agreement, and AMD Holding shall have no obligation to pay such amount to AMD Inc.

18

Section 6.03. Survival. The provisions of Sections 3.07, 3.08, 3.09, 6.02, 7.09, 7.10, 7.11 and 7.13 shall survive any termination of this Agreement.

ARTICLE VII

Miscellaneous

Section 7.01. Representations and Warranties Generally. Each of AMD Inc. and AMD Holding hereby represents and warrants to the other as follows:

(a) Organization; Corporate Power. It is duly incorporated and validly existing under the laws of the jurisdiction of its organization, and has all necessary power and authority to (i) own its assets and to carry on the business in which it is engaged; and (ii) execute, deliver and perform its obligations under this Agreement;

(b) Corporate Authority; No Conflict. The execution, delivery and performance by it of this Agreement have been duly authorized by all necessary corporate action (including any necessary shareholder action) on its part, and

do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it, or of its charter or by-laws or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced by or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument to which it is a party or by which it or its properties may be bound, or require the creation or imposition of any encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by it, and it is not in default under or in violation of its charter or by-laws or any law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture or instrument, which default or violation, individually or in the aggregate, would reasonably be expected to have a material adverse effect on its financial condition, business, operations, or prospects;

(c) Valid and Binding Obligations. This Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms subject, however, to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and, as to enforceability, by general equitable principles; and

(d) No Litigation. No litigation, arbitration proceedings or governmental proceedings are pending or to its knowledge, threatened, which pertain to this Agreement or any of the transactions contemplated thereby.

AMD Inc. acknowledges that it has no right to terminate this Agreement or offset payments hereunder because of any breach by AMD Holding of the representations and warranties contained herein.

Section 7.02. Force Majeure.

19

(a) A party to this Agreement shall not be liable for the consequences of any failure to perform, or default in performing, any of its obligations, other than its payment obligations, under this Agreement if that party can show that such failure is caused by Force Majeure.

(b) Where there has been any such failure, the said failure shall not be considered non-compliance with any term or condition of this Agreement, and all the obligations (other than payment obligations) and times which because of such failure could not be fulfilled shall be deemed to have been suspended while the failure continues. In addition, the party for whom such obligations and/or times have been suspended shall be entitled to take reasonable steps during the pendency of the relevant Force Majeure to limit its losses resulting from such Force Majeure, and following the termination of such Force Majeure such obligations and/or times shall continue to be suspended for such further reasonable period as is necessary for such party to restore its capacity to perform such obligations and/or meet such times.

Section 7.03. Relationship of Parties. AMD Holding and AMD Inc. shall at all times be independent contractors with respect to each other. Nothing in this Agreement shall constitute either party hereto as the partner, joint venturer, employee or agent of the other such party or of AMD Saxonia, and neither AMD Holding nor AMD Inc. shall act or omit to act in such a way as to suggest the contrary to any Person.

Section 7.04. Assignment. This Agreement shall be binding upon and enure to the benefit of each party hereto and their respective successors and assigns; provided, however, that neither party hereto shall have the right to transfer or assign its interest in this Agreement without the prior written consent of the other party hereto, and, if prior to the Loan Agreement Termination Date, of the Agent; provided further that AMD Holding may assign this Agreement to the Agent as security for obligations of AMD Saxonia under the Loan Agreement and the Agent may assign this Agreement to any direct transferee of the Plant in the proper exercise of the Agent's enforcement rights in respect of such security.

Section 7.05. Waivers. No delay or omission in exercise of any right or remedy of either party or any default by the other, and no custom or practice of the parties at variance with the terms of this Agreement, shall impair any right or remedy otherwise available nor shall it be construed as a waiver of any right or remedy. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision. AMD Holding shall have no right to waive any of its rights or remedies under this Agreement prior to the Loan Agreement Termination Date without the prior written consent of the Agent.

Section 7.06. Rights Cumulative. The rights, remedies and powers of each of the parties contained in this Agreement are cumulative and not exclusive of any rights, remedies or powers provided to the parties by Law. No single or partial exercise by any of the parties hereto of any right, remedy or power under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Section 7.07. Notices. All notices and other communications required or permitted to be given to or made upon either party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX or telegram, or by pre-paid courier service, or by telecopier, to the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below, or such other addresses or numbers specified in a notice sent or delivered in accordance with the provisions of this Section 7.07. Any such notice or communication shall be deemed to be given for purposes of this Agreement on the day that such writing or communication is delivered or, in the case only of a telex, TWX or telegram, sent to the intended recipient thereof, or in the case only of telecopier, sent to the intended recipient thereof with confirmation of receipt, all in accordance with the provision of this Section 7.07.

If to AMD Inc.:

Advanced Micro Devices, Inc.
One AMD Place
P.O. Box 3453
Sunnyvale, California 94088
Attention: General Counsel
Facsimile: +1 408 774 7399

If to AMD Holding:

AMD Saxony Holding GmbH
Washingtonstrasse 16 A/B
01139 Dresden
Attention: Gesch@ftsfuhrer
Facsimile: +49 351 8412 150

with a copy to:

Dresdner Bank AG
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile: +49 351 489 1350

Section 7.08. No Effect on Other Agreements. No provision of this Agreement shall be construed so as to negate, modify or affect in any way the provisions of any other agreement between AMD Inc. and AMD Holding except as specifically provided in any such other agreement.

Section 7.09. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO ITS CONFLICTS OF LAWS PRINCIPLES. THE PARTIES EXPRESSLY EXCLUDE APPLICATION OF THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE SALE OF GOODS OF APRIL 11, 1980.

Section 7.10. Dispute Resolution. Subject to Section 7.10(j) below, arbitration under this Section 7.10 shall be the exclusive means for a party to seek resolution of any dispute arising out of, relating to or connected with this Agreement, except that either party may bring an action before a competent court for the issuance of provisional or protective measures.

(a) The parties hereto agree to submit any dispute, controversy or claim ("Dispute") arising out of, relating to or in any way connected with this Agreement to final and binding arbitration in Santa Clara County, California, under the Commercial Arbitration Rules and Supplementary Procedures for International Commercial Arbitration of the American Arbitration Association ("AAA") then in force except as modified in accordance with the provisions of this Section 7.10.

(b) The arbitral tribunal shall be composed of three arbitrators, one appointed by each party, and the two arbitrators so appointed shall, within 15 days appoint a third arbitrator who shall be chosen from a country other than those of which the parties are nationals, who shall be fluent in English, and who shall act as Chairman of the tribunal.

(c) In arriving at decisions, the arbitrators shall apply the terms and conditions of this Agreement in accordance with the laws of California.

(d) The award shall be deemed a U.S. award for purposes of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the "New

York Convention"). The English language shall be used in the arbitral proceedings and all exhibits and other evidence in a language other than English shall be accompanied by English translations when submitted into evidence before the arbitral tribunal.

(e) The arbitrators are empowered to render the following awards in accordance with any provision of this Agreement or any related agreement: (i) enjoining a party from performing any act prohibited, or compelling a party to perform any act required, by the terms of this Agreement or any related agreement and any order entered pursuant to this Agreement and (ii) ordering such other legal or equitable relief, including any provisional legal or equitable relief, or specifying such procedures as the arbitrator deems appropriate, to resolve any Dispute submitted for arbitration. The parties shall be entitled to discover all documents and other information reasonably necessary for a full understanding of any legitimate issue raised in the arbitration. They may use all methods of discovery customary under U.S. federal law, including but not limited to depositions, requests for admission, and requests for production of documents. The time periods for compliance shall be set by the arbitrators, who may also set limits on the scope of such discovery. The arbitrators shall not be empowered to award consequential or punitive damages.

22

(f) Either party may file an application in any proper court described in Section 7.11 for a provisional remedy in connection with an arbitrable controversy hereunder, but only upon the ground that the award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

(g) The arbitrators shall issue to both parties a written explanation in English of the reasons for the award and a full statement of the facts as found and the rules of law applied in reaching the decision.

(h) Any monetary award shall be made and shall be payable in DM free of any tax or any deduction.

(i) The award of the arbitral tribunal will be the sole and exclusive remedy between the parties regarding any and all claims and counterclaims with respect to the subject matter of the arbitrated dispute. An award rendered in connection with an arbitration pursuant to this Section 7.10 shall be final and binding upon the parties, and any judgment upon which an award may be entered and enforced in any court of competent jurisdiction.

(j) Notwithstanding the foregoing, the parties agree that any disputes hereunder relating solely to accounting matters shall be resolved by an auditor, appointed as provided below, acting as an expert (and not as an arbitrator), and that the resolution by such independent auditor of any such matter shall be conclusive between the parties absent manifest error. Such auditor shall be appointed by mutual agreement of the parties' respective auditors, and, if prior to the Loan Agreement Termination Date, of the Agent and shall be an independent and internationally known certified public accounting firm with no affiliation with either the parties, the Agent or any of their respective auditors.

Section 7.11. Consent to Jurisdiction and Forum; AMD Holding Appointment of Agent for Service of Process.

(a) Subject to Section 7.10, all judicial proceedings brought against either party hereto with respect to this Agreement may be brought in Santa Clara County, California, and by execution and delivery of this Agreement, each such party accepts for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of such courts. In addition, each such party hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such proceedings, and hereby further irrevocably and unconditionally waives and agrees to the fullest extent permitted by law not to plead or claim that any such proceeding brought in any such court has been brought in an inconvenient forum.

(b) AMD Holding hereby irrevocably appoints CT Corporation Services as its agent to receive on behalf of AMD Holding and its property service of copies of the summons and complaint and any other process which may be served in any proceeding in any state or federal court of competent jurisdiction in the State of California.

Section 7.12. Judgment Currency. The parties hereto agree that, without prejudice to Sections 7.10 and 7.11 above:

23

(a) if, for purposes of obtaining hereunder an arbitral award or judgment of any court, it is necessary to convert a sum due hereunder in DM into another

currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the prevailing party could purchase DM with such other currency on the Business Day preceding that on which the final award or judgment (as applicable) is given; and

(b) the obligation of each of the parties hereto in respect of any sum due hereunder from it (the "Payor") to the other party (the "Recipient") shall, notwithstanding any judgment in a currency other than DM, be discharged only to the extent that on the Business Day following receipt by the Recipient of any sum adjudged to be so due in such other currency, the Recipient may, in accordance with normal banking procedures, purchase DM with such other currency; in the event that the DM so purchased is less than the sum originally due to the Recipient, the Payor, as a separate obligation and notwithstanding any such judgment or award, hereby agrees to indemnify and hold harmless the Recipient against such loss, and if the DM so purchased exceeds the sum originally due to the Recipient, the Recipient shall remit to the Payor the excess.

Section 7.13. Language. This Agreement is in the English language, which language shall be controlling in all respects.

Section 7.14. Entire Agreement. This Agreement, the AMD Saxonia Wafer Purchase Agreement, the AMD Holding Research Agreement, the AMD Saxonia Research Agreement, the Management Service Agreement and the License Agreement embody the entire agreement and understanding between the parties with respect to the subject matter hereof. Neither party has relied upon any representation or warranty of the other party in entering into this Agreement except as expressly set forth herein. AMD Inc. further acknowledges and agrees that its obligations hereunder shall remain in full force and effect notwithstanding the breach by AMD Holding of any representation or warranty contained herein.

Section 7.15. Counterparts. This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

Section 7.16. Amendments. No modifications or amendments to this Agreement shall be binding unless in writing and executed by each of the parties hereto. In addition, no modification or amendment to this Agreement may be made without the prior written consent of, if prior to the Loan Agreement Termination Date, the Agent.

Section 7.17. EMU. The European Economic and Monetary Union anticipates the introduction of a single currency and the substitution of the national currencies of Member States participating in the Monetary Union. On the date on which the DM is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally

24

permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member States participating in European Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with European Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify, or renegotiate this Agreement or any of its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Agreement shall continue in full force and effect in accordance with its terms.

[Remainder of page intentionally left blank]

25

IN WITNESS OF THE FOREGOING, AMD Inc. and AMD Holding have caused this Agreement to be executed by their authorized representatives as of the date first written above.

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

Its: _____

AMD SAXONY HOLDING GMBH

By: /s/ Marvin D. Burkett

Its: Managing Director

AMD HOLDING
RESEARCH, DESIGN AND DEVELOPMENT AGREEMENT

Dated 11 March 1997

between

AMD SAXONY HOLDING GMBH,

and

ADVANCED MICRO DEVICES, INC.

AMD HOLDING
RESEARCH, DESIGN AND
DEVELOPMENT AGREEMENT

THIS AMD HOLDING RESEARCH, DESIGN AND DEVELOPMENT AGREEMENT (this "Agreement") dated as of 11 March, 1997 is entered into between AMD SAXONY HOLDING GmbH, a limited liability company organized and existing under the laws of Germany and registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding"), and ADVANCED MICRO DEVICES, INC., a corporation organized and

existing under the laws of the State of Delaware, U.S.A. ("AMD Inc.").

WHEREAS, AMD Saxony Manufacturing GmbH ("AMD Saxonia") is a wholly-owned

Subsidiary of AMD Holding, which in turn is a wholly-owned Subsidiary of AMD Inc., and

WHEREAS, AMD Saxonia, AMD Holding and AMD Inc. (together, the "AMD Companies")

are currently involved in the initial planning stages of a project pursuant to which AMD Saxonia will construct, own and operate inter alia a Plant to manufacture Wafers using high-volume semiconductor Wafer fabrication processes along with an adjoining Design Center, each of which is to be located in Dresden, Germany, and

WHEREAS, it is expected that the Design Center will employ qualified individuals, mostly hired from local colleges, universities and technical institutes and having advanced educational degrees, to conduct bona fide research on advanced semiconductor products and on the redesign and development of variants of existing semiconductor products, and

WHEREAS, this research is expected to focus on system architecture of microprocessors, circuit designs and improvements of computation and compression algorithms, and the products involved are expected to cover a range of advanced logic devices such as microprocessors and circuits for telecommunications and multimedia applications, and

WHEREAS, AMD Inc. is engaged in research, development, design, manufacturing and marketing of semiconductor products, and

WHEREAS, concurrently herewith AMD Holding and AMD Saxonia are entering into an AMD Saxonia Research, Design and Development Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD Saxonia Research Agreement"),

pursuant to which AMD Holding will obtain, and AMD Saxonia will provide, assistance in the area of research, design and development of semiconductor products, and

WHEREAS, AMD Inc. wishes to obtain assistance in the area of research, design and development of semiconductor products from AMD Holding, and AMD Holding is willing to provide such assistance, in each case on the terms and subject to the conditions of this Agreement, and

WHEREAS, concurrently herewith (i) AMD Holding and AMD Saxonia are entering into that certain AMD Saxonia Wafer Purchase Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD Saxonia Wafer Purchase

Agreement"), and (ii) AMD

Saxonia, AMD Holding and AMD Inc. are entering into that certain License Agreement (as amended, supplemented or otherwise modified from time to time, the "License Agreement"), and

WHEREAS, capitalized terms not defined herein shall have the meaning assigned to them in the AMD Saxonia Research Agreement.

NOW, THEREFORE, in consideration of the mutual covenants expressed herein, the parties hereby agree as follows:

ARTICLE I
Statement of Work

(a) On the terms and subject to the conditions provided herein, (i) AMD Inc. hereby retains AMD Holding to provide, or to arrange for AMD Saxonia to provide, research, design and development services ("Services") related

to semiconductor products to or for the benefit of AMD Inc. or, at its request, to or for the benefit of Fujitsu AMD Semiconductor Limited ("FASL") or Subsidiaries of AMD Inc. other than AMD Holding and AMD

Saxonia, and (ii) AMD Holding hereby agrees to use its reasonable commercial efforts to provide, or to arrange for AMD Saxonia to provide, the Services. In furtherance of the foregoing, AMD Holding shall furnish, or shall cause AMD Saxonia to furnish, all personnel, facilities, labor, materials, tools, equipment and supervision as may be necessary and commercially reasonable to provide, or to arrange for AMD Saxonia to provide, the Services, including without limitation to research, design and develop custom circuits, schematics and layouts, and to perform such other activities, as AMD Inc. shall from time to time reasonably request (the "Design Activity"); it being understood and agreed that, for all purposes

of this Agreement, the Services and the Design Activity shall be in all respects comparable and consistent with the "Services" and the "Design Activity" under, and as defined in, the AMD Saxonia Research Agreement.

(b) AMD Inc. acknowledges that AMD Holding's obligation is to use its reasonable commercial efforts to provide, or to arrange for AMD Saxonia to provide, the Services and Design Activities, and that AMD Holding therefore does not undertake and cannot guarantee that the results of the Services and Design Activities will achieve the goals set therefor or that such results will have any commercial value. AMD Inc. further acknowledges and agrees that AMD Holding shall not be required at any time to take any steps hereunder to provide the Services and/or Design Activities to the extent such steps at such time could reasonably be expected to delay the "Completion Date" under, and as defined in, the AMD Saxonia Wafer Purchase

Agreement.

(c) AMD Holding further agrees, during the term of this Agreement, (i) only to perform Services and engage, or to arrange for AMD Saxonia to perform and engage, in Design Activities specifically requested by AMD Inc. which request may be made by AMD Inc., FASL or one of AMD Inc.'s Subsidiaries acting pursuant to authorization from AMD Inc. hereunder and (ii) not to provide research, design and development services for persons or entities other than AMD Inc., its Subsidiaries or FASL, without the prior consent of AMD Inc.

2

(d) AMD Holding and AMD Inc. agree that this Agreement is limited to research, design and development of semiconductor products. AMD Holding further agrees that during the term of this Agreement it shall cause AMD Saxonia to comply with AMD Saxonia's obligations under the AMD Saxonia Research Agreement.

ARTICLE II
Payments

(a) AMD Inc. agrees to pay AMD Holding for the Services and Design Activities performed under this Agreement an amount equal to the amount charged to AMD Holding under the AMD Saxonia Research Agreement, plus Value Added Tax, if applicable.

(b) AMD Inc. will authorize the commencement of Services at such time as AMD Holding is able to cause AMD Saxonia to perform the Services contemplated under the AMD Saxonia Research Agreement, but in any event no later than when the Design Center is completed to AMD Holding's reasonable

satisfaction. The parties may agree that the Services and Design Activity may be phased in over a period of time prior to the completion of the Design Center.

(c) AMD Holding shall within 30 days after the end of each of its fiscal months, provide AMD Inc. with an installment invoice in respect of such fiscal month detailing the Services rendered and the Design Activity undertaken and specifying costs with respect to such Services and Design Activity, and the amount payable by AMD Inc. under this Article II with

respect thereto. Some of these costs may be estimated, budgeted or accrued costs, but shall be subject to a quarterly adjustment to reflect actual costs when finally determined.

(d) Under this Agreement, invoices shall be rendered and payments shall be made in the lawful currency of the Federal Republic of Germany ("DM").

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Invoices shall be paid in full within thirty (30) days of the receipt of such invoice. Payments under this Agreement from AMD Inc. to AMD Holding shall be made by wire transfer deposited into [*], or such other account of AMD Holding specified by AMD Holding with the prior written consent of the Agent (a copy of which consent shall be delivered by AMD Holding to AMD Inc.) with not less than 15 days written notice to AMD Inc. All amounts under this Agreement not paid when due from AMD Inc. shall bear interest at the rate of 7.0% per annum from the date due until paid, calculated on the basis of actual days and months elapsed. Accrued interest hereunder shall be due and payable at the end of each calendar month.

(e) The obligations of AMD Inc. hereunder, including, without limitation, the obligation to pay for any Services or Design Activity performed by or on behalf of AMD Holding, are intended to be absolute and unconditional. The parties hereto hereby expressly acknowledge, agree, and understand that the payment by AMD Inc. of all amounts payable by it hereunder shall in no way be prevented, delayed, or otherwise affected as a result of any dispute between the parties (or between any of their Affiliates) nor by any breach of this Agreement or any other agreement entered into in connection herewith and/or any

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

adverse change in the financial or economic condition of AMD Holding, AMD Saxonia or any Affiliate thereof, including situations or conditions which would render any or all of AMD Holding, AMD Saxonia or any Affiliate thereof in liquidation, bankruptcy, or any kind of insolvency. All obligations of AMD Inc. under or in connection with this Agreement shall be paid and performed in all events in the manner and at the times herein provided, irrespective of and without prejudice to, any rights or remedies that are available to AMD Inc. under any other agreements or any applicable laws. The foregoing notwithstanding, AMD Inc. shall be entitled to setoff, and to raise rights of retention, in respect of payment claims due from it hereunder only to the extent its counterclaim is undisputed by AMD Holding or has been the subject of a final, binding arbitral or court decision.

(f) AMD Holding shall keep and maintain, in accordance with German generally accepted accounting principles, books of account and other records with respect to the costs and other amounts charged by AMD Holding to AMD Inc. under this Agreement.

(g) AMD Inc. shall, upon reasonable written notice to AMD Holding, have a right to perform special audits of AMD Holding by either outside auditors or one or more of the internal auditors of the AMD Companies, at AMD Inc.'s own cost. In addition, AMD Holding shall cause AMD Saxonia to permit AMD Inc. to perform special audits of AMD Saxonia by either outside auditors or one or more of the internal auditors of the AMD Companies, at AMD Inc.'s own cost. The scope of the foregoing audits shall not be limited in any manner.

(h) AMD Holding and AMD Inc. agree that the purpose of this Agreement and the related Services and Design Activity is the creation of intellectual property. However, from time to time, such intellectual property may be transferred in the form of tangible personal property. The transfer of any tangible personal property is solely for the purpose of conveying or exchanging intellectual property or "Ideas". Examples of such tangible

personal property may include, but are not limited to, magnetic tapes, pattern generation tapes, test tapes, schematic diagrams, prototypes and prototype tooling. Both parties agree that, in the aggregate, the fair market value of such tangible property transferred to AMD Inc. shall not exceed U.S. \$5,000 dollars per year. The provisions of this paragraph are intended solely for valuation purposes under the various state sales and use tax rules in the U.S.A. and do not in any way alter the compensation

provisions of this Article II, which is the sole and controlling provision

for the compensation to AMD Holding for the Services and Design Activities
under this Agreement.

ARTICLE III
Work Performed Outside Germany

(a) The parties recognize that to implement the intent and purpose of this Agreement, and to bring the research, design and development efforts of AMD Holding to the stage at which production of semiconductor products is possible, essential work related to the Design Activity which AMD Holding is unable to perform may have to be performed directly by AMD Inc. at AMD Inc. facilities outside Germany.

4

(b) It is expressly agreed that all cost for work performed by or on behalf of AMD Inc., at any facility other than the Design Center, will be absorbed by AMD Inc. and will not be charged back to AMD Holding.

ARTICLE IV
Changes in Specifications

(a) AMD Inc. may from time to time request changes in the specifications of semiconductor products undergoing research, design and development during the course of the Design Activity, which request may be made by AMD Inc., FASL or one of AMD Inc.'s Subsidiaries acting pursuant to authorization from AMD Inc. AMD Inc. acknowledges that such changes may result in additional delays as well as alteration of designs, drawings, materials, and other items used in the development process and consequently may result in changed costs or delay, that such changed costs may be included in the amounts payable to AMD Saxonia by AMD Holding and, consequently, payable to AMD Holding by AMD Inc. pursuant to Section (a) of Article II hereof and

that AMD Holding shall have no liability or obligation as a result of any such delays.

(b) AMD Holding will use its reasonable commercial efforts to inform AMD Inc. of the changes in cost in sufficient time to authorize or approve such changed costs before they are incurred provided that the failure by AMD

Holding to do so will not excuse AMD Inc. of the obligation to compensate AMD Holding in respect of any such changes in cost.

ARTICLE V
Effective Date: Term and Termination

(a) This Agreement shall become effective on the date hereof and shall terminate on the earliest of (i) the Loan Agreement Termination Date and (ii) any date upon which the AMD Holding Wafer Purchase Agreement terminates in accordance with its terms.

(b) The provisions of Articles V(c), XV, XVII, XVIII, XIX, and XX of this

Agreement shall survive any termination of this Agreement.

(c) Within 30 days after termination of this Agreement, AMD Holding shall send a final invoice to AMD Inc. for any uninvoiced Services or Design Activity. Such invoice shall be paid in accordance with the payment provisions set forth in Section (d) of Article II hereof.

5

ARTICLE VI
Representations and Warranties

AMD Inc. represents and warrants to AMD Holding as follows:

(a) Organization; Corporate Power. AMD Inc. is a corporation duly

incorporated, validly existing, and in good standing under the laws of the State of Delaware; AMD Inc. is duly qualified or licensed and (where the term has a technical meaning) is in good standing as a foreign corporation authorized to do business in each jurisdiction where, because of the nature of its activities or properties, such qualification or licensing is required, except for such jurisdictions where the failure to be so qualified or licensed will not materially adversely affect its financial condition, business, operations, or prospects; and AMD Inc. has all

requisite corporate power and authority (i) to own, operate, and lease its assets and properties and to carry on the business in which it is engaged and in which it currently proposes to engage; and (ii) to execute, deliver, and perform its obligations under this Agreement.

(b) Corporate Authority; No Conflict. The execution, delivery, and

performance by AMD Inc. of this Agreement have been duly authorized by all necessary corporate action (including any necessary shareholder action) on the part of AMD Inc., and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect binding on AMD Inc. (which violation, in the case of performance only, individually or in the aggregate could reasonably be expected to have a material adverse effect on the financial condition, business, operations or prospects of AMD Inc.) or violate the charter of AMD Inc., or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument, to which AMD Inc. is a party or by which AMD Inc. or its properties are bound or affected, or (iii) result in or require (in either case except as contemplated by the Operative Documents), the creation or imposition of any encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by AMD Inc., and AMD Inc. is not in default under or in violation of its charter, or any such law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture, agreement, or instrument, which default or violation, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the financial condition, business, operations, or prospects of AMD Inc.

(c) Valid and Binding Obligations. This Agreement constitutes the legal,

valid, and binding obligation of AMD Inc., enforceable against AMD Inc. in accordance with its respective terms, subject, however, to applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and except as the enforceability thereof may be limited by general principles of equity (regardless of whether considered in a proceeding in equity or law).

6

ARTICLE VII
Warranty Disclaimer

(a) AMD Holding covenants and warrants (i) that it will perform substantially, or cause AMD Saxonia to perform substantially, all Services and Design Activity under this Agreement in accordance with the standards and practices of care, skill and diligence customarily observed by similar firms under similar circumstances at the time they are rendered, and (ii) that all Services and Design Activities shall be free of material defects in workmanship.

(b) THE WARRANTY CONTAINED IN THIS ARTICLE VII IS THE SOLE AND EXCLUSIVE WARRANTY AS TO THE SERVICES AND DESIGN ACTIVITIES RENDERED AND PROVIDED HEREUNDER, AND IS EXPRESSLY IN LIEU OF ANY EXPRESS OR IMPLIED WARRANTIES, IN FACT OR IN LAW, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. AMD HOLDING ASSUMES NO LIABILITY IN TORT OR STRICT LIABILITY, NOR SHALL AMD HOLDING BE LIABLE TO AMD INC. OR ANY SUBSIDIARY OR AFFILIATE THEREOF FOR LOSS OF USE OF SERVICES OR DESIGN ACTIVITY OR ANY OTHER INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES INCURRED BY AMD INC. OR ANY SUBSIDIARY OR AFFILIATE THEREOF. IN NO EVENT SHALL THE LIABILITY OF AMD HOLDING ARISING IN CONNECTION WITH ANY SERVICES OR DESIGN ACTIVITY PROVIDED HEREUNDER EXCEED THE ACTUAL AMOUNT PAID BY AMD INC. TO AMD HOLDING FOR SERVICES OR DESIGN ACTIVITY INVOLVED IN SUCH CLAIM.

ARTICLE VIII
Severability

If any term or provision of this Agreement or the application of this Agreement to any person, entity or circumstance is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remainder of this Agreement shall not be affected, but shall be valid and enforceable as if the invalid term, condition or provision were not a part of this Agreement.

ARTICLE IX
Headings

The headings contained in this Agreement are for convenience of reference only and shall not be deemed to be a part of this Agreement or to affect the meaning or interpretation of this Agreement.

ARTICLE X
Force Majeure

(a) A party to this Agreement shall not be liable for the consequences of any failure to perform, or default in performing, any of its obligations, other than its payment obligations, under this Agreement, if that party can show that such failure is caused by Force Majeure (as defined below).

(b) Where there has been any such failure, the said failure shall not be considered non-compliance with any term or condition of this Agreement, and all the obligations and times which because of such failure could not be fulfilled shall be deemed to have been suspended while the failure continues. In addition, the party for whom such obligations and/or times have been suspended shall be entitled to take reasonable steps during the pendency of the relevant Force Majeure to limit its losses resulting from such Force Majeure, and following the termination of such Force Majeure such obligations and/or times shall continue to be suspended for such further reasonable period as is necessary for such party to restore its capacity to perform such obligations and/or meet such times.

(c) For purposes of this Article X, "Force Majeure" means an event which is -----
not within the reasonable control of the party seeking to rely on the existence of Force Majeure, where the adverse effect of such event on such party's compliance with its obligations under this Agreement is not preventable by such party using all reasonable care and diligence. Such events may include, without limitation, the following: acts of war (whether declared or undeclared), invasion, armed conflict, acts of one or more enemy of the United States of America, Germany or any other country or jurisdiction; blockade or embargo, revolution, riot, bombs, insurrection, or other civil disturbance, sabotage, terrorism, or the threat of any of the foregoing, nuclear explosion, radioactive or chemical contamination or ionizing radiation, strikes, lockouts, industrial action or labour disputes, any effect of the natural elements including, without limitation, lightning, fire, earthquake, flood, strike and other unusual or extreme adverse weather, or environmental conditions or actions of the elements, epidemic or plague, loss of or damage to the Design Center and/or machinery, equipment or materials at, for or in transit to the Design Center, acts of God and any events or circumstances analogous to any of the above.

ARTICLE XI
Relationship of Parties

AMD Inc. and AMD Holding shall at all times be independent contractors with respect to each other. Nothing in this Agreement shall constitute either party hereto as the partner, joint venturer, employee or agent of the other such party and neither AMD Inc. nor AMD Holding shall act or omit to act in such a way as to suggest the contrary to any third party.

ARTICLE XII
Assignment

This Agreement shall be binding upon and inure to the benefit of each party hereto and their respective successors and assigns; provided, however, that this -----
Agreement contemplates personal services of AMD Holding and accordingly neither party hereto shall have the right to transfer or assign its interest in this Agreement or, in the case of AMD Holding, delegate any obligation hereunder, without the prior written consent of both the other party hereto and, prior to the Loan Agreement Termination Date, of the Agent, and provided further that AMD -----
Holding may assign this Agreement to the Agent as security for obligations of -----
AMD Saxonia under the Loan Agreement and the Agent may further assign this -----
Agreement to the extent permitted in the proper exercise of the Agent's -----
enforcement rights in respect of such security.

ARTICLE XIII
Waivers

No delay or omission in exercise of any right or remedy of either party or any default by the other, and no custom or practice of the parties at variance with the terms of this Agreement, shall impair any right or remedy otherwise available nor shall it be construed as a waiver of any right or remedy. Any waiver by either party of any default must be in writing and shall not be a

waiver of any other default concerning the same or any other provision. AMD Holding shall have no right to waive any of its rights or remedies under this Agreement without the prior written consent of the Agent.

ARTICLE XIV
Rights Cumulative

The rights, remedies and powers of each of the parties contained in this Agreement are cumulative and not exclusive of any rights, remedies or powers provided to the parties by applicable law. No single or partial exercise by either of the parties hereto of any right, remedy or power under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

ARTICLE XV
Notices

All notices and other communications required or permitted to be given to or made upon either party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX or telegram, or by pre-paid courier service, or by telecopier, to the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below, or such other addresses or numbers specified in a notice sent or delivered in accordance with the provisions of this Article XV. Any such notice

or communication shall be deemed to be given for purposes of this Agreement on the day that such writing or communication is delivered or, in the

9

case only of a telex, telecopier, TWX or telegram, sent to the intended recipient thereof, with confirmation of receipt, in accordance with the provision of this Article XV, or

If to AMD Inc.:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94088
Attention: General Counsel
Facsimile: (408) 749-3945

If to AMD Holding:

AMD Saxony Holding GmbH
Washingtonstr. 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile: (49) 351-8412-150

with a copy to:

AMD Saxony Manufacturing GmbH
Washingtonstr. 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile: (49) 351-8412-150

and a copy to:

Dresdner Bank AG, as Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile: (49) 351-4851350

ARTICLE XVI
No Effect on Other Agreements

No provision of this Agreement shall be construed so as to negate, modify or affect in any way the provisions of any other agreement between AMD Inc. and AMD Holding except as specifically provided in any such other agreement.

10

ARTICLE XVII
Governing Law

THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF

ARTICLE XVIII
Arbitration of Disputes

Arbitration under this Article XVIII shall be the exclusive means for a party to

seek resolution of any dispute arising out of, relating to or connected with
this Agreement, except that either party may bring an action before a competent
court for the issuance of provisional or protective measures.

(a) The parties hereto agree to submit any dispute, controversy or claim
("Dispute") arising out of, relating to or in any way connected with this

Agreement to final and binding arbitration in the County of Santa Clara,
California, under the Commercial Arbitration Rules and Supplementary
Procedures for International Commercial Arbitration of the American
Arbitration Association ("AAA") then in force except as modified in

accordance with the provisions of this Article XVIII.

(b) The arbitral tribunal shall be composed of three arbitrators, one
appointed by each party, and the two arbitrators so appointed shall, within
15 days appoint a third arbitrator who shall be chosen from a country other
than those of which the parties are nationals, who shall be fluent in
English, and who shall act as Chairman of the tribunal.

(c) In arriving at decisions, the arbitrators shall apply the terms and
conditions of this Agreement in accordance with the laws of the State of
California.

(d) The award shall be deemed a U.S. award for purposes of the Convention
on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the
"New York Convention"). The English language shall be used in the arbitral

proceedings and all exhibits and other evidence in a language other than
English shall be accompanied by English translations when submitted into
evidence before the arbitral tribunal.

(e) The arbitrators are empowered to render the following awards in
accordance with any provision of this Agreement or any related agreement:
(i) enjoining a party from performing any act prohibited, or compelling a
party to perform any act required, by the terms of this Agreement or any
related agreement and any order entered into pursuant to this Agreement and
(ii) ordering such other legal or equitable relief, including any
provisional legal or equitable relief, or specifying such procedures as the
arbitrator deems appropriate, to resolve any Dispute submitted for
arbitration. The parties shall be entitled to discover all documents and
other information reasonably necessary for a full understanding of any
legitimate issue raised in the arbitration. They may use all methods of
discovery customary under U.S. federal law, including but not limited to

11

depositions, requests for admission, and requests for production of
documents. The time periods for compliance shall be set by the arbitrators,
who may also set limits on the scope of such discovery. The arbitrators
shall not be empowered to award consequential or punitive damages.

(f) Either party may file an application in any proper court described in
Article XIX hereof for a provisional remedy in connection with an

arbitrable controversy hereunder, but only upon the ground that the award
to which the applicant may be entitled may be rendered ineffectual without
provisional relief.

(g) The arbitrators shall issue to both parties a written explanation in
English of the reasons for the award and a full statement of the facts as
found and the rules of law applied in reaching the decision.

(h) Any monetary award shall be made and shall be payable in DM free of any
tax or any deduction.

(i) The award of the arbitral tribunal will be the sole and exclusive
remedy between the parties regarding any and all claims and counterclaims
with respect to the subject matter of the arbitrated dispute. An award
rendered in connection with an arbitration pursuant to this Article XVIII

shall be final and binding upon the parties, and any judgment upon which an
award may be entered and enforced in any court of competent jurisdiction.

Consent to Jurisdiction and Forum:
AMD Holding Appointment of
Agent for Service of Process

(a) Subject to Article XVIII, all judicial proceedings brought against

either party hereto with respect to this Agreement may be brought in the United States District Court for the Northern District of California or in any branch of the Superior Court of the State of California sitting in the City of San Francisco, and by execution and delivery of this Agreement, each such party accepts for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of such courts. In addition, each such party hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such proceedings, and hereby further irrevocably and unconditionally waives and agrees to the fullest extent permitted by law not to plead or claim that any such proceeding brought in any such court has been brought in an inconvenient forum.

(b) AMD Holding hereby irrevocably appoints CT Corporation Services as its agent to receive on behalf of AMD Holding and its property service of copies of the summons and complaint and any other process which may be served in any proceeding in any state or federal court of competent jurisdiction in the State of California.

12

ARTICLE XX
Judgment Currency

The parties hereto agree that, without prejudice to Articles XVII, XVIII and XIX

above:

(a) if, for purposes of obtaining hereunder an arbitral award or judgment of any court, it is necessary to convert a sum due hereunder in DM into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the prevailing party could purchase DM with such other currency on the Business Day preceding that on which the final award or judgment (as applicable) is given; and

(b) the obligation of each of the parties hereto in respect of any sum due hereunder from it (the "Payor") to the other party (the "Recipient") shall,

notwithstanding any judgment in a currency other than DM, be discharged only to the extent that on the Business Day following receipt by the Recipient of any sum adjudged to be so due in such other currency, the Recipient may, in accordance with normal banking procedures purchase DM with such other currency; in the event that the DM so purchased is less than the sum originally due to the Recipient, the Payor, as a separate obligation and notwithstanding any such judgment or award hereby agrees to indemnify and hold harmless the Recipient against such loss, and if the DM so purchased exceeds the sum originally due to the Recipient, the Recipient shall remit to the Payor the excess.

ARTICLE XXI
Language

This Agreement is in the English language, which language shall be controlling in all respects.

ARTICLE XXII
Entire Agreement

This Agreement, the AMD Saxonia Research Agreement, the AMD Holding Wafer Purchase Agreement, the Confidentiality and Intellectual Property Agreement, the License Agreement and that certain Amended and Restated Management Services Agreement, dated as of even date hereof, embody the entire agreement and understanding between the parties with respect to the subject matter hereto. AMD Inc. acknowledges and agrees that it has not relied upon any representation or warranty of the AMD Holding or AMD Saxonia in entering into this Agreement and that this Agreement shall remain in force notwithstanding the breach by AMD Holding of any such representation or warranty.

ARTICLE XXIII
Counterparts

This Agreement may be executed in one or more counterparts and by different parties hereto in

separate counterparts, each of which when so executed and delivered shall be deemed an original but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

ARTICLE XXIV
Amendments

No modifications or amendments to this Agreement shall be binding unless in writing and executed by each of the parties hereto and AMD Inc. and, prior to the Loan Agreement Termination Date, without the prior written consent of the Agent.

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ARTICLE XXV
European Monetary Union

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

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate originals as of the date first written above by causing their duly authorized representatives to sign below.

AMD SAXONY HOLDING GMBH

ADVANCED MICRO DEVICES, INC.

By: /s/Marvin D. Burkett

By: /s/Marvin D. Burkett

Its: _____

Its: _____

AMD SAXONIA WAFER PURCHASE AGREEMENT

BETWEEN

AMD SAXONY HOLDING GMBH

AND

AMD SAXONY MANUFACTURING GMBH

AMD SAXONIA WAFER PURCHASE AGREEMENT

This AMD Saxonia Wafer Purchase Agreement (as amended, supplemented or otherwise modified from time to time, this "AGREEMENT") dated as of 11 March, 1997 is between:

- (1) AMD Saxony Holding GmbH, a Gesellschaft mit beschränkter Haftung organized

and existing under the laws of Germany and registered in Dresden, Germany ("AMD HOLDING"); and
- (2) AMD Saxony Manufacturing GmbH, a Gesellschaft mit beschränkter Haftung

organized and existing under the laws of Germany and registered in Dresden, Germany ("AMD SAXONIA").

RECITALS

WHEREAS, AMD Saxonia is a wholly-owned Subsidiary (such and other capitalized terms having the meaning assigned thereto in Section 1.01) of AMD Holding, which in turn is a wholly-owned Subsidiary of Advanced Micro Devices, Inc., a corporation organized and existing under the laws of the State of Delaware, United States of America ("AMD INC.");

WHEREAS, AMD Inc., AMD Holding and AMD Saxonia are currently involved in the initial planning stages of a project pursuant to which AMD Saxonia will construct, own and operate inter alia the Plant to be located in or near

Dresden, Germany, to manufacture Wafers using high-volume semiconductor wafer fabrication processes;

WHEREAS, concurrently herewith, AMD Inc. and AMD Holding are entering into the AMD Holding Wafer Purchase Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD HOLDING WAFER PURCHASE AGREEMENT"), pursuant to which, among other things, AMD Inc. will agree to purchase from AMD Holding, and AMD Holding will agree to supply on an exclusive basis to AMD Inc., all Wafers as are ordered from time to time by AMD Inc. from AMD Holding, in each case on the terms and conditions of the AMD Holding Wafer Purchase Agreement;

WHEREAS, on the terms and conditions of this Agreement, including the payment terms of Article III, AMD Holding wishes the exclusive right to purchase Wafers from AMD Saxonia in order to enable AMD Holding to fulfill its obligations under the AMD Holding Wafer Purchase Agreement, and AMD Saxonia is willing, on such exclusive basis, to manufacture and sell Wafers to AMD Holding, all on the terms and conditions of this Agreement; and

1

WHEREAS, concurrently herewith, (i) AMD Inc. and AMD Holding are entering into the AMD Holding Research Agreement, (ii) AMD Inc., AMD Holding and AMD Saxonia are entering into the License Agreement and the amendment and restatement of the Management Service Agreement referred to in the definition thereof, and (iii) AMD Holding and AMD Saxonia are entering into the AMD Saxonia Research Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, intending to be legally bound hereby, the parties hereto agree as

follows:

ARTICLE I
INTERPRETATION

SECTION 1.01. DEFINITIONS. The following terms shall, unless the context

requires otherwise, have the respective meanings assigned to them as follows:

- (1) "AAA" has the meaning assigned to it in Section 7.10;
- (2) "ACTUAL SELLING PRICE PER WAFER" has the meaning assigned to it in Section 3.02;
- (3) "ACTUAL VOLUME" means, with respect to any Period or 4 Quarter Period, as the case may be, the actual number of Wafers Shipped by AMD Saxonia to AMD Holding during that Period or 4 Quarter Period;
- (4) "ADJ.4QFC" has the meaning assigned to it in Section 3.06;
- (5) "ADJUSTED ACTUAL VOLUME" has the meaning assigned to it in Section 3.12;
- (6) "ADJUSTED SELLING PRICE PER WAFER" has the meaning assigned to it in Section 3.03(b);
- (7) "ADVANCE PAYMENT ADJUSTMENT AMOUNT" has the meaning assigned to it in Section 3.05;
- (8) "AFFILIATE" means, with respect to any Person, a Person which, directly or indirectly, controls, is controlled by, or is under common control with, such other Person; and, for purposes of this definition, the concept of "control," with respect to any Person, signifies the possession of the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, the possession of voting rights, by contract, or otherwise; provided that FASL shall be deemed to be an Affiliate of AMD Inc. for

purposes of this Agreement;

2

- (9) "AGENT" means Dresdner Bank AG, as Agent under the Loan Agreement, including any successor to Dresdner Bank AG in that capacity;
- (10) "AGREEMENT" has the meaning assigned to it in the introduction to this Agreement;
- (11) "AMD HOLDING" has the meaning assigned to it in the introduction to this Agreement;
- (12) "AMD HOLDING RESEARCH AGREEMENT" means that certain AMD Holding Research, Design and Development Agreement entered into concurrently herewith between AMD Inc. and AMD Holding, as such agreement may be amended, supplemented or otherwise modified from time to time;
- (13) "AMD HOLDING WAFER PURCHASE AGREEMENT" has the meaning assigned to it in the Recitals to this Agreement;
- (14) "AMD INC." has the meaning assigned to it in the Recitals to this Agreement;
- (15) "AMD INC.'S AVERAGE CAPACITY UTILIZATION" has the meaning assigned to it in Section 3.12;
- (16) "AMD SAXONIA" has the meaning assigned to it in the introduction to this Agreement;
- (17) "AMD SAXONIA RESEARCH AGREEMENT" means that certain AMD Saxonia Research, Design and Development Agreement entered into concurrently herewith between AMD Holding and AMD Saxonia, as such agreement may be amended, supplemented or otherwise modified from time to time;
- (18) "AMD SAXONIA'S CAPACITY UTILIZATION" has the meaning assigned to it in Section 3.12;
- (19) "ANNUAL PRICING COMPLIANCE CERTIFICATE" means a certificate substantially in the form of Exhibit I to this Agreement;
- (20) "ANTICIPATED CAPACITY" means,
 - (i) with respect to the Fiscal Year 2000, a capacity level of 177,000 Wafers per annum; and

(ii) with respect to the Fiscal Year 2001, a capacity level of 244,000 Wafers per annum;

(iii) with respect to any Fiscal Year thereafter, a capacity level of 300,000 Wafers, which is the capacity level specified in the Management Plan;

3

provided that in the event the Completion Date takes place other than on -----

the first day of a Fiscal Year, the respective amount shall be reduced proportionately according to the actual number of days during such 4 Quarter Period.

In the event that the capacity level at the Plant is changed in accordance with the Approved Project Budget as defined in the Sponsors' Support Agreement, the parties hereto shall meet and in good faith adjust the Anticipated Capacity, if necessary to reflect such change, which shall have effect from the date such change is made under the Sponsors' Support Agreement.

- (21) "APPLICABLE PERCENTAGE" has the meaning assigned to it in Section 3.03(b);
- (22) "BANKS" means the banks from time to time party to the Loan Agreement;
- (23) "BANKS' AUDITOR" shall have the meaning assigned to it in the Loan Agreement;
- (24) "BUDGETED START-UP COSTS" means DM [*], which is the amount of aggregate Start-up Costs as determined in the Management Plan;
- (25) "BUSINESS DAY" means any day of the year on which banks are open for the purpose of conducting a commercial banking business in each of Frankfurt, Dresden, San Francisco, and London, and when used with reference to payment in any currency, on which dealings are carried out in the London Interbank Market with respect to such currency;
- (26) "CAPACITY" means, with respect to a Wafer Fabrication Plant and any 4 Quarter Period, and as determined in accordance with Section 1.02(c), the maximum number of Wafers of satisfactory commercial quality that can be manufactured at such Wafer Fabrication Plant during such 4 Quarter Period operating at its then maximum capacity in the ordinary course of business using installed machinery and equipment designated for the manufacture of such Wafers and normal work schedules, allowing for the normally experienced reliability of machinery, equipment, personnel and manufacturing processes at such plant;
- (27) "COMPARABLE PRODUCTS" means all Wafers manufactured at a Wafer Fabrication Plant, except for any such Wafers where the individual integrated circuits etched or otherwise imprinted thereon are demonstrated to the reasonable satisfaction of the Technical Advisor not to be Microsoft-compatible general purpose microprocessors; and all Wafers purchased by AMD Inc. or one of its Subsidiaries from third-party suppliers where such Wafers contain Microsoft-compatible general purpose microprocessors;

4

*CONFIDENTIAL INFORMATION OMITTED &
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION

- (28) "COMPLETION DATE" means the date on which Completion (as defined in the Sponsors' Support Agreement) takes place;
- (29) "DESIGN CENTER" means the research, design and development facility, owned and operated by AMD Saxonia and associated with the Plant, to be used for the purpose of designing and developing a broad spectrum of state-of-the-art and other digital components such as micro-processors and circuits for the telecommunications and multi-media sectors, and improvements thereof;
- (30) "DISPUTE" has the meaning assigned to it in Section 7.10;
- (31) "DM" means the lawful currency from time to time of Germany;
- (32) "ECV" has the meaning assigned to it in Section 3.12;

- (33) "EFFECTIVE DATE" means the earlier of (i) December 28, 1998, which day is the first day of AMD Saxonia's first Fiscal Quarter of its Fiscal Year 1999, or (ii) the first day of AMD Saxonia's Fiscal Quarter which commences immediately following the first commercial shipment of Products;
- (34) "EVEN CAPACITY VOLUME" has the meaning assigned to it in Section 3.12;
- (35) "EXCESS START-UP COSTS" means the excess, if any, of Start-up Costs over Budgeted Start-up Costs;
- (36) "FASL" means Fujitsu AMD Semiconductor Limited, a joint venture organized under the laws of Japan between AMD Inc. and Fujitsu Limited;
- (37) "FISCAL QUARTER" means each quarterly fiscal accounting period of AMD Saxonia, ending on or about the last day of March, June, September or the last Sunday in December and corresponding with the fiscal accounting period of AMD Inc.;
- (38) "FISCAL YEAR" means each annual fiscal period of AMD Saxonia, ending on the last Sunday in December;
- (39) "FIXED COST COMPENSATION AMOUNT" has the meaning assigned to it in Section 3.06;
- (40) "FIXED COSTS" for any period means Total Costs less Variable Costs for that period;
- (41) "FORCE MAJEURE" means with respect to AMD Saxonia or AMD Holding, as the case may be, an event which is not within the reasonable control of the Person seeking to rely on the existence of Force Majeure, where the adverse effect of such event on such Person's compliance with its obligations under

5

this Agreement is not preventable by such Person using all reasonable care and diligence. Such events may include, without limitation, the following: acts of war (whether declared or undeclared), invasion, armed conflict, acts of one or more enemy of the United States of America, Germany or any other country or jurisdiction; blockade or embargo, revolution, riot, bombs, insurrection or other civil disturbance, sabotage, terrorism or the threat of any of the foregoing, nuclear explosion, radioactive or chemical contamination or ionizing radiation, strikes, lockouts, industrial action or labor disputes, any effect of the natural elements including without limitation lightning, fire, earthquake, flood, strike and other unusual or extreme adverse weather or environmental conditions or actions of the elements, epidemic or plague, loss of or damage to the Plant and/or machinery, equipment or materials at, for or in transit to the Plant, acts of God and any events or circumstances analogous to any of the above;

- (42) "4Q ANTICIPATED CAPACITY" has the meaning assigned to it in Section 3.06;
- (43) "4Q ANTICIPATED CAPACITY LIMIT" has the meaning assigned to it in Section 3.06;
- (44) "4QAV" has the meaning assigned to it in Section 3.06;
- (45) "4 QUARTER PERIOD" means (i) each Fiscal Year commencing after the Completion Date and (ii) in the event the Completion Date takes place on a day other than the last day of a Fiscal Year, the period from (and excluding) the Completion Date through (and including) the end of the Fiscal Year in which the Completion Date takes place; provided further -----
that no 4 Quarter Period shall extend beyond, and the final 4 Quarter Period shall end on, the Termination Date;
- (46) "GERMAN GAAP" means accounting principles and practices generally accepted in Germany, consistently applied throughout the periods involved;
- (47) "GERMANY" means the Federal Republic of Germany;
- (48) "GOVERNMENTAL AUTHORITY" means any German domestic or foreign government, court or governmental body, department, agency, commission, authority or instrumentality;
- (49) "IMPROVEMENTS" means any development, enhancement, improvements, upgrades, modifications and updates (including error corrections), translations and derivative works;
- (50) "INITIAL TERMINATION DATE" has the meaning assigned to it in Section

(51) "INTELLECTUAL PROPERTY" has the meaning assigned to it in Section 4.01;

6

(52) "KNOW-HOW" means know-how, show-how, methods, techniques, procedures, formulations, formulae, assembly, installation, operating and quality control procedures and manuals, quality control standards, technical information, technical and product specifications, equipment requirements, writings, plans, drawings, designs, layouts, data, equipment descriptions, masks, mask works, systems, toolings, software, data, copyrightable material, trade secrets, inventions (whether patentable or not), improvements, developments, discoveries and any other information or intellectual property rights which may not lie within, may only partially lie within or may lie completely within the domain of public knowledge;

(53) "LAW" means all present and future laws, regulations, ordinances, permits or other requirements having legal effect;

(54) "LICENSE AGREEMENT" means the License Agreement among AMD Inc., AMD Holding and AMD Saxonia entered into concurrently herewith, as such License Agreement may be amended, supplemented or otherwise modified from time to time;

(55) "LOAN AGREEMENT" means the Loan Agreement, dated 11 March, 1997 among AMD Saxonia, the Banks, the Agent, the Security Agent and the Paying Agent, as such Loan Agreement may be amended, supplemented or otherwise modified from time to time;

(56) "LOAN AGREEMENT TERMINATION DATE" means the first day on which (i) all Obligations (under, and as defined in, the Loan Agreement) have been paid in full, and (ii) the Banks have no Commitments (under, and as defined in, the Loan Agreement);

(57) "MANAGEMENT PLAN" means that certain Management Plan of AMD Saxonia dated February 1997;

(58) "MANAGEMENT SERVICE AGREEMENT" means, together, that certain Management Service Agreement dated as of January 1, 1996 and that certain letter agreement dated April 9, 1996 between AMD Inc. and AMD Saxonia, as amended and restated among AMD Inc., AMD Holding and AMD Saxonia as of the date hereof (a copy of which amendment and restatement is attached hereto as Exhibit VII), and as such amended and restated agreement may be further amended, supplemented or otherwise modified from time to time;

(59) "NEW YORK CONVENTION" has the meaning assigned to it in Section 7.10;

(60) "PARI PASSU COMPENSATION AMOUNT" has the meaning assigned to it in Section 3.12;

7

(61) "PARI PASSU COMPLIANCE CERTIFICATE" means a certificate substantially in the form of Exhibit II to this Agreement;

(62) "PAYING AGENT" means Dresdner Bank Luxembourg S.A., as paying agent under the Loan Agreement, including any successor to Dresdner Bank Luxembourg in that capacity;

(63) "PERIOD" means any Fiscal Quarter of AMD Saxonia commencing on or after the Effective Date, including without limitation any Post Completion Period; provided that the Period in which the Completion Date takes place shall end on the Completion Date, and the next Period shall commence on the day after the Completion Date and end on the last day of the Fiscal Quarter in which the Completion Date takes place; provided further that no Period shall extend beyond, and the final Period shall end on, the Termination Date;

(64) "PERSON" means an individual, partnership, joint venture, trustee, trust, corporation, unincorporated association or other entity, or a government, state or agency or political subdivision thereof;

(65) "PLANT" means the advanced production facility to be constructed, owned and operated by AMD Saxonia in or near Dresden, Germany to manufacture Wafers using high-volume semiconductor wafer fabrication processes;

(66) "POST COMPLETION PERIOD" means each successive Period commencing after the Completion Date, and the first Post Completion Period shall accordingly begin the day following the Completion Date;

(67) "PRICE ADJUSTMENT AMOUNT" has the meaning assigned to it in Section

3.03(a);

- (68) "PRODUCT" means a Wafer containing identical individual integrated circuits meeting Specifications which have been supplied by or on behalf of AMD Holding to AMD Saxonia in accordance with Sections 2.01 and 4.01(a);
- (69) "PRODUCTION PROBLEMS" means any circumstances other than those resulting from Force Majeure pertaining to AMD Saxonia which prevent or delay the manufacture or shipment of a Product by AMD Saxonia, including any temporary or permanent inability to apply or continue to apply Intellectual Property in the manufacture of such Product;
- (70) "QUALIFIED PERSONNEL" has the meaning assigned to it in Section 4.02;
- (71) "QUARTERLY PRICING COMPLIANCE CERTIFICATE" means a certificate substantially in the form of Exhibit III to this Agreement;
- (72) "REQUIREMENTS FORECAST" has the meaning assigned to it in Section 3.02(a);
- (73) "SECURITY AGENT" means Dresdner Bank AG, as security agent under the Loan Agreement, including any successor to Dresdner Bank AG in such capacity;

8

- (74) "SHIPPED" means, with respect to any Products and any Period or 4 Quarter Period (as the case may be), Products delivered by AMD Saxonia F.O.B. Dresden, Germany pursuant to Section 3.09 during that Period or 4 Quarter Period in each case pursuant to one or more purchase orders placed by AMD Holding and accepted by AMD Saxonia in accordance with this Agreement;
- (75) "SPECIFICATIONS" means, with respect to a Product, the tooling, masks, mask-works, specifications, blueprints, drawings, assembly instructions and other instructions required for the manufacture of that Product;
- (76) "SPONSORS' SUPPORT AGREEMENT" means the Sponsors' Support Agreement entered into concurrently herewith among AMD Inc., AMD Holding, the Agent, and the Security Agent, as such agreement may be amended, supplemented or otherwise modified from time to time;
- (77) "START-UP COST ADJUSTMENT CERTIFICATION" means certification in the form of a certificate substantially in the form of Exhibit IV to this Agreement;
- (78) "START-UP COSTS" means the aggregate amount of Total Costs incurred by AMD Saxonia prior to the Effective Date;
- (79) "START-UP COST SAVINGS" means the excess, if any, of Budgeted Start-up Costs over Start-up Costs;
- (80) "SUBORDINATED SHAREHOLDER LOAN" means a loan made pursuant to and in accordance with the terms of the Sponsors' Loan Agreement (as defined in the Sponsors' Support Agreement);
- (81) "SUBSIDIARY" means, with respect to any Person, any other Person of which more than 50% of the total voting power of shares of stock or other ownership interest entitled to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof;
- (82) "SURCHARGE" has the meaning assigned to it in Section 3.07;
- (83) "TECHNICAL ADVISOR" has the meaning assigned to it in the Sponsors' Support Agreement;
- (84) "TECHNICAL DOCUMENTATION" for any Know-how means manuals and other documentation in which such Know-how is recorded and all specifications, programs, software, formulae, drawings, sketches, plans, blueprints, design materials, manuals and other technical or organizational documentation for such Know-how;

9

- (85) "TERMINATION DATE" has the meaning assigned to it in Section 6.01;
- (86) "TOTAL COSTS" means, for any period, all costs incurred, paid or accrued by AMD Saxonia and included for that period in the "Results from ordinary activities" (Ergebnis der gewöhnlichen Geschäftstätigkeit) in

accordance with German GAAP (i.e., (S) 275 of the German Commercial Code

(Handelsgesetzbuch), an English translation of which is attached as

Exhibit V to this Agreement) plus extraordinary expenses plus all taxes
other than corporation tax (Korperschaftsteuer), solidarity levy

(Solidaritätszuschlag) and value added tax (Umsatzsteuer), all as shown

in the statutory income statement of AMD Saxonia; provided that

- (a) German GAAP, solely for purposes of this definition, shall be applied according to the accounting options specified under items (i) through (x) of this definition below regardless of whether German GAAP is so applied in the statutory income statement of AMD Saxonia;
- (b) Total Costs shall be reduced by any revenue or income (other than revenue under this Agreement and the AMD Saxonia Research Agreement) accrued or received by AMD Saxonia, which revenue or income shall include any interest accrued or received by AMD Saxonia including income earned on deposits and investments, as well as net payments received in respect of hedging transactions;
- (c) Total Costs shall not include any AMD Saxonia costs reimbursed by AMD Inc. pursuant to Article II of the AMD Saxonia Research Agreement;
- (d) Total Costs shall include all interest expense paid or accrued by AMD Saxonia, including without limitation all interest expense relating to loans to AMD Saxonia from third parties and from Affiliates of AMD Saxonia.
- (e) Without limiting the generality of clause (d) of this definition, interest expenses shall include interest at the rate of 7% per annum (calculated on the basis of actual days and months and compounded monthly) on each Class A Sponsors' Loan (as defined in the Sponsors' Support Agreement) from the date made, irrespective of whether such Class A Sponsors' Loan is made as a loan or as an equity contribution, whether such Class A Sponsors' Loan bears interest at such rate, whether such interest has been paid, waived or capitalized or whether the obligation to pay such interest has been deferred;
- (f) Total Costs shall be reduced by the amount of any grants, allowances, interest subsidies, and expense reimbursements received by AMD Saxonia from the Republic of Germany, the Sachliche Aufbaubank,

10

the Free State of Saxony, the City of Dresden, or from any other Governmental Authority, and such reduction shall be made in the manner specified in (iv) or (v) below (as applicable);

- (g) Total Costs in a Period in which amounts are paid by AMD Holding to AMD Saxonia pursuant to Section 3.07 below shall be reduced by such amount; provided that such Total Costs shall not be reduced

by the amount of the Surcharge;
- (h) Total Costs for any Period after the Effective Date shall be increased by the amount of the Total Costs in the immediately preceding Period (if any) if no Products were shipped during such preceding Period (and the parties hereto acknowledge that the amount by which the Total Costs shall be increased pursuant to this clause (h) therefore corresponds to the aggregate Total Costs for all immediately preceding consecutive Periods in which no Products were Shipped, in each case without giving effect to this clause (h));
- (i) For the avoidance of doubt, Total Costs for each Period shall neither be (a) decreased for that Period by the amount by which the inventory at the end of that Period exceeds the amount of the inventory at the end of the immediately preceding Period, nor (b) increased for that Period by the amount by which the inventory at the end of that Period is less than the amount of the inventory at the end of the immediately preceding Period.

With reference to clause (a) of this definition above,

- (i) Start-up Costs will not be capitalized;
- (ii) depreciation of fixed assets will be applied on a straight-line basis on the assumption of useful lives of 25 years for buildings

(shell), ten years for other non-movables (i.e., installations

(Betriebsvorrichtungen) including, without limitation, the "clean

room") and five years for movables (machinery, tools and other
equipment);

- (iii) exceptional depreciation in order to state fixed assets at a lower value, and reversals of such depreciation in the case that the reasons for an exceptional depreciation no longer exist, will be included;
- (iv) revenues from investment grants (Investitionszuschüsse) and

allowances (Investitionszulagen) will be allocated chronologically

to the investments in buildings, machinery, tools and other equipment to which they relate for the AMD Saxonia fiscal years 1996 to 2000. They will be amortized parallel to the depreciation of the

11

corresponding fixed assets and so will reduce these depreciation costs. Without limiting the generality of clause (a) of this definition, such amortization shall occur regardless of whether AMD Saxonia elects to treat some or all of such grants and allowances as income in the year received for purposes of AMD Saxonia's statutory financial statements;

- (v) all grants, allowances, interest subsidies, or expense reimbursements described in clause (f) of this definition but which are not investment grants (Investitionszuschüsse) or

allowances (Investitionszulagen) will reduce Total Costs in the

Period received by the full amount received in that Period;
 - (vi) write-downs on current assets due to obsolescence or solvency reasons will be included;
 - (vii) inventory will be valued at the lower valuation limit according to German Income Tax Regulation (R 33 Einkommensteuerrichtlinien)

in effect on the date of this Agreement;
 - (viii) if there is a fiscal unit (Organschaft) implemented for trade tax

purposes, the portion of trade taxes (Gewerbeertragsteuer) paid

by AMD Holding and attributable to the trading profit and capital of AMD Saxonia will be included;
 - (ix) deferred taxes (latente Steuern specified in (S) 274 of the

German Commercial Code (Handelsgesetzbuch)) will not be included;

and
 - (x) accruals for repairs and maintenance expenses, necessary demolition and/or dismantlement, environmental obligations and other future expenses (so-called Aufwandsrückstellungen, (S) 249

Section 2 of the German Commercial Code (Handelsgesetzbuch)) will

be included to the extent they are made in the statutory financial statements of AMD Saxonia;
- (87) "UNEVEN CAPACITY ALLOCATION" has the meaning assigned to it in Section 3.12;
- (88) "VARIABLE COSTS" for any period means the cost of raw materials, consumables and supplies used for or in connection with the manufacture of Products during that period;
- (89) "WAFER" means a silicon wafer onto which many identical individual integrated circuits have been etched or otherwise imprinted; and

12

- (90) "WAFER FABRICATION PLANT" means (a) the Plant, (b) for so long as such plant is owned or controlled (including under lease) by AMD Inc. or one or more of its Subsidiaries, AMD Inc.'s plant located in Austin, Texas and known as "Fab 25", and (c) any other high volume semiconductor wafer

fabrication plant constructed or otherwise acquired by AMD Inc. and/or one or more of its Subsidiaries after the date hereof which produces Wafers containing Microsoft-compatible general purpose microprocessors.

SECTION 1.02. CONSTRUCTION OF CERTAIN TERMS.

(a) Unless otherwise specifically provided, (i) references to the singular shall include the plural and vice versa, and references by way of masculine pronoun or adjective shall include references by way of the feminine; (ii) references to Articles, Sections and Subsections shall be to Articles, Sections and Subsections of this Agreement; (iii) accounting terms are to be construed in accordance with German GAAP; (iv) all references to money, costs and payments in this Agreement are to money, costs and payments in DM; and (v) references to days in this Agreement shall be to calendar days.

(b) The index to and headings in this Agreement are inserted for convenience only and are to be ignored in construing this Agreement.

(c) For purposes of this Agreement, "Capacity" shall be determined in good faith by AMD Saxonia (in the case of the Plant) or AMD Holding (in the case of each other Wafer Fabrication Plant); provided that the Agent, through its

Technical Advisor, may, at any time prior to the Loan Agreement Termination Date, review any such determination, and in the event the Agent and AMD Holding or AMD Saxonia (as the case may be) do not agree as to such Capacity, Section 7.10 (k) shall apply.

ARTICLE II

MANUFACTURE OF PRODUCTS

SECTION 2.01. MANUFACTURE BY AMD SAXONIA OF PRODUCTS FOR SALE TO AMD

HOLDING.

(a) On the terms and subject to the conditions of this Agreement, AMD Saxonia hereby agrees to manufacture and sell Products to AMD Holding; provided that prior to the Completion Date AMD Saxonia (i) shall be required only to use its reasonable efforts to manufacture and sell such Products in accordance with the requirements of this sentence, and (ii) shall not be required to take any steps hereunder to manufacture and sell such Products to the extent such steps at such time could reasonably be expected to delay Completion (as defined in the Loan Agreement) of the Plant. AMD Saxonia further agrees that, during the term of this Agreement, unless AMD Inc., AMD Holding and, prior to the Loan Agreement Termination Date, the Agent, otherwise consent thereto, it shall not, directly or indirectly, (i) market, distribute or sell any Products or any other goods or services to any

13

Person other than AMD Holding, AMD Inc. or one or more of AMD Inc.'s other Subsidiaries under any circumstances, or (ii) engage in any activities other than (v) construction of the Plant and the Design Center, (w) provision of the services contemplated by the AMD Saxonia Research Agreement, (x) manufacture and sale of Products to be Shipped pursuant to this Agreement and (y) activities reasonably incidental to any of the foregoing.

(b) On the terms and subject to the conditions of this Agreement, AMD Holding hereby agrees to purchase from AMD Saxonia and pay for the Products Shipped to it pursuant to the terms of this Agreement.

(c) AMD Holding shall from time to time provide, or shall arrange for AMD Inc. to provide, to AMD Saxonia technical assistance as required in Article IV, including disclosure to AMD Saxonia of such of the Know-how and Specifications of AMD Inc. and its Subsidiaries, or which AMD Inc. or its Subsidiaries have the right to use, as is necessary or, in the reasonable opinion of AMD Saxonia, desirable, to enable AMD Saxonia to manufacture Products on a timely basis, in accordance with the Specifications for the relevant Product, as required by AMD Inc. under the AMD Holding Wafer Purchase Agreement. Any disclosure of Know-how and Specifications (including without limitation by way of technical assistance pursuant to Article IV) to AMD Saxonia by or on behalf of AMD Holding (including without limitation any such disclosure arranged by AMD Holding as contemplated hereby) shall be subject to the License Agreement.

(d) AMD Saxonia shall, as soon as is reasonably practicable (i) after the disclosure to it of the Know-how and Specifications for a Product as contemplated in Subsection 2.01(c) and Article IV, and (ii) without at any time prior to the Completion Date being required to take any steps hereunder to manufacture and sell such Products to the extent such steps at such time could

reasonably be expected to delay Completion (as defined in the Loan Agreement) of the Plant, submit to AMD Holding (or as directed by AMD Holding) for approval pre-production samples of the Product. AMD Holding shall communicate its approval or disapproval of any such samples no later than two weeks after such samples are submitted to AMD Holding for such approval (and shall be deemed to have approved such samples under this Section 2.01(d) for all purposes of this Agreement if it has not communicated any such disapproval within such two week period). AMD Saxonia shall not commence manufacture of such Product until AMD Holding has approved or is deemed to have approved the samples. Approval shall not be unreasonably withheld or delayed by AMD Holding (each of the parties hereto agrees that, for this purpose, disapproval by AMD Holding because of any reasonable disapproval by AMD Inc. of such samples pursuant to the AMD Holding Wafer Purchase Agreement, shall not be deemed unreasonable) and, once given, shall constitute irrevocable confirmation that the Products manufactured in conformity with the samples (or differing only within normal silicon computer chip industry limits) will comply with the Specifications and will meet the requirements of quality specified in Section 2.03, except in respect of defects in such samples or future production which are not capable of being revealed on reasonable inspection by AMD Holding.

(e) Each of AMD Holding and AMD Saxonia shall nominate one or more senior managers or representatives (which representatives, in the case of AMD Holding, may

14

include or be senior managers of AMD Inc.) who shall be responsible for liaising in connection with the manufacture and development of the Products.

SECTION 2.02. COMPLIANCE WITH LAWS AND REQUIRED PERMITS. AMD Saxonia

shall, at its cost and expense, use commercially reasonable efforts to (i) comply with all applicable Laws relating to the manufacture and sale of the Products, and (ii) obtain all requisite consents, authorizations, permits and approvals for the manufacturing and sale to AMD Holding and the sale by AMD Holding to AMD Inc. of the Products from each Governmental Authority having jurisdiction over the manufacture and sale of the Products by AMD Saxonia and AMD Holding; provided, however, that AMD Saxonia shall not be responsible for obtaining any consents, authorizations, permits or approvals in connection with the import of Products into any territory outside Germany.

SECTION 2.03. QUALITY OF PRODUCTS; INSPECTION AND REJECTION;

REPLACEMENT PRODUCTS. Without prejudice to AMD Holding's obligation to make

payment for Products Shipped pursuant to Section 3.10:

(a) AMD Saxonia shall use all reasonable efforts to ensure that each Product Shipped meets the Specifications for that Product. In order to assist AMD Saxonia in such efforts and for the purpose of assuring to AMD Holding the quality of the Products required under this Agreement, AMD Saxonia shall permit the duly authorized representatives of AMD Holding and/or AMD Inc., at any time during normal working hours and on reasonable notice, to inspect any premises of AMD Saxonia, and shall use all reasonable efforts to permit such representatives, at such time and on such notice, to inspect any premises of any third party where any of the Products, or any labeling or packaging for them, are manufactured or stored by or for AMD Saxonia.

(b) AMD Holding shall promptly notify AMD Saxonia in writing should the quality of the Products Shipped vary materially from the typical quality of the four previous shipments or, in the case of the first four shipments, from the quality of the previous shipments. In such event, AMD Saxonia shall use its reasonable commercial efforts to restore the quality of the Products delivered hereunder to again meet such typical quality as soon as reasonably possible.

ARTICLE III

PURCHASE PRICE AND DELIVERY OF PRODUCTS

SECTION 3.01. DESCRIPTIVE OVERVIEW OF PRODUCT PRICING. Without

derogating from Sections 3.02 through 3.12 hereunder:

It is the intention of the parties hereto that from and after the Effective Date AMD Holding shall purchase Products which it orders from AMD Saxonia and are Shipped by AMD Saxonia in accordance with the requirements of this Agreement. The purchase price for the Products will be set at a price per Wafer equal to the Adjusted Selling Price Per Wafer,

15

which will be determined on a "cost-plus" basis for any Period. Before the

beginning of each Period, AMD Saxonia will prepare a budget for that Period pursuant to Section 3.02 setting out all relevant estimated costs for that Period, and shall determine the Actual Selling Price Per Wafer based on such budgets and on the quarterly Requirements Forecast to be provided by AMD Holding.

For all Products Shipped during any Period, AMD Holding shall make payments to AMD Saxonia based on the Actual Selling Price Per Wafer. In the event no shipments of Products are made during any Period following the Effective Date (regardless of whether before or after the Completion Date), other than where no shipments are made as a result of Force Majeure in any Post Completion Period, AMD Holding shall at the end of such Period make advance payments to AMD Saxonia, against Products to be Shipped during the following Period, in an amount corresponding to the Applicable Percentage (as defined in Section 3.03(b)) of AMD Saxonia's Total Costs incurred in that Period. Such advance payments shall be included as Total Costs in the next Period in which Products are shipped.

Within 25 days after the end of each Period (other than one in which no Products are Shipped), AMD Saxonia shall determine the Adjusted Selling Price Per Wafer for such Period on the basis of its Total Costs actually incurred during that Period and the Applicable Percentage in accordance with Section 3.03. In the event the Actual Selling Price Per Wafer and the Adjusted Selling Price Per Wafer differ for such Period, the aggregate price difference shall be paid within 30 days after the end of such Period by AMD Saxonia to AMD Holding, or by AMD Holding to AMD Saxonia, as the case may be, pursuant to Section 3.03(a). The parties acknowledge that this pricing mechanism may have the result of dictating a high price per Wafer for any Period in which only relatively few Wafers are Shipped and that after the Effective Date it will result in a full cost reimbursement during each year (except for the first four Periods after the Effective Date during which the Applicable Percentage is 75%). Furthermore, the amount of Fixed Costs compensated will be adjusted retroactively pursuant to Section 3.06, where the Actual Volumes over any 4 Quarter Period after Completion are lower than 75% or exceed 100% of Anticipated Capacity for that year, to reduce or increase such reimbursement, respectively.

In the event Start-up Cost Savings are realized or Excess Start-up Costs are incurred prior to the Effective Date, these will be compensated in eight equal quarterly payments after the Effective Date pursuant to Section 3.04.

SECTION 3.02. DETERMINATION OF THE ACTUAL SELLING PRICE PER WAFER

PRIOR TO BEGINNING OF EACH PERIOD BASED ON FORECASTS.

(a) Not later than ten (10) days before the commencement of each Period:

(i) AMD Saxonia shall prepare and deliver to AMD Holding (with a copy to the Agent) a written estimate reasonably acceptable to AMD Holding showing in reasonable detail AMD Saxonia's good faith and reasonable estimate of the Products and Capacity of the Plant for each such Product for the succeeding Period; and

16

(ii) AMD Holding shall prepare and deliver to AMD Saxonia (with a copy to the Agent) a written forecast, showing in reasonable detail AMD Holding's good faith and reasonable estimate of the volume (the "REQUIREMENTS FORECAST") of each Product that AMD Holding anticipates ordering from AMD Saxonia in accordance with the terms of this Agreement for delivery during the course of the Period, provided that

the Requirements Forecast shall be not less than 1 for any Period commencing on or after the Completion Date.

(b) Not later than seven (7) days before the commencement of each Period, AMD Saxonia shall prepare and deliver to AMD Holding (with a copy to the Agent) a written forecast reasonably acceptable to AMD Holding, showing AMD Saxonia's good faith and reasonable estimate of the Adjusted Selling Price Per Wafer for the Period (such estimate being the "ACTUAL SELLING PRICE PER WAFER"). Such estimate shall include a detailed itemization of the costs and volumes making up such Actual Selling Price Per Wafer. The Actual Selling Price Per Wafer shall be calculated based on the Requirements Forecast and the estimated Total Cost for such Period using the formula set out in the definition of "Adjusted Selling Price Per Wafer" in Section 3.03(b).

(c) Each of AMD Holding and AMD Saxonia agrees to consult with each other in the preparation of such forecasts and estimates, and to cooperate with one another in complying with their respective obligations under Sections 3.02(a) and (b) on a timely basis.

(d) The Actual Selling Price Per Wafer, as determined for any Period pursuant to this Section 3.02, shall apply to all Products Shipped by AMD Saxonia during the Period.

(e) Each forecast and estimate referred to in Section 3.02(a) and (b) shall be in the applicable form attached as Exhibit VI hereto.

(f) In the event the Bank's Auditor ("Wirtschaftsprüfer der Banken") as defined in the Loan Agreement determines a different Actual Selling Price Per Wafer for any Period in accordance with Section 17.1 of the Loan Agreement, the parties agree that such price as determined by the Bank's Auditor shall be deemed to be the Actual Selling Price Per Wafer for that Period from and after the date three Business Days after the Bank's Auditor notifies them of such determination, notwithstanding the initial determination thereof by AMD Saxonia under Section 3.02(b) and regardless of whether invoices containing the original Actual Selling Price Per Wafer may have already been issued for Products Shipped during such Period. Provided that all payments required under this Section 3.02(f) have been made in full, the Adjusted Selling Price Per Wafer and Price Adjustment Amount for that Period shall be calculated using the Actual Selling Price Per Wafer as so determined by the Bank's Auditor. In the event that during such Period any Products have already been Shipped and AMD Holding has already paid the Actual Selling Price Per Wafer for such Products (as calculated by AMD Saxonia), AMD Holding shall promptly (but in no event later than 10 Business Days) pay to AMD Saxonia in cash the difference in the aggregate purchase price for such Products resulting from the change in the Actual Selling Price Per Wafer.

17

SECTION 3.03. PAYMENT TO REFLECT CERTAIN VARIATIONS BETWEEN ESTIMATED

AND ACTUAL FIGURES IN THE PRIOR PERIOD; DEFINITION OF ADJUSTED SELLING PRICE PER

WAFER.

(a) Promptly, but in any event not later than 25 days after the end of each Period, the Adjusted Selling Price Per Wafer for that Period shall be calculated in accordance with the formula contained in Section 3.03(b) by AMD Saxonia and certified by AMD Saxonia to AMD Holding (with a copy to the Agent). Such calculation shall be based on the Total Costs actually incurred during such Period and the Actual Volume for such Period and shall be accompanied by a detailed itemization of the Total Costs and Actual Volume reflected therein. In the event the Adjusted Selling Price Per Wafer for that Period is not equal to the Actual Selling Price Per Wafer for that Period, then the "PRICE ADJUSTMENT AMOUNT" shall be calculated for that Period in accordance with the following formula:

$$\begin{array}{l} \text{Price} \\ \text{Adjustment} \\ \text{Amount} \end{array} = (\text{AdjustedSPPW} \times \text{AV}) - (\text{ActualSPPW} \times \text{AV})$$

where:

- "ACTUALSPPW" means the Actual Selling Price Per Wafer for that Period;
- "AV" means the Actual Volume for that Period; and
- "ADJUSTEDSPPW" means the Adjusted Selling Price Per Wafer for that Period.

(i) to the extent the Price Adjustment Amount for that Period is a positive number, the Price Adjustment Amount shall be paid by AMD Holding to AMD Saxonia within 30 days after the end of that Period; and

(ii) to the extent the Price Adjustment Amount for that Period is a negative number, the Price Adjustment Amount shall be credited by AMD Saxonia against amounts owed or to be owed by AMD Holding under this Agreement.

(b) For any Period the "ADJUSTED SELLING PRICE PER WAFER" shall be calculated in accordance with the following formula:

$$\begin{array}{l} \text{Adjusted} \\ \text{Selling Price} \\ \text{Per Wafer} \end{array} = \frac{\text{TC} \times \text{Applicable Percentage}}{\text{AV}}$$

where (whether for the purpose of calculating the Adjusted Selling Price Per Wafer or estimating the Adjusted Selling Price Per Wafer pursuant to Section 3.02(b):

18

"APPLICABLE PERCENTAGE" shall be (i) 75% in the case of the first four Periods,

(ii) 105% in the case of the next four Periods and (iii) 110% in the case of each subsequent Period;

"AV" means the Actual Volume for that Period;

"TC" is AMD Saxonia's Total Costs for or in respect of that Period.

SECTION 3.04. PAYMENT IN FIRST EIGHT PERIODS TO REFLECT CERTAIN EXCESS

COSTS OR COSTS SAVINGS.

(a) In the first eight Periods only, one-eighth the amount of any (i) Excess Start-up Costs shall be paid by AMD Holding to AMD Saxonia no later than 30 days after the end of each such Period, and (ii) Start-up Cost Savings shall be credited by AMD Saxonia against amounts owed or to be owed by AMD Holding under this Agreement.

(b) The amount of Excess Start-up Costs and Start-up Cost Savings shall be determined in any event not later than 60 days after the Effective Date. In the event Start-up Costs have not been conclusively determined prior to the date 30 days after the end of the first Period, such Start-up Costs shall be estimated for purposes of the payment contemplated for that first Period under Section 3.04(a), and the payment required under Section 3.04(a) for the next Period shall be increased or decreased by the shortfall or excess, respectively, in the amount of the payment for that first Period from the amount it would have been if it had been made based on actual instead of estimated Start-up Costs.

SECTION 3.05. ADVANCE PAYMENT ADJUSTMENT TO REIMBURSE TOTAL COSTS IN

CERTAIN PERIODS DURING WHICH NO WAFERS ARE SHIPPED. For any Period after the

Effective Date during which no Products are Shipped, promptly after the end but in any event not later than 30 days after such Period, AMD Holding shall make an advance payment in the amount of AMD Saxonia's Total Costs (without giving effect to clause (h) of the definition thereof) during that Period multiplied by the Applicable Percentage for that Period (the "ADVANCE PAYMENT ADJUSTMENT AMOUNT") against the first Wafers Shipped in the succeeding Period in which Wafers are Shipped; provided that (without prejudice to the inclusion of the

relevant costs in the Total Costs for a subsequent Post Completion Period) no such Advance Payment Adjustment Amount shall be paid with respect to a Post Completion Period in which no Wafers are Shipped as a result of Force Majeure.

SECTION 3.06. FIXED COST COMPENSATION ADJUSTMENT TO ACHIEVE PARTIAL

FIXED COST COMPENSATION IN POST COMPLETION PERIODS. AMD Holding and AMD Saxonia

agree that, to the extent the Actual Volume for any 4 Quarter Period is less than 75% or greater than 100% of the Anticipated Capacity for such 4 Quarter Period, and (i) the Fixed Cost Compensation Amount (as defined below) for such 4 Quarter Period is a positive number, then AMD Saxonia shall credit AMD Holding for such amount (against amounts owed or to be owed by AMD Holding under this Agreement), and (ii) such Fixed Cost Compensation Amount is a negative number, AMD Holding shall pay to AMD Saxonia such

19

amount, in either case within 60 days after the end of such 4 Quarter Period. For this purpose, the Fixed Cost Compensation Amount shall be calculated in accordance with the following formula:

$$\begin{array}{l} \text{Fixed Cost} \\ \text{Compensation} \\ \text{Amount} \end{array} = \text{Adj.4QFC} - \frac{\text{Adj.4QFC} \times \text{4QAV}}{\text{4Q Anticipated Capacity Limit}}$$

where:

"ADJ.4QFC" means the sum of the amount, calculated for each Period or part thereof comprising such 4 Quarter Period, represented by the Fixed Costs for such Period or part thereof, as applicable, multiplied by the Applicable Percentage under Section 3.03(b) for such Period or part thereof.

"4QAV" means the aggregate amount of Actual Volume during such 4 Quarter Period.

"4Q ANTICIPATED CAPACITY LIMIT"

means (i) 75% of 4Q Anticipated Capacity in all cases where

the 4QAV is less than 75% of 4Q Anticipated Capacity and
(ii) 100% of 4Q Anticipated Capacity in all cases where the
4QAV exceeds 100% of 4Q Anticipated Capacity.

"4Q ANTIC-
IPATED
CAPACITY" means the aggregate amount of Anticipated Capacity during
such 4 Quarter Period.

SECTION 3.07. ANNUAL COMPENSATION FOR CERTAIN ADMINISTRATIVE COSTS.

AMD Holding shall compensate AMD Saxonia for any administrative costs, including without limitation bookkeeping, legal and accounting costs, incurred by AMD Saxonia from time to time for the direct benefit of AMD Holding, as follows. The parties agree that the amount payable by AMD Holding to AMD Saxonia under this Section 3.07 shall be DM 50,000 per annum for each Fiscal Year (and pro-rated for any portion of a Fiscal Year) from the date hereof until the Effective Date, payable no later than 30 days after the end of each Fiscal Year. In addition, AMD Holding shall compensate AMD Saxonia for any such costs, determined in accordance with German GAAP, incurred by AMD Saxonia on or after the Effective Date, plus a surcharge thereon of 7.5% (the "SURCHARGE"), no later than 30 days after the end of each Fiscal Year.

SECTION 3.08. ORDERING PROCEDURE.

20

(a) AMD Holding shall place written orders for Products from AMD Saxonia, to be Shipped during a Fiscal Quarter, at least 7 days prior to the beginning of such Fiscal Quarter and shall specify the volume of Products ordered, the Actual Selling Price Per Wafer, the desired destination, a reasonable requested shipment date and any other relevant shipping terms for the Products covered by each such order. All orders shall be subject to acceptance by AMD Saxonia. AMD Saxonia shall use its best efforts to advise AMD Holding in advance of any inability to make full and timely delivery of any Products ordered by AMD Holding. AMD Holding shall take delivery of, and be solely responsible for the disposition of, any Product with respect to any order which it has placed with AMD Saxonia.

(b) AMD Holding may change the destination of any order prior to the Product shipment date. AMD Saxonia shall use its best efforts to ship each order of Products on the shipment date requested and to the destination specified by AMD Holding, unless AMD Holding gives notice to AMD Saxonia of a different destination for such order in accordance with this Section 3.08, in which event AMD Saxonia shall use its best efforts to ship such order of Products to the revised destination, if any.

SECTION 3.09. SHIPPING TERMS. AMD Saxonia shall deliver the Products

purchased hereunder F.O.B. Dresden, Germany. AMD Holding will arrange and be responsible for and pay all freight, trucking, insurance and other charges incurred in connection with the shipment of the Products from Dresden, Germany, to such place or places of delivery as specified by AMD Holding pursuant to Section 3.08.

SECTION 3.10. PAYMENTS; SET OFF.

(a) AMD Holding shall pay to AMD Saxonia the Actual Selling Price Per Wafer for all Products Shipped by AMD Saxonia and, to the extent paid by AMD Saxonia, the costs and expenses for freight and insurances, unconditionally within 30 days after receipt of invoices denominated in DM from AMD Saxonia in accordance with this Section 3.10. AMD Saxonia shall be entitled to issue invoices to AMD Holding as soon as the relevant Products are Shipped. Payment for all other amounts due hereunder from either party (including any adjustment amount) shall be unconditionally due on or before the date specified in this Agreement for such amount.

(b) All amounts under this Agreement not paid when due from AMD Holding shall bear interest at the rate of 7.0% per annum from the date due until paid, calculated on the basis of actual days and months elapsed. Such interest shall be due and payable at the end of each calendar month. In no event shall the interest charged exceed the maximum amount permitted under law.

(c) The obligations of AMD Holding under this Agreement are intended by the parties to be absolute and unconditional under any and all circumstances except to the extent expressly stated in this Agreement, and are intended to be independent of the rights and obligations of AMD Saxonia and AMD Holding or of any of their Affiliates or of any third party under this Agreement or any other agreement or arrangement in each case except as expressly stated in this Agreement.

21

(d) The parties hereto hereby expressly acknowledge, agree, and

understand that the payment by AMD Holding of all amounts payable by it hereunder as required by this Agreement shall in no way be prevented, delayed, or otherwise affected as a result of any dispute between the parties (or between any of the parties and their Affiliates) or by any breach of this Agreement or any other agreement entered into in connection herewith and/or any adverse change in the financial or economic condition of AMD Saxonia or any Affiliate thereof, including without limitation AMD Saxonia's or any such Affiliate's liquidation or bankruptcy, or any kind of insolvency proceeding in respect thereof.

(e) Except as otherwise expressly provided herein, no obligations of AMD Holding under this Agreement shall be subject to any counterclaim, set-off, deduction, withholding, or defense based upon (and without prejudice to) any claim that AMD Holding may have against AMD Saxonia, any of its Affiliates, or any other Person, or released, discharged, or in any way affected for any reason or through any circumstances whatsoever (other than as required by any mandatory non-waivable requirements of law) including, without limitation, (i) any breach of any representation or warranty on the part of AMD Saxonia under or in connection with this Agreement or any other agreement entered into in connection herewith or any failure of AMD Saxonia to perform any of its agreements, covenants, or other obligations hereunder or thereunder, or (ii) any other circumstance which might constitute a legal or equitable discharge or defense of AMD Holding; provided that, as between AMD Holding and AMD Saxonia (and without prejudice to any rights of subrogation that may arise), payment or performance by AMD Inc. or any other Person of any obligation of AMD Holding hereunder shall constitute payment or performance (as applicable) of such obligation hereunder.

(f) Any amounts that are due from AMD Saxonia to AMD Holding hereunder shall be payable only in the form of credit against amounts owed or to be owed by AMD Holding to AMD Saxonia under this Agreement, except to the extent expressly provided in Section 4.04. Any amount that is due from AMD Holding to AMD Saxonia hereunder may be set-off against any payment then due (whether as a credit or otherwise) under Sections 3.03, 3.04, 3.06, 3.10, 3.12 or 6.02, Article IV or the Management Service Agreement, from AMD Saxonia to AMD Holding.

SECTION 3.11. METHOD OF PAYMENT. Payments under this Agreement from

 AMD Holding to AMD Saxonia, if made other than by set-off permitted by Section 3.10, shall be made by wire transfer deposited into [*] or such other account of AMD Saxonia specified by AMD Saxonia with the prior written consent of the Agent (a copy of which consent shall be delivered by AMD Saxonia to AMD Holding) with not less than 15 days written notice to AMD Holding, and all such payments shall be made in DM.

SECTION 3.12. POST COMPLETION ALLOCATION OF ORDERS BETWEEN THE PLANT AND

 OTHER AMD INC. FACILITIES.

(a) AMD Holding agrees that, to the extent (i) the Actual Volume for any 4 Quarter Period following Completion is less than 75% of Anticipated Capacity for such 4

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Quarter Period and (ii) there is an Uneven Capacity Allocation, AMD Holding shall pay, no later than 60 days after the end of that 4 Quarter Period, to AMD Saxonia a "PARI PASSU COMPENSATION AMOUNT", calculated according to the formula set forth below:

<TABLE>				
<CAPTION>				
<S>	<C>		<C>	<C>
Pari Passu Compensation Amount	=	Adj.4QTC	x ECV	- Adj.4QTC x 4QAV + [4QVC x [ECV - 1] x .10]
Amount		4Q Anticipated Capacity Limit		[[4QAV]]

</TABLE>

where:

"ADJ.4QTC" means the Total Costs (without giving effect to clause (h) of the definition thereof) for such 4 Quarter Period, multiplied by the Applicable Percentage under Section 3.03(b) for the Periods included in such 4 Quarter Period;

"ECV" means the "EVEN CAPACITY VOLUME" for such 4 Quarter Period, which is the minimum number of Wafers that would have been Shipped during that 4 Quarter Period if there were no Uneven Capacity Allocation (as defined below),

provided that if such minimum number exceeds 75% of the 4

Quarter Anticipated Capacity for that 4 Quarter Period,
the Even Capacity Volume shall be such number of Wafers
that represents 75% of such 4 Quarter Anticipated
Capacity;

"4QAV" has the meaning assigned to it in Section 3.06 for such 4
Quarter Period; and

"4Q ANTICI-
PATED
CAPACITY
LIMIT"

has the meaning assigned to it in Section 3.06 for such 4
Quarter Period;

"4QVC" means the Variable Costs for such 4 Quarter Period.

(b) In this regard, an "UNEVEN CAPACITY ALLOCATION" shall be determined
to exist with respect to any 4 Quarter Period where AMD Saxonia's Capacity
Utilization for that 4 Quarter Period is less than the AMD Inc.'s Average
Capacity Utilization for that 4 Quarter Period, where:

(i) "AMD SAXONIA'S CAPACITY UTILIZATION" for a particular 4 Quarter
Period means the fraction (x) whose numerator is the Adjusted Actual Volume
(as defined below for such 4 Quarter Period), and (y) whose denominator is
the Plant's Anticipated Capacity for Products during each 4 Quarter Period;

(ii) "ADJUSTED ACTUAL VOLUME" means the Actual Volume during such 4
Quarter Period plus (without duplication) (x) the number of Wafers that

would reasonably have been expected to have been Shipped during that period
but for the

23

occurrence of Force Majeure with respect to AMD Saxonia and (y) the number
of Wafers that would reasonably have been expected to have been Shipped
during that period but for Production Problems but expressly excluding from
such Wafers, Wafers in respect of each Production Problem, to the extent
lasting more than 30 days, from the 30th day of such Production Problem;

(iii) "AMD INC.'S AVERAGE CAPACITY UTILIZATION" means the fraction (x)
whose numerator is the sum of:

(A) the actual number of Comparable Products, the manufacture of
which is completed by AMD Inc. and its Subsidiaries and Affiliates,
excluding AMD Saxonia and third party suppliers, during that 4 Quarter
Period; and

(B) the number of Comparable Products delivered to AMD Inc. or
one of its Subsidiaries by third party suppliers during that 4 Quarter
Period;

and (y) whose denominator is the sum of:

(A) the Capacity of any Wafer Fabrication Plant (other than the
Plant) for Comparable Products for the part of that 4 Quarter Period
during which it is owned or operated by AMD Inc. or one or more of its
Subsidiaries and Affiliates; and

(B) the number of Comparable Products delivered to AMD Inc. or
one of its Subsidiaries by third party suppliers during that 4 Quarter
period.

(c) The above calculations shall be prepared by AMD Saxonia and
delivered to AMD Holding and the Agent as soon as reasonably practicable
following the conclusion of each 4 Quarter Period in which Actual Volume is less
than 75% of Anticipated Capacity for such 4 Quarter Period, but in any event
within 60 days of the end of such 4 Quarter Period accompanied by a certificate
signed by one of its managing directors setting out the Actual Volume during
such 4 Quarter Period.

(d) AMD Holding shall supply, or arrange to be supplied by AMD Inc., to
AMD Saxonia and the Agent as soon as reasonably practicable but in any event
within 60 days of the end of each 4 Quarter Period in which Actual Volume is
less than 75% of Anticipated Capacity for such 4 Quarter Period, a certificate
signed by one of its officers setting out in reasonable detail the information
specified in the fraction set out in Section 3.12(b).

SECTION 3.13. ADJUSTMENTS FOR CHANGES IN LAWS OR GERMAN GAAP. In the

event that there is a change in applicable Law or in German GAAP, and such
change results in (i) payments due from AMD Holding to AMD Saxonia, or due from
AMD Saxonia to AMD Holding (as the case may be), being materially different in

aggregate amount or (ii) the timing of the receipt of such payments being materially different from the payments contemplated by this Article III without giving effect to such change, the affected party shall

24

promptly notify the other party, AMD Inc. and the Agent, and AMD Holding and AMD Saxonia shall negotiate in good faith with a view to agreeing to such reasonable amendments to this Article III and the definitions used therein (which amendments shall be made only with the prior written consent of the Agent), as are necessary as a result of such change. In order to restore the position contemplated by this Article III in the event AMD Holding and AMD Saxonia fail to reach agreement on such amendments within 30 days of becoming aware of such change, or if the Agent reasonably withholds its consent to any proposed amendments, all payments under this Article III shall be calculated without giving effect to such change.

SECTION 3.14. PRODUCT WARRANTY. Subject to Section 3.15, AMD Saxonia

represents and warrants that all Products sold to AMD Holding pursuant to this Agreement shall conform in all material respects to the Specifications for such Products and, if expressly agreed by AMD Saxonia in writing in advance, to any specific changes thereto contained in a specific purchase order.

SECTION 3.15. DISCLAIMER. THE WARRANTY CONTAINED IN SECTION 3.14 IS THE

SOLE AND EXCLUSIVE WARRANTY AS TO THE PRODUCTS AND IS EXPRESSLY IN LIEU OF ANY EXPRESS OR IMPLIED WARRANTIES, IN FACT OR IN LAW, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY SIMILAR WARRANTIES IMPLIED BY APPLICABLE LAW. REPAIR OR REPLACEMENT OF DEFECTIVE PRODUCTS SHALL BE AMD HOLDING'S EXCLUSIVE REMEDY WITH RESPECT TO DEFECTIVE PRODUCTS. AMD SAXONIA ASSUMES NO LIABILITY IN TORT OR STRICT LIABILITY, NOR SHALL AMD SAXONIA BE LIABLE TO AMD HOLDING OR ANY SUBSIDIARY OR AFFILIATE THEREOF FOR LOSS OR USE OF PRODUCTS OR ANY OTHER INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES INCURRED BY AMD HOLDING OR ANY SUBSIDIARY OR AFFILIATE THEREOF. IN NO EVENT SHALL THE LIABILITY OF AMD SAXONIA ARISING IN CONNECTION WITH ANY PRODUCTS SOLD HEREUNDER EXCEED THE ACTUAL AMOUNT PAID BY AMD HOLDING TO AMD SAXONIA FOR PRODUCTS INVOLVED IN SUCH CLAIM.

SECTION 3.16. LIMITATION OF LIABILITY. In furtherance of the parties'

selection of California law to govern this Agreement, the parties hereby expressly exclude rescission (Wandlung) and price reduction (Minderung) as

remedies for defective Products and agree that in no event shall German Civil Code Paragraph 462 be applicable. To the extent permissible under applicable law, AMD Saxonia assumes no liability in tort or strict liability, nor shall AMD Saxonia be liable to AMD Holding, AMD Inc. or any AMD Inc. Affiliate for loss of use of Products or any other incidental, special, indirect or consequential damages or lost profits incurred by AMD Holding, AMD Inc. or an AMD Inc. Affiliate. Without prejudice to Section 3.15, in no event shall the liability of AMD Saxonia arising in connection with any Products sold hereunder exceed the actual amount paid by AMD Holding to AMD Saxonia for Products involved in such claim.

25

ARTICLE IV

TECHNICAL ASSISTANCE

SECTION 4.01. PROVISION OF KNOW-HOW AND ADVICE BY OR ON BEHALF OF AMD

HOLDING TO AMD SAXONIA.

(a) AMD Holding shall from time to time disclose, or shall arrange for AMD Inc. to disclose, to AMD Saxonia such of the Know-how and Specifications of AMD Inc. and its Subsidiaries, and any Improvements to such Know-how and Specifications made by AMD Inc. or one or more of its Subsidiaries after such disclosure, as is necessary or, in the judgment of AMD Saxonia, reasonably desirable to enable AMD Saxonia to manufacture Products on an efficient and timely basis in accordance with the Specifications for the relevant Product (such Know-how, Specifications and Improvements together being the "INTELLECTUAL PROPERTY"). Without limiting the generality of the foregoing, AMD Holding shall from time to time provide, or shall arrange for AMD Inc. to provide, one (1) copy (or if requested by AMD Saxonia, two (2) copies), on a non-exclusive basis, of any Technical Documentation for such Intellectual Property in the possession of AMD Inc. or one or more of its Subsidiaries.

(b) To the extent necessary or, in the judgment of AMD Saxonia, reasonably desirable, AMD Holding shall from time to time advise, or shall arrange for AMD Inc. to advise, AMD Saxonia, upon AMD Saxonia's request in

writing, in relation to (i) the configuration of the equipment installed or to be installed at the Plant and used for the production of each Product, the Specifications for which are disclosed to AMD Saxonia hereunder, and (ii) the requirements for such configuration, the installation of the equipment and the machinery in the Plant necessary for the manufacture of such Products and the calibration and testing of such equipment and machinery.

(c) AMD Holding shall from time to time permit, or shall arrange for AMD Inc. to permit, AMD Saxonia to make such number of copies of the Technical Documentation, or any part thereof, provided or disclosed to it hereunder or in connection herewith as AMD Saxonia may require for the purposes of this Agreement.

(d) AMD Holding shall from time to time notify, or shall arrange for AMD Inc. to notify, AMD Saxonia promptly of any material errors in the Intellectual Property or Technical Documentation provided or disclosed to AMD Saxonia hereunder or in connection herewith upon AMD Inc. or one or more of its other Subsidiaries becoming aware thereof and, to the extent AMD Inc. or one or more of its Subsidiaries develops or obtains a correction for such error, shall promptly provide, or shall arrange for AMD Inc. to promptly provide, to AMD Saxonia the Intellectual Property and/or Technical Documentation to enable AMD Saxonia to correct such error.

(e) Without derogating from AMD Holding's obligation to provide, or to arrange for AMD Inc. to provide, disclosure to AMD Saxonia of such of the Know-how and Specifications of AMD Inc. and its Subsidiaries, or which AMD Inc. or its Subsidiaries have

26

the right to use, as is necessary to enable AMD Saxonia to manufacture Products hereunder, but notwithstanding any other provision of this Section 4.01, AMD Holding shall not be required to disclose or arrange for AMD Inc. to disclose any Intellectual Property or Technical Documentation which AMD Inc. and its Subsidiaries do not have a right to disclose or the disclosure of which would require the payment of compensation to a third party.

SECTION 4.02. EXPERT SUPPORT, TRAINING AND TECHNICAL ASSISTANCE.

(a) AMD Holding shall, upon AMD Saxonia's request in writing, provide, or arrange for AMD Inc. to provide, to AMD Saxonia, at the Plant, technical discussions, lectures, guidance and/or technical training in order to enable AMD Saxonia to use, on a continuing basis for the purposes of this Agreement, the Intellectual Property and Technical Documentation disclosed or to be disclosed to AMD Saxonia hereunder or in connection herewith. Such discussions, lectures, guidance and training shall be by AMD Holding and/or AMD Inc. personnel who are qualified to provide advice with respect to the relevant Intellectual Property and Technical Documentation ("QUALIFIED PERSONNEL").

(b) The timing of visits of such AMD Holding and/or AMD Inc. personnel shall be arranged by agreement between AMD Holding and AMD Saxonia.

(c) AMD Holding shall, upon AMD Saxonia's request in writing, provide, or arrange for AMD Inc. to provide, to AMD Saxonia, at the Plant, all technical assistance necessary to remedy a Production Problem.

SECTION 4.03. ACCESS TO COMPARABLE PLANTS. AMD Holding shall arrange for

AMD Inc. to permit AMD Saxonia to send, at the expense of AMD Saxonia or as otherwise agreed by AMD Inc., employees of AMD Saxonia to visit AMD Inc.'s Wafer Fabrication Plants, including in particular AMD Inc.'s plant in Austin, Texas known as "Fab 25" for so long as such plant is owned or controlled by AMD Inc. or one or more of its Subsidiaries, at reasonable times for the purpose of witnessing and training in the use of any of the Intellectual Property and Technical Documentation provided or disclosed to it hereunder. AMD Holding shall upon AMD Saxonia's request in writing, provide, or arrange for AMD Inc. to provide, to such AMD Saxonia employees at such Wafer Fabrication Plants technical discussions, lectures, guidance and/or technical training by Qualified Personnel in order to enable such AMD Saxonia employees to understand the usage being made at such Wafer Fabrication Plants of the relevant Intellectual Property and Technical Documentation.

SECTION 4.04. CHARGE FOR TECHNICAL ASSISTANCE.

(a) As compensation in full for the performance of the services contemplated under this Article IV, AMD Saxonia shall reimburse AMD Holding for (i) all reasonable out-of-pocket expenses incurred by AMD Holding or AMD Inc., as the case may be, in connection with providing such services, plus (ii) the reasonable salaries and other remuneration of the relevant personnel involved. In this regard, AMD Holding shall issue quarterly invoices to AMD Saxonia itemizing in detail the basis for each invoiced amount.

27

Prior to the Effective Date, all such invoiced amounts shall, notwithstanding Section 3.10, be paid by AMD Saxonia within thirty (30) days of its receipt of the relevant invoice. Payments shall be made in DM by wire transfer. From and after the Effective Date and subject to Section 6.02(c), payments shall be made only in the form of credits against amounts owed or to be owed by AMD Holding to AMD Saxonia under this Agreement.

(b) The parties agree that any invoiced amounts to be paid or credited by AMD Saxonia under this Section 4.04 shall not duplicate amounts charged for services provided directly by AMD Inc. pursuant to the Management Service Agreement.

(c) The foregoing notwithstanding, (i) in no event shall the aggregate amounts to be paid by AMD Saxonia under this Section 4.04 and under the Management Service Agreement prior to the Effective Date exceed DM 135,000,000 (One Hundred Thirty-Five Million), and (ii) the parties agree that, without prejudice to the License Agreement, any Intellectual Property provided in any form to AMD Saxonia for its use hereunder is provided at no charge.

ARTICLE V

ACCOUNTING REPORTS; OTHER REPORTS;

----- RIGHT OF INSPECTION BY OR ON BEHALF OF AMD HOLDING -----

SECTION 5.01. ANNUAL ACCOUNTING REPORTS FROM AMD SAXONIA. AMD Holding

and its duly authorized representatives (which may include duly authorized representatives of AMD Inc.) and, if the Loan Agreement Termination Date has not yet taken place, the Agent shall at all reasonable times have access to the books and accounts kept by AMD Saxonia and annually upon the closing of the Fiscal Year all such books and accounts shall be audited by Ernst & Young GmbH or such other firm of independent and internationally known public accountants as may be selected by AMD Saxonia with the approval of AMD Holding and, if the Loan Agreement Termination Date has not yet taken place, the Agent (the consent of the Agent not to be unreasonably withheld). A copy of each such report of audit, together with a reconciliation of AMD Saxonia's fiscal year figures to the statutory financial statements of AMD Saxonia, shall be sent promptly to AMD Holding and, prior to the Loan Agreement Termination Date, the Agent. AMD Holding and its duly authorized representatives (which may include duly authorized representatives of AMD Inc.) shall also have the right to examine and inspect at any reasonable time all properties and operations of AMD Saxonia to which this Agreement relates.

SECTION 5.02. PERIODIC WRITTEN REPORT REGARDING AMD INC. AMD Holding

shall prepare and deliver, or shall arrange for AMD Inc. to prepare and deliver, to AMD Saxonia and, if the Loan Agreement Termination Date has not yet taken place, the Agent not later than 30 days after the end of each Period commencing on or after the Effective Date a written report in form and substance reasonably satisfactory to the Agent and AMD Saxonia discussing in reasonable detail AMD Inc.'s production volumes of all Comparable Products and AMD Inc.'s purchase volumes of Comparable Products produced

28

by third parties and the Capacity as well as Capacity Utilization levels of other AMD Inc. Wafer Fabrication Plants producing Comparable Products and, to the extent relevant to this Agreement, other information that AMD Saxonia and/or, if the Loan Agreement Termination Date has not yet taken place, the Agent may reasonably request in connection with this Agreement.

SECTION 5.03. ACCOUNTANTS' CERTIFICATION; OFFICER'S CERTIFICATE.

(a) The amount of Excess Start-up Cost or Start-up Cost Savings shall be determined promptly, but in no event later than 60 days, after the Effective Date pursuant to Section 3.04(b). Such determination shall be evidenced by a Start-up Cost Adjustment Certification duly signed by AMD Saxonia and duly signed by AMD Saxonia's certified public accountants.

(b) Promptly, but in no event later than 60 days, after the end of each 4 Quarter Period, AMD Saxonia shall provide AMD Holding and, if the Loan Agreement Termination Date has not yet taken place, the Agent with an Annual Pricing Compliance Certificate duly examined and certified by AMD Saxonia's certified public accountant stating that the Adjusted Selling Price Per Wafer has been calculated in accordance with the formulas set out in Section 3.03, and that all necessary adjustments pursuant to Sections 3.04 through 3.06 have been made.

(c) Promptly, but in no event later than 30 days, after the end of each Period, AMD Saxonia shall provide AMD Holding and, if the Loan Agreement

Termination Date has not yet taken place, the Agent with a Quarterly Pricing Compliance Certificate duly signed by one of its managing directors stating that the Adjusted Selling Price Per Wafer has been calculated in accordance with the formulas set out in Section 3.03 and that all necessary adjustments pursuant to Sections 3.04 and 3.05 have been made.

(d) Promptly, but in no event later than 60 days, after the end of each 4 Quarter Period following Completion in which Actual Volume for such 4 Quarter Period was less than 75% of Anticipated Capacity for such 4 Quarter Period, AMD Saxonia shall provide AMD Holding and, if the Loan Agreement Termination Date has not yet taken place, the Agent with a Pari Passu Compliance Certificate duly signed and certified by AMD Saxonia's certified public accountant confirming whether or not there has been an Uneven Capacity Allocation and setting out all relevant details therefor.

(e) Promptly, but in no event later than 30 days, after the end of each Period, AMD Saxonia shall provide AMD Holding and, if the Loan Agreement Termination Date has not yet taken place, the Agent with a Certificate certifying the amounts invoiced and/or paid or credited under the Management Service Agreement and Section 4.04. Promptly, but in no event later than 60 days, after the end of each 4 Quarter Period, AMD Saxonia shall provide AMD Holding and, if the Loan Agreement Termination Date has not taken place, the Agent with a certificate duly signed and certified by AMD Saxonia's certified public accountant confirming the amounts invoiced and/or paid or credited under the Management Service Agreement and Section 4.04.

29

SECTION 5.04. ACCESS TO AMD INC. FACILITIES. If the Loan Agreement

Termination Date has not yet taken place, AMD Holding agrees to arrange for AMD Inc. to give reasonable access upon reasonable notice, to any Person duly designated by the Agent, to any of AMD Inc.'s Wafer Fabrication Plants and other AMD Inc. manufacturing or research facilities and all books, records, facilities and information the Agent may reasonably require for purposes of this Agreement.

ARTICLE VI

EFFECTIVENESS; TERMINATION

SECTION 6.01. EFFECTIVENESS; TERMINATION.

(a) This Agreement shall become effective on the date hereof and (unless otherwise extended as hereinafter provided) shall terminate on the date (the "INITIAL TERMINATION DATE") which is the earlier of (i) the Loan Agreement Termination Date and (ii) the Termination Date. At the option of AMD Holding, exercised by giving notice to AMD Saxonia and AMD Inc. at least six months prior to the Loan Agreement Termination Date, and provided that no Termination Event has occurred and is continuing, this Agreement may be extended for one additional three year term. At the option of AMD Saxonia, exercised by giving notice to AMD Holding and AMD Inc. at least six months prior to the Loan Agreement Termination Date, and provided that no Termination Event has occurred and is continuing, the initial term of this Agreement may be extended for one additional three year term (to the extent not previously extended by AMD Holding pursuant to the preceding sentence).

(b) Each of the events described in this Section 6.01(b), whether or not such events directly or indirectly affect AMD Saxonia or AMD Holding, shall constitute a Termination Event. If a Termination Event has occurred and is continuing, AMD Saxonia (or, if prior to the Loan Agreement Termination Date, the Security Agent on behalf of AMD Saxonia pursuant to and in accordance with the Security Documents (as defined in the Sponsors' Support Agreement)) may, by notice to AMD Holding and AMD Inc. and, if prior to the Loan Termination Date, with the consent of the Agent, which consent shall be communicated by the Agent to both AMD Holding and AMD Inc., terminate this Agreement in case of any of the Termination Events described in clauses (vii) through (xv) below. In addition, this Agreement shall automatically terminate (without any requirement for any action by any party hereto) immediately upon the occurrence of the Termination Event described in clauses (i) through (vi) below, and in the case of any other Termination Event shall terminate on the date any such notice is given (the date of any such automatic or other termination being the "TERMINATION DATE"). The Termination Events are as follows:

(i) the expropriation or condemnation of the Plant or any substantial part of the assets or business of AMD Saxonia or AMD Holding by any Governmental Authority, or the involuntary suspension, or curtailment below seventy-five percent of capacity, by AMD Saxonia of the operation of the Plant for six months or more as a

30

result of any change in or introduction of any Law, or any change in the interpretation or application thereof, in each case occurring after the date hereof;

(ii) AMD Inc. or AMD Holding being required by any Governmental Authority to divest itself of all or a substantial portion of its direct or indirect interest in AMD Saxonia, or AMD Saxonia being required by any Governmental Authority to divest itself or all or a substantial portion of the Plant;

(iii) the destruction of the Plant or a substantial portion thereof and a decision by AMD Saxonia not to rebuild the same after having received insurance proceeds in respect of such destruction in an amount at least equal to the depreciated book value of such Plant or substantial portion thereof;

(iv) obligations of AMD Saxonia being accelerated following lapse of any applicable grace periods as a result of the occurrence of an event described in Section 21 of the Loan Agreement which would allow the Banks to terminate the Loan Agreement, and/or the Agent, Security Agent or any of the Banks exercising remedies pursuant to any of the Security Documents (as defined in the Loan Agreement);

(v) the involuntary (including without limitation as a result of enforcement of any rights of security granted in shares of AMD Holding and/or AMD Saxonia or performance of any undertakings to transfer such shares made to secure obligations of AMD Holding and/or AMD Saxonia) transfer of a controlling interest in AMD Holding and/or AMD Saxonia from AMD Inc. and its Subsidiaries to one or more third parties;

(vi) the involuntary dissolution or winding up of the business of AMD Holding and/or AMD Saxonia;

(vii) failure by AMD Holding or AMD Inc. to make any payment required from it hereunder or under the AMD Inc. Guaranty, AMD Holding Wafer Purchase Agreement, AMD Saxonia Research Agreement, AMD Holding Research Agreement or Sponsors' Support Agreement within 45 days of the date due therefor, or default by AMD Holding or AMD Inc. in the performance of or compliance with any other term contained in this Agreement or any such other agreement and such default shall not have been remedied or waived within 30 days after receipt of notice from AMD Saxonia or, if the Loan Agreement Termination Date has not yet taken place, the Agent of such default;

(viii) any of AMD Holding's representations or warranties made herein or in any statement or certificate at any time given by AMD Holding in writing pursuant to this Agreement being false in any material respect on the date as of which made, or any of AMD Inc.'s representations or warranties made in the AMD Holding Wafer Purchase Agreement or the AMD Holding Research Agreement or in any statement or certificate at any time given by AMD Inc. in writing pursuant to any thereof being false in any material respect on the date as of which made;

31

(ix) bankruptcy (Konkursverfahren), composition (Vergleichsverfahren) or enforcement proceedings (Gesamtvollstreckungsverfahren) are instituted against the assets (Vermogen) of AMD Holding and not withdrawn or denied within 30 days of the date the application for such proceedings is made; or the institution of such proceedings is denied for lack of assets to cover the costs of such proceedings;

(x) execution is issued (Einleitung der Zwangsvollstreckung) against all or a substantial part of the assets of AMD Holding unless such execution is withdrawn within three weeks of the issuance thereof; realization of such execution; or the realization of execution on the equity shares of AMD Saxonia owned by AMD Holding;

(xi) the discontinuance of payments generally (Zahlungseinstellung) by AMD Holding;

(xii) the adoption of a resolution by the managing directors (Geschäftsführer) of AMD Holding for the institution of liquidation proceedings (Liquidationsverfahrens) for AMD Holding;

(xiii) a court having jurisdiction in the premises entering a decree or order for relief in respect of AMD Inc. in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in

effect, which decree or order is not stayed; or any other similar relief being granted under any applicable federal or state law;

(xiv) a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over AMD Inc. or over all or a substantial part of its property, having been entered; or the involuntary appointment of an interim receiver, trustee or other custodian of AMD Inc. for all or a substantial part of its property; or the issuance of a warrant of attachment, execution or similar process against any substantial part of the property of AMD Inc.; and the continuance of any such events in this clause (xiv) for 90 days unless stayed, dismissed, bonded or discharged; or

(xv) AMD Inc. having an order for relief entered with respect to it or commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consenting to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or consenting to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; the making by AMD Inc. of any assignment for the benefit of creditors; or the inability or failure by AMD Inc. or the admission by AMD Inc. in writing of its inability to pay its debts as such debts become due; or the Board of Directors of AMD Inc. (or any committee thereof) adopting any resolution or otherwise authorizing action to approve any of the foregoing.

32

SECTION 6.02. RIGHTS UPON TERMINATION.

(a) Promptly, but in no event later than 20 days following the Termination Date,

(i) the Adjusted Selling Price Per Wafer for the Period ending on the Termination Date shall be calculated in accordance with Section 3.03;

(ii) in the event that the Termination Date occurs before all of the Excess Start-up Costs or the Start-up Cost Savings, whichever the case may be, has been paid in accordance with Section 3.04, the amount of any unpaid Excess Start-up Costs or Start-up Costs Savings shall be calculated in accordance with Section 3.04;

(iii) if no Products were Shipped in the Period ending on the Termination Date, the final Advance Payment Adjustment Amount for that Period shall be calculated in accordance with Section 3.05;

(iv) the Fixed Cost Compensation Amount for the Period ending on the Termination Date shall be calculated in accordance with Section 3.06; and

(v) the Pari Passu Compensation Amount shall be calculated in accordance with Section 3.12.

(b) Upon termination of this Agreement for any reason, AMD Holding shall purchase all inventory and work-in-process of AMD Saxonia as of the Termination Date. The purchase price shall be equal to the value thereof as shown in the books of AMD Saxonia in accordance with German GAAP.

(c) Upon termination of this Agreement for any reason, any amounts due from AMD Holding to AMD Saxonia pursuant to Sections 3.03, 3.04, 3.05, 3.06, 3.07, 3.10, 3.12, and/or 6.02 (b) (including any amounts calculated in respect thereof pursuant to Sections 6.02(a) and (b)) shall be aggregated, and any amounts due (whether in the form of an obligation to pay or credit) from AMD Saxonia to AMD Holding pursuant to Sections 3.03, 3.04, 3.06, 3.10 and 4.04 (including any amounts calculated in respect thereof pursuant to Sections 6.02(a)) and the Management Service Agreement shall be aggregated. If the aggregate amount payable by AMD Holding exceeds the aggregate amount payable and/or to be credited by AMD Saxonia, then each party's obligation to make payment of any such amount will be automatically satisfied and discharged and replaced by an obligation upon AMD Holding to pay to AMD Saxonia the excess of the larger aggregate amount over the smaller aggregate amount. If the aggregate amount payable by AMD Saxonia exceeds the aggregate amount payable by AMD Holding, then each party's obligation to make payment of any such amount will be automatically discharged and the amount of such excess shall be additional compensation, to be retained by AMD Saxonia for the early termination of this Agreement, and AMD Saxonia shall have no obligation to pay such amount to AMD Holding.

SECTION 6.03. SURVIVAL. The provisions of Sections 3.14, 3.15, 3.16, 6.02, 7.09, 7.10, 7.11 and 7.13 shall survive any termination of this Agreement.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. REPRESENTATIONS AND WARRANTIES GENERALLY. Each of AMD

Holding and AMD Saxonia hereby represents and warrants to the other as follows:

(a) Organization; Corporate Power. It is duly incorporated and validly

existing under the laws of the jurisdiction of its organization, and has all necessary power and authority to (i) own its assets and to carry on the business in which it is engaged; and (ii) execute, deliver and perform its obligations under this Agreement;

(b) Corporate Authority; No Conflict. The execution, delivery and

performance by it of this Agreement have been duly authorized by all necessary corporate action (including any necessary shareholder action) on its part, and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it, or of its charter or by-laws or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced by or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument to which it is a party or by which it or its properties may be bound, or require the creation or imposition of any encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by it, and it is not in default under or in violation of its charter or by-laws or any law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture or instrument, which default or violation, individually or in the aggregate, would reasonably be expected to have a material adverse effect on its financial condition, business, operations, or prospects;

(c) Valid and Binding Obligations. This Agreement constitutes its

legal, valid and binding obligation, enforceable against it in accordance with its terms subject, however, to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and, as to enforceability, by general equitable principles; and

(d) No Litigation. No litigation, arbitration proceedings or

governmental proceedings are pending or to its knowledge, threatened, which pertain to this Agreement or any of the transactions contemplated thereby.

AMD Holding acknowledges that it has no right to terminate this Agreement or offset payments hereunder because of any breach by AMD Saxonia of the representations and warranties contained herein.

SECTION 7.02. FORCE MAJEURE.

(a) A party to this Agreement shall not be liable for the consequences of any failure to perform, or default in performing, any of its obligations, other than its payment

obligations, under this Agreement if that party can show that such failure is caused by Force Majeure.

(b) Where there has been any such failure, the said failure shall not be considered non-compliance with any term or condition of this Agreement, and all the obligations (other than payment obligations) and times which because of such failure could not be fulfilled shall be deemed to have been suspended while the failure continues. In addition, the party for whom such obligations and/or times have been suspended shall be entitled to take reasonable steps during the pendency of the relevant Force Majeure to limit its losses resulting from such Force Majeure, and following the termination of such Force Majeure such obligations and/or times shall continue to be suspended for such further reasonable period as is necessary for such party to restore its capacity to perform such obligations and/or meet such times.

SECTION 7.03. RELATIONSHIP OF PARTIES. AMD Holding and AMD Saxonia

shall at all times be independent contractors with respect to each other. Nothing in this Agreement shall constitute either party hereto as the partner, joint venturer, employee or agent of the other such party or of AMD Inc., and neither AMD Holding nor AMD Saxonia shall act or omit to act in such a way as to suggest the contrary to any Person.

SECTION 7.04. ASSIGNMENT. This Agreement shall be binding upon and

enure to the benefit of each party hereto and their respective successors and assigns; provided, however, that neither party hereto shall have the right to transfer or assign its interest in this Agreement without the prior written consent of both the other party hereto, AMD Inc. and, prior to the Loan Agreement Termination Date, of the Agent; provided further that AMD Saxonia may

assign this Agreement to the Agent as security for obligations of AMD Saxonia under the Loan Agreement and the Agent may assign this Agreement to any direct transferee of the Plant in the proper exercise of the Agent's enforcement rights in respect of such security.

SECTION 7.05. WAIVERS. No delay or omission in exercise of any right

or remedy of either party or any default by the other, and no custom or practice of the parties at variance with the terms of this Agreement, shall impair any right or remedy otherwise available nor shall it be construed as a waiver of any right or remedy. Any waiver by either party or any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision. AMD Saxonia shall have no right to waive any of its rights or remedies under this Agreement without the prior written consent of AMD Inc. and, prior to the Loan Agreement Termination Date, the Agent.

SECTION 7.06. RIGHTS CUMULATIVE. The rights, remedies and powers of

each of the parties contained in this Agreement are cumulative and not exclusive of any rights, remedies or powers provided to the parties by Law. No single or partial exercise by any of the parties hereto of any right, remedy or power under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

35

SECTION 7.07. NOTICES. All notices and other communications required

or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX or telegram, or by pre-paid courier service, or by telecopier, to the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below, or such other addresses or numbers specified in a notice sent or delivered in accordance with the provisions of this Section 7.07. Any such notice or communication shall be deemed to be given for purposes of this Agreement on the day that such writing or communication is delivered or, in the case only of a telex, TWX or telegram, sent to the intended recipient thereof, or in the case only of telecopier, sent to the intended recipient thereof with confirmation of receipt, all in accordance with the provision of this Section 7.07.

If to AMD Holding:

AMD Saxony Holding GmbH
Washingtonstrasse 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile: +49 351 8412 150

with a copy to AMD Inc.:

Advanced Micro Devices, Inc.
One AMD Place
P.O. Box 3453
Sunnyvale, California 94088
Attention: General Counsel
Facsimile: +1 408 774 7399

If to AMD Saxonia:

AMD Saxony Manufacturing GmbH
Washingtonstrasse 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile: +49 351 8412 150

with a copy to:

Dresdner Bank AG
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile: + 49 351 489 1350

SECTION 7.08. NO EFFECT ON OTHER AGREEMENTS. No provision of this

 Agreement shall be construed so as to negate, modify or affect in any way the provisions of any other agreement among any of AMD Inc., AMD Holding and AMD Saxonia except as specifically provided in any such other agreement.

SECTION 7.09. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND

 SHALL BE CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO ITS CONFLICTS OF LAWS PRINCIPLES. THE PARTIES EXPRESSLY EXCLUDE APPLICATION OF THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE SALE OF GOODS OF APRIL 11, 1980.

SECTION 7.10. DISPUTE RESOLUTION. Subject to Section 7.10 (j) below,

 arbitration under this Section 7.10 shall be the exclusive means for a party to seek resolution of any dispute arising out of, relating to or connected with this Agreement, except that either party may bring an action before a competent court for the issuance of provisional or protective measures.

(a) The parties hereto agree to submit any dispute, controversy or claim ("DISPUTE") arising out of, relating to or in any way connected with this Agreement to final and binding arbitration in Santa Clara County, California, under the Commercial Arbitration Rules and Supplementary Procedures for International Commercial Arbitration of the American Arbitration Association ("AAA") then in force except as modified in accordance with the provisions of this Section 7.10.

(b) The arbitral tribunal shall be composed of three arbitrators, one appointed by each party, and the two arbitrators so appointed shall, within 15 days appoint a third arbitrator who shall be chosen from a country other than those of which the parties are nationals, who shall be fluent in English, and who shall act as Chairman of the tribunal.

(c) In arriving at decisions, the arbitrators shall apply the terms and conditions of this Agreement in accordance with the laws of California.

(d) The award shall be deemed a U.S. award for purposes of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the "NEW YORK CONVENTION"). The English language shall be used in the arbitral proceedings and all exhibits and other evidence in a language other than English shall be accompanied by English translations when submitted into evidence before the arbitral tribunal.

(e) The arbitrators are empowered to render the following awards in accordance with any provision of this Agreement or any related agreement: (i) enjoining a party from performing any act prohibited, or compelling a party to perform any act required, by the terms of this Agreement or any related agreement and any order entered pursuant to this Agreement and (ii) ordering such other legal or equitable relief, including any provisional legal or equitable relief, or specifying such procedures as the arbitrator deems appropriate, to resolve any Dispute submitted for arbitration. The parties shall be entitled to discover all

documents and other information reasonably necessary for a full understanding of any legitimate issue raised in the arbitration. They may use all methods of discovery customary under U.S. federal law, including but not limited to depositions, requests for admission, and requests for production of documents. The time periods for compliance shall be set by the arbitrators, who may also set limits on the scope of such discovery. The arbitrators shall not be empowered to award consequential or punitive damages.

(f) Either party may file an application in any proper court described in Section 7.11 hereof for a provisional remedy in connection with an arbitrable controversy hereunder, but only upon the ground that the award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

(g) The arbitrators shall issue to both parties a written explanation in English of the reasons for the award and a full statement of the facts as found and the rules of law applied in reaching the decision.

(h) Any monetary award shall be made and shall be payable in DM free of any tax or any deduction.

(i) The award of the arbitral tribunal will be the sole and exclusive remedy between the parties regarding any and all claims and counterclaims with respect to the subject matter of the arbitrated dispute. An award rendered in connection with an arbitration pursuant to this Section 7.10 shall be final and binding upon the parties, and any judgment upon which an award may be entered

and enforced in any court of competent jurisdiction.

(j) Notwithstanding the foregoing, the parties agree that any disputes hereunder relating solely to accounting matters shall be resolved by an auditor, appointed as provided below, acting as an expert (and not as an arbitrator), and that the resolution by such independent auditor of any such matter shall be conclusive between the parties absent manifest error. Such auditor shall be appointed by mutual agreement of the parties' respective auditors, and, if prior to the Loan Agreement Termination Date, of the Agent and shall be an independent and internationally known certified public accounting firm with no affiliation with either the parties, the Agent or any of their respective auditors.

(k) Notwithstanding the foregoing, the parties agree that any dispute between the parties and/or the Technical Advisor as to the Capacity of the Plant or any Wafer Fabrication Plant shall be resolved by an independent technical consultant, appointed by the parties as provided below, acting as an expert (and not as an arbitrator), and that the resolution of the independent technical consultant shall be conclusive between the parties absent manifest error. Such technical consultant shall be appointed by mutual agreement of the parties and, prior to the Loan Agreement Termination Date, the Agent, and shall be an independent and internationally known technical consultant with relevant expertise regarding the manufacture of Wafers and similar products.

SECTION 7.11. CONSENT TO JURISDICTION AND FORUM; AMD HOLDING AND AMD

SAXONIA APPOINTMENT OF AGENT FOR SERVICE OF PROCESS.

38

(a) Subject to Section 7.10, all judicial proceedings brought against either party hereto with respect to this Agreement may be brought in Santa Clara County, California, and by execution and delivery of this Agreement, each such party accepts for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of such courts. In addition, each such party hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such proceedings, and hereby further irrevocably and unconditionally waives and agrees to the fullest extent permitted by law not to plead or claim that any such proceeding brought in any such court has been brought in an inconvenient forum.

(b) AMD Holding hereby irrevocably appoints CT Corporation Services as its agent to receive on behalf of AMD Holding and its property service of copies of the summons and complaint and any other process which may be served in any proceeding in any state or federal court of competent jurisdiction in the State of California.

(c) AMD Saxonia hereby irrevocably appoints CT Corporation Services as its agent to receive on behalf of AMD Saxonia and its property service of copies of the summons and complaint and any other process which may be served in any proceeding in any state or federal court of competent jurisdiction in the State of California.

SECTION 7.12. JUDGMENT CURRENCY. The parties hereto agree that,

without prejudice to Sections 7.10 and 7.11 above:

(a) if, for purposes of obtaining hereunder an arbitral award or judgment of any court, it is necessary to convert a sum due hereunder in DM into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the prevailing party could purchase DM with such other currency on the Business Day preceding that on which the final award or judgment (as applicable) is given; and

(b) the obligation of each of the parties hereto in respect of any sum due hereunder from it (the "PAYOR") to the other party (the "RECIPIENT") shall, notwithstanding any judgment in a currency other than DM, be discharged only to the extent that on the Business Day following receipt by the Recipient of any sum adjudged to be so due in such other currency, the Recipient may, in accordance with normal banking procedures, purchase DM with such other currency; in the event that the DM so purchased is less than the sum originally due to the Recipient, the Payor, as a separate obligation and notwithstanding any such judgment or award, hereby agrees to indemnify and hold harmless the Recipient against such loss, and if the DM so purchased exceeds the sum originally due to the Recipient, the Recipient shall remit to the Payor the excess.

SECTION 7.13. LANGUAGE. This Agreement is in the English language,

which language shall be controlling in all respects.

SECTION 7.14. ENTIRE AGREEMENT. This Agreement, the AMD Saxonia Research

Agreement, the License Agreement, the Sponsors' Subordination Agreement (as

defined in the Loan Agreement) and the Management Service Agreement embody the entire agreement and understanding between the parties with respect to the subject matter hereof. Neither party has relied upon any representation or warranty of the other party in entering into this Agreement except as expressly set forth herein. AMD Holding further acknowledges and agrees that its obligations hereunder shall remain in full force and effect notwithstanding the breach by AMD Saxonia of any representation or warranty contained herein.

SECTION 7.15. COUNTERPARTS. This Agreement may be executed in one or

more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

SECTION 7.16. AMENDMENTS. No modifications or amendments to this

Agreement shall be binding unless in writing and executed by each of the parties hereto. In addition, no modification or amendment to this Agreement may be made without the prior written consent of AMD Inc. and, if prior to the Loan Agreement Termination Date, the Agent.

SECTION 7.17. EMU. The European Economic and Monetary Union

anticipates the introduction of a single currency and the substitution of the national currencies of Member States participating in the Monetary Union. On the date on which the DM is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member States participating in European Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with European Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify, or renegotiate this Agreement or any of its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Agreement shall continue in full force and effect in accordance with its terms.

IN WITNESS OF THE FOREGOING, AMD Holding and AMD Saxonia have caused this Agreement to be executed by their authorized representatives as of the date first written above.

AMD SAXONY HOLDING GMBH

/s/ Marvin D. Burkett

Its: Managing Director

AMD SAXONY MANUFACTURING GMBH

/s/ Jack L. Saltich

Its: Managing Director

AMD SAXONIA
RESEARCH, DESIGN AND DEVELOPMENT AGREEMENT

Dated 11 March 1997

between

AMD SAXONY MANUFACTURING GMBH,

and

AMD SAXONY HOLDING GMBH

AMD SAXONIA
RESEARCH, DESIGN AND DEVELOPMENT AGREEMENT

THIS AMD SAXONIA RESEARCH, DESIGN AND DEVELOPMENT AGREEMENT (this "Agreement")

dated as of 11 March, 1997 is entered into between AMD SAXONY MANUFACTURING GMBH, a limited liability company organized and existing under the laws of Germany and registered in the Commercial Register of the Dresden County Court, HRB 13186 ("AMD Saxonia"), and AMD SAXONY HOLDING GMBH, a limited liability

company organized and existing under the laws of Germany and registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding").

WHEREAS, AMD Saxonia is a wholly-owned Subsidiary of AMD Holding which in turn is a wholly-owned Subsidiary of Advanced Micro Devices, Inc., a corporation organized and existing under the laws of the State of Delaware, United States of America ("AMD Inc."), and

WHEREAS, AMD Saxonia, AMD Holding and AMD Inc. (together, the "AMD Companies")

are currently involved in the initial planning stages of a project pursuant to which AMD Saxonia will construct, own and operate inter alia a manufacturing plant to manufacture Wafers using high-volume semiconductor Wafer fabrication processes and an adjoining research and development center (the "Design Center")

to be located in Dresden, Germany, and

WHEREAS, it is expected that the Design Center will employ qualified individuals, mostly hired from local colleges, universities and technical institutes and having advanced educational degrees, to conduct bona fide research on advanced semiconductor products and on the redesign and development of variants of existing semiconductor products, and

WHEREAS, this research is expected to focus on system architecture of microprocessors, circuit designs and improvements of computation and compression algorithms, and the products involved are expected to cover a range of advanced logic devices such as microprocessors and circuits for telecommunications and multimedia applications, and

WHEREAS, AMD Inc. is engaged in research, development, design, manufacturing and marketing of semiconductor products, and

WHEREAS, concurrently herewith AMD Inc. and AMD Holding are entering into an AMD Holding Research, Design and Development Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD Holding Research Agreement"),

pursuant to which AMD Inc. will obtain, and AMD Holding will provide, assistance in the area of research, design and development of semiconductor products, and

WHEREAS, in order to enable it to fulfill its obligations under the AMD Holding Research Agreement, AMD Holding wishes to obtain assistance in the area of research, design and development of semiconductor products from AMD Saxonia, and AMD Saxonia is willing to

provide such assistance, in each case on the terms and subject to the conditions of this Agreement, and

WHEREAS, concurrently herewith (i) AMD Saxonia and AMD Holding are entering into that certain AMD Saxonia Wafer Purchase Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD Saxonia Wafer Purchase

Agreement"), and (ii) AMD Saxonia, AMD Holding and AMD Inc. are entering into

that certain License Agreement (as amended, supplemented or otherwise modified from time to time, the "License Agreement"), and

WHEREAS, capitalized terms not defined herein shall have the meaning assigned to them in the AMD Saxonia Wafer Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual covenants expressed herein, the parties hereby agree as follows:

ARTICLE I
STATEMENT OF WORK

(a) On the terms and subject to the conditions provided herein, (i) AMD Holding hereby retains AMD Saxonia to provide research, design and development services ("Services") related to semiconductor products to

or for the benefit of AMD Holding or, at its request, to or for the benefit of AMD Inc., Fujitsu AMD Semiconductor Limited ("FASL") or

Subsidiaries of AMD Inc. other than AMD Saxonia, and (ii) AMD Saxonia hereby agrees to use its reasonable commercial efforts to provide the Services. In furtherance of the foregoing, AMD Saxonia shall furnish all personnel, facilities, labor, materials, tools, equipment and supervision as may be necessary and commercially reasonable to provide the Services, including without limitation to research, design and develop custom circuits, schematics and layouts, and to perform such other activities, as AMD Holding shall from time to time reasonably request (the "Design Activity"); it being understood and agreed that,

for all purposes of this Agreement, the Services and the Design Activity shall be in all respects comparable and consistent with the Services and the Design Activity under, and as defined in, the AMD Holding Research Agreement.

(b) AMD Holding acknowledges that AMD Saxonia's obligation is to use its reasonable commercial efforts to provide the Services and Design Activities, and that AMD Saxonia therefore does not undertake and cannot guarantee that the results of the Services and Design Activities will achieve the goals set therefor or that such results will have any commercial value. AMD Holding further acknowledges and agrees that AMD Saxonia shall not be required at any time to take any steps hereunder to provide the Services and/or Design Activities to the extent such steps at such time could

3

reasonably be expected to delay the "Completion Date" under, and as defined in, the AMD Saxonia Wafer Purchase Agreement.

(c) AMD Saxonia further agrees, during the term of this Agreement, (i) only to perform Services and engage in Design Activities specifically requested by AMD Holding which request may be made by AMD Inc., FASL or one of AMD Inc.'s Subsidiaries acting pursuant to authorization from AMD Holding hereunder and (ii) not to provide research, design and development services for persons or entities other than AMD Inc., its Subsidiaries or FASL, without the prior consent of AMD Holding.

(d) AMD Saxonia and AMD Holding agree that this Agreement is limited to research, design and development of semiconductor products. Any activities of AMD Saxonia relating to the production of semiconductors, including the transfer of production tooling, shall not be deemed to be Services or Design Activities hereunder and, to the extent covered thereby, shall be subject to the AMD Saxonia Wafer Purchase Agreement. In the event of any conflict or inconsistency between this Agreement and the AMD Saxonia Wafer Purchase Agreement, the terms of the AMD Saxonia Wafer Purchase Agreement shall prevail.

ARTICLE II
PAYMENTS

(a) AMD Holding agrees to pay AMD Saxonia for the Services and Design

Activities performed under this Agreement an amount equal to AMD Saxonia's total cost of labor, materials, overhead and all other costs incurred for and reasonably allocated by AMD Saxonia to such Services and Design Activities in accordance with German generally accepted accounting principles, plus (i) a surcharge of ten percent (10%) on such costs and (ii) Value Added Tax ("Tax"), if applicable. Any net

interest expense or other taxes incurred by AMD Saxonia are specifically excluded as a reimbursable cost under this Agreement. Such expenses shall be subject to the AMD Saxonia Wafer Purchase Agreement, to the extent covered thereby. To the extent certain expenses are incurred in support of both the Services and Design Activities, on the one hand, and other activities of AMD Saxonia, on the other hand, a reasonable allocation by AMD Saxonia of such expenses shall be made between the Services and Design Activities, on the one hand, and such other activities, on the other hand.

(b) Subject to Section (b) of Article I hereof, AMD Holding will

authorize the commencement of Services when AMD Saxonia is able to perform the Services contemplated under this Agreement, but in any event no later than when the Design Center is completed to AMD Holding's reasonable satisfaction. The parties may agree that the Services and Design Activity may be phased in over a period of time prior to the completion of the Design Center, but only those costs specifically related to the

4

Services and Design Activity and not to the completion of the Design Center shall be reimbursable pursuant to Section (a) of this Article

II.
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(c) AMD Saxonia shall within 30 days after the end of each of its fiscal months, provide AMD Holding with an installment invoice in respect of such fiscal month detailing the Services rendered and the Design Activity undertaken and specifying costs with respect to such Services and Design Activity, and the amount payable by AMD Holding under this Article II with respect thereto. Some of these costs may be

estimated, budgeted or accrued costs, but shall be subject to a quarterly adjustment to reflect actual costs when finally determined.

(d) Under this Agreement, invoices shall be rendered and payments shall be made in the lawful currency of the Federal Republic of Germany ("DM"). Invoices shall be paid in full within thirty (30) days of the

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receipt of such invoice. Payments under this Agreement from AMD Holding to AMD Saxonia shall be made by wire transfer deposited into [*], or such other account of AMD Saxonia specified by AMD Saxonia with the prior written consent of Dresdner Bank AG as Agent for the Lenders under the Loan Agreement (including any successor thereto in such capacity, the "Agent") (a copy of which consent shall be delivered by

AMD Saxonia to AMD Holding) with not less than 15 days written notice to AMD Holding. All amounts under this Agreement not paid when due from AMD Holding shall bear interest at the rate of 7.0% per annum from the date due until paid, calculated on the basis of actual days and months elapsed. Accrued interest hereunder shall be due and payable at the end of each calendar month.

(e) The obligations of AMD Holding hereunder, including, without limitation, the obligation to pay for any Services or Design Activity actually performed by AMD Saxonia, are intended to be absolute and unconditional. The parties hereto hereby expressly acknowledge, agree, and understand that the payment by AMD Holding of all amounts payable by it hereunder shall in no way be prevented, delayed, or otherwise affected as a result of any dispute between the parties (or between any of their Affiliates) nor by any breach of this Agreement or any other agreement entered into in connection herewith and/or any adverse change in the financial or economic condition of AMD Saxonia or any Affiliate thereof, including situations or conditions which would render any or all of AMD Saxonia or any Affiliate thereof in liquidation, bankruptcy, or any kind of insolvency. All obligations of AMD Holding under or in connection with this Agreement shall be paid and performed in all events in the manner and at the times herein provided, irrespective of and without prejudice to, any rights or remedies that are available to the other parties hereto under any agreements or any applicable laws. The foregoing notwithstanding, AMD Holding shall be entitled to setoff, and to raise rights of retention, in respect of payment claims due from it hereunder only to the extent its counterclaim is undisputed by AMD Saxonia or has been the subject of a final, binding arbitral or court

decision.

5

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

(f) AMD Saxonia shall keep and maintain, in accordance with German generally accepted accounting principles, books of account and other records with respect to the costs and other amounts charged by AMD Saxonia to AMD Holding under this Agreement.

(g) AMD Holding shall, upon reasonable written notice to AMD Saxonia, have a right to perform special audits of AMD Saxonia by either outside auditors or one or more of the internal auditors of the AMD Companies, at AMD Holding's own cost. The scope of the audit shall not be limited in any manner.

(h) AMD Saxonia and AMD Holding agree that the purpose of this Agreement and the related Services and Design Activity is the creation of intellectual property. However, from time to time, such intellectual property may be transferred in the form of tangible personal property. The transfer of any tangible personal property is solely for the purpose of conveying or exchanging intellectual property or "Ideas".

Examples of such tangible personal property may include, but are not limited to, magnetic tapes, pattern generation tapes, test tapes, schematic diagrams, prototypes and prototype tooling. Both parties agree that, in the aggregate, the fair market value of such tangible property transferred to AMD Holding shall not exceed U.S. \$5,000 dollars per year. The provisions of this paragraph are intended solely for valuation purposes under the various state sales and use tax rules in the U.S.A. and do not in any way alter the compensation provisions of this Article II, which is the sole and controlling provision for the

compensation to AMD Saxonia for the Services and Design Activities under this Agreement.

ARTICLE III WORK PERFORMED OUTSIDE GERMANY

(a) The parties recognize that to implement the intent and purpose of this Agreement, and to bring the research, design and development efforts of AMD Saxonia to the stage at which production of semiconductor products is possible, essential work related to the Design Activity which AMD Saxonia is unable to perform may have to be performed by AMD Inc. on behalf of AMD Holding at AMD Inc. facilities outside Germany.

(b) It is expressly agreed that all cost for work performed by or on behalf of AMD Holding, at any facility other than the Design Center, will be absorbed by AMD Holding and will not be charged back to AMD Saxonia.

6

ARTICLE IV CHANGES IN SPECIFICATIONS

(a) AMD Holding may from time to time request changes in the specifications of semiconductor products undergoing research, design and development during the course of the Design Activity, which request may be made by AMD Inc., FASL or one of AMD Inc.'s Subsidiaries acting pursuant to authorization from AMD Holding. AMD Holding acknowledges that such changes may result in additional delays as well as alteration of designs, drawings, materials, and other items used in the development process and consequently may result in changed costs or delay, that AMD Saxonia shall include such changed costs in its costs reimbursed or to be reimbursed pursuant to Section (a) of Article II,

and that AMD Saxonia shall have no liability or obligation as a result of any such delays.

(b) AMD Saxonia will use its reasonable commercial efforts to inform AMD Holding of the changes in cost in sufficient time to authorize or approve such changed costs before they are incurred provided that the

failure by AMD Saxonia to do so will not excuse AMD Holding of the obligation to compensate AMD Saxonia in respect of any such changes in cost.

ARTICLE V
EFFECTIVE DATE: TERM AND TERMINATION

(a) This Agreement shall become effective on the date hereof and shall terminate on the earliest of (i) the Loan Agreement Termination Date and (ii) any date upon which the AMD Saxonia Wafer Purchase Agreement terminates in accordance with its terms.

(b) The provisions of Articles V(c), XV, XVII, XVIII, XIX, and XX of

this Agreement shall survive any termination of this Agreement.

(c) Within 30 days after termination of this Agreement, AMD Saxonia shall send a final invoice to AMD Holding for any uninvoiced Services or Design Activity. Such invoice shall be paid in accordance with the payment provisions set forth in Section (d) of Article II hereof.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

AMD Holding represents and warrants to AMD Saxonia as follows:

(a) Organization; Corporate Power. AMD Holding is a Gesellschaft mit

beschränkter Haftung duly organized and existing under the laws of the Federal Republic of Germany and registered in Dresden, Germa

7

ny; AMD Holding is duly qualified or licensed and (where the term has a technical meaning) is in good standing as a foreign corporation authorized to do business in each jurisdiction where, because of the nature of its activities or properties, such qualification or licensing is required, except for such jurisdictions where the failure to be so qualified or licensed will not materially adversely affect its financial condition, business, operations, or prospects; and AMD Holding has all requisite corporate power and authority (i) to own, operate, and lease its assets and properties and to carry on the business in which it is engaged and in which it currently proposes to engage; and (ii) to execute, deliver, and perform its obligations under this Agreement.

(b) Corporate Authority; No Conflict. The execution, delivery, and

performance by AMD Holding of this Agreement have been duly authorized by all necessary corporate action (including any necessary shareholder action) on the part of AMD Holding, and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect binding on AMD Holding (which violation, in the case of performance only, individually or in the aggregate could reasonably be expected to have a material adverse effect on the financial condition, business, operations or prospects of AMD Holding) or violate the charter of AMD Holding, or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument, to which AMD Holding is a party or by which AMD Holding or its properties are bound or affected, or (iii) result in or require (in either case except as contemplated by the Operative Documents), the creation or imposition of any encumbrance of any nature upon or with respect to any of the properties now owned or hereafter acquired by AMD Holding, and AMD Holding is not in default under or in violation of its charter, or any such law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture, agreement, or instrument, which default or violation, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the financial condition, business, operations, or prospects of AMD Holding.

(c) Valid and Binding Obligations. This Agreement constitutes the

legal, valid, and binding obligation of AMD Holding, enforceable against AMD Holding in accordance with its respective terms, subject, however, to applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and except as the enforceability thereof may be limited by general principles of equity (regardless of whether considered in a proceeding in equity or law).

ARTICLE VII
WARRANTY AND DISCLAIMER

(a) AMD Saxonia covenants and warrants (i) that it will perform all Services and Design Activity under this Agreement substantially in accordance with the standards and practices of care, skill and diligence customarily observed by similar firms under similar circumstances at the time they are rendered, and (ii) that all Services and Design Activities shall be free of material defects in workmanship.

(b) THE WARRANTY CONTAINED IN THIS ARTICLE VII IS THE SOLE AND EXCLUSIVE WARRANTY AS TO THE SERVICES AND DESIGN ACTIVITIES RENDERED AND PROVIDED HEREUNDER, AND IS EXPRESSLY IN LIEU OF ANY EXPRESS OR IMPLIED WARRANTIES, IN FACT OR IN LAW, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. AMD SAXONIA ASSUMES NO LIABILITY IN TORT OR STRICT LIABILITY, NOR SHALL AMD SAXONIA BE LIABLE TO AMD HOLDING OR ANY SUBSIDIARY OR AFFILIATE THEREOF FOR LOSS OF USE OF SERVICES OR DESIGN ACTIVITY OR ANY OTHER INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES INCURRED BY AMD HOLDING OR ANY SUBSIDIARY OR AFFILIATE THEREOF. IN NO EVENT SHALL THE LIABILITY OF AMD SAXONIA ARISING IN CONNECTION WITH ANY SERVICES OR DESIGN ACTIVITY PROVIDED HEREUNDER EXCEED THE ACTUAL AMOUNT PAID BY AMD HOLDING TO AMD SAXONIA FOR SERVICES OR DESIGN ACTIVITY INVOLVED IN SUCH CLAIM.

ARTICLE VIII
SEVERABILITY

If any term or provision of this Agreement or the application of this Agreement to any person, entity or circumstance is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remainder of this Agreement shall not be affected, but shall be valid and enforceable as if the invalid term, condition or provision were not a part of this Agreement.

ARTICLE IX
HEADINGS

The headings contained in this Agreement are for convenience of reference only and shall not be deemed to be a part of this Agreement or to affect the meaning or interpretation of this Agreement.

ARTICLE X
FORCE MAJEURE

(a) A party to this Agreement shall not be liable for the consequences of any failure to perform, or default in performing, any of its obligations, other than its payment obligations, under this Agreement, if that party can show that such failure is caused by Force Majeure (as defined below).

(b) Where there has been any such failure, the said failure shall not be considered non-compliance with any term or condition of this Agreement, and all the obligations and times which because of such failure could not be fulfilled shall be deemed to have been suspended while the failure continues. In addition, the party for whom such obligations and/or times have been suspended shall be entitled to take reasonable steps during the pendency of the relevant Force Majeure to limit its losses resulting from such Force Majeure, and following the termination of such Force Majeure such obligations and/or times shall continue to be suspended for such further reasonable period as is necessary for such party to restore its capacity to perform such obligations and/or meet such times.

(c) For purposes of this Article X, "Force Majeure" means an event

which is not within the reasonable control of the party seeking to rely on the existence of Force Majeure, where the adverse effect of such event on such party's compliance with its obligations under this Agreement is not preventable by such party using all reasonable care and diligence. Such events may include, without limitation, the following: acts of war (whether declared or undeclared), invasion, armed conflict, acts of one or more enemy of the United States of America, Germany or any other country or jurisdiction; blockade or embargo, revolution, riot, bombs, insurrection, or other civil disturbance, sabotage, terrorism, or the threat of any of the foregoing, nuclear explosion, radioactive or chemical contamination or ionizing radiation, strikes, lockouts, industrial action or labor

disputes, any effect of the natural elements including, without limitation, lightning, fire, earthquake, flood, strike and other unusual or extreme adverse weather, or environmental conditions or actions of the elements, epidemic or plague, loss of or damage to the Design Center and/or machinery, equipment or materials at, for or in transit to the Design Center, acts of God and any events or circumstances analogous to any of the above.

ARTICLE XI
RELATIONSHIP OF PARTIES

AMD Holding and AMD Saxonia shall at all times be independent contractors with respect to each other. Nothing in this Agreement shall constitute either party hereto as the partner, joint venturer, employee or agent of the other such party and neither AMD Holding nor AMD Saxonia shall act or omit to act in such a way as to suggest the contrary to any third party.

10

ARTICLE XII
ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of each party hereto and their respective successors and assigns; provided, however, that this

Agreement contemplates personal services of AMD Saxonia and accordingly neither party hereto shall have the right to transfer or assign its interest in this Agreement or, in the case of AMD Saxonia, delegate any obligation hereunder, without the prior written consent of both the other party hereto and, prior to the Loan Agreement Termination Date, of the Agent, and provided further that AMD

Saxonia may assign this Agreement to the Agent as security for obligations of

AMD Saxonia under the Loan Agreement and the Agent may further assign this

Agreement to the extent permitted in the proper exercise of the Agent's

enforcement rights in respect of such security.

ARTICLE XIII
WAIVERS

No delay or omission in exercise of any right or remedy of either party or any default by the other, and no custom or practice of the parties at variance with the terms of this Agreement, shall impair any right or remedy otherwise available nor shall it be construed as a waiver of any right or remedy. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision. AMD Saxonia shall have no right to waive any of its rights or remedies under this Agreement without the prior written consent of the Agent. AMD Holding shall have

no right to waive any of its rights or remedies under this Agreement without the prior written consent of AMD Inc.

ARTICLE XIV
RIGHTS CUMULATIVE

The rights, remedies and powers of each of the parties contained in this Agreement are cumulative and not exclusive of any rights, remedies or powers provided to the parties by applicable law. No single or partial exercise by any of the parties hereto of any right, remedy or power under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

ARTICLE XV
NOTICES

All notices and other communications required or permitted to be given to or made upon either party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX or

11

telegram, or by pre-paid courier service, or by telecopier, to the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below, or such other addresses or numbers specified in a notice sent or delivered in accordance with the provisions of this Article XV. Any such notice or communication shall be deemed to be given

for purposes of this Agreement on the day that such writing or communication is

delivered or, in the case only of a telex, telecopier, TWX or telegram, sent to the intended recipient thereof, with confirmation of receipt, in accordance with the provision of this Article XV, or

If to AMD Holding:

AMD Saxony Holding GmbH
Washingtonstr. 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile: 49-351-8412-150

with a copy to:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94088
Attention: General Counsel
Facsimile: (408) 749-3945
If to AMD Saxonia:

AMD Saxony Manufacturing GmbH
Washingtonstr. 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile: 49-351-8412-150

with a copy to:

Dresdner Bank AG, as Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile: 49-351-489-1350

12

ARTICLE XVI
NO EFFECT ON OTHER AGREEMENTS

No provision of this Agreement shall be construed so as to negate, modify or affect in any way the provisions of any other agreement between AMD Holding and AMD Saxonia except as specifically provided in any such other agreement.

ARTICLE XVII
GOVERNING LAW

THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

ARTICLE XVIII
ARBITRATION OF DISPUTES

Arbitration under this Article XVIII shall be the exclusive means for a party to

seek resolution of any dispute arising out of, relating to or connected with this Agreement, except that either party may bring an action before a competent court for the issuance of provisional or protective measures.

(a) The parties hereto agree to submit any dispute, controversy or claim ("Dispute") arising out of, relating to or in any way connected

with this Agreement to final and binding arbitration in the County of Santa Clara, California, under the Commercial Arbitration Rules and Supplementary Procedures for International Commercial Arbitration of the American Arbitration Association ("AAA") then in force except as

modified in accordance with the provisions of this Article XVIII.

(b) The arbitral tribunal shall be composed of three arbitrators, one appointed by each party, and the two arbitrators so appointed shall, within 15 days appoint a third arbitrator who shall be chosen from a country other than those of which the parties are nationals, who shall be fluent in English, and who shall act as Chairman of the tribunal.

(c) In arriving at decisions, the arbitrators shall apply the terms and conditions of this Agreement in accordance with the laws of the State of California.

(d) The award shall be deemed a U.S. award for purposes of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the "New York Convention"). The English language shall

be used in the arbitral proceedings and all

13

exhibits and other evidence in a language other than English shall be accompanied by English translations when submitted into evidence before the arbitral tribunal.

(e) The arbitrators are empowered to render the following awards in accordance with any provision of this Agreement or any related agreement: (i) enjoining a party from performing any act prohibited, or compelling a party to perform any act required, by the terms of this Agreement or any related agreement and any order entered into pursuant to this Agreement and (ii) ordering such other legal or equitable relief, including any provisional legal or equitable relief, or specifying such procedures as the arbitrator deems appropriate, to resolve any Dispute submitted for arbitration. The parties shall be entitled to discover all documents and other information reasonably necessary for a full understanding of any legitimate issue raised in the arbitration. They may use all methods of discovery customary under U.S. federal law, including but not limited to depositions, requests for admission, and requests for production of documents. The time periods for compliance shall be set by the arbitrators, who may also set limits on the scope of such discovery. The arbitrators shall not be empowered to award consequential or punitive damages.

(f) Either party may file an application in any proper court described in Article XIX hereof for a provisional remedy in connection with an

arbitrable controversy hereunder, but only upon the ground that the award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

(g) The arbitrators shall issue to both parties a written explanation in English of the reasons for the award and a full statement of the facts as found and the rules of law applied in reaching the decision.

(h) Any monetary award shall be made and shall be payable in DM free of any tax or any deduction.

(i) The award of the arbitral tribunal will be the sole and exclusive remedy between the parties regarding any and all claims and counterclaims with respect to the subject matter of the arbitrated dispute. An award rendered in connection with an arbitration pursuant to this Article XVIII shall be final and binding upon the parties, and

any judgment upon which an award may be entered and enforced in any court of competent jurisdiction.

14

ARTICLE XIX
CONSENT TO JURISDICTION AND FORUM:
AMD HOLDING AND AMD SAXONIA APPOINTMENT OF
AGENT FOR SERVICE OF PROCESS

(a) Subject to Article XVIII, all judicial proceedings brought against

either party hereto with respect to this Agreement may be brought in the United States District Court for the Northern District of California or in any branch of the Superior Court of the State of California sitting in the City of San Francisco, and by execution and delivery of this Agreement, each such party accepts for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of such courts. In addition, each such party hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such proceedings, and hereby further irrevocably and unconditionally waives and agrees to the fullest extent permitted by law not to plead or claim that any such proceeding brought in any such court has been brought in an inconvenient forum.

(b) AMD Saxonia hereby irrevocably appoints CT Corporation Services as its agent to receive on behalf of AMD Saxonia and its property service of copies of the summons and complaint and any other process which may

be served in any proceeding in any state or federal court of competent jurisdiction in the State of California.

(c) AMD Holding hereby irrevocably appoints CT Corporation Services as its agent to receive on behalf of AMD Holding and its property service of copies of the summons and complaint and any other process which may be served in any proceeding in any state or federal court of competent jurisdiction in the State of California.

ARTICLE XX
JUDGMENT CURRENCY

The parties hereto agree that, without prejudice to Articles XVII, XVIII and XIX

above:

(a) if, for purposes of obtaining hereunder an arbitral award or judgment of any court, it is necessary to convert a sum due hereunder in DM into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the prevailing party could purchase DM with such other currency on the Business Day preceding that on which the final award or judgment (as applicable) is given; and

(b) the obligation of each of the parties hereto in respect of any sum due hereunder from it (the "Payor") to the other party (the

"Recipient") shall, notwithstanding any judgment in a currency other

than DM, be discharged only to the extent that on the

15

Business Day following receipt by the Recipient of any sum adjudged to be so due in such other currency, the Recipient may, in accordance with normal banking procedures purchase DM with such other currency; in the event that the DM so purchased is less than the sum originally due to the Recipient, the Payor, as a separate obligation and notwithstanding any such judgment or award hereby agrees to indemnify and hold harmless the Recipient against such loss, and if the DM so purchased exceeds the sum originally due to the Recipient, the Recipient shall remit to the Payor the excess.

ARTICLE XXI
LANGUAGE

This Agreement is in the English language, which language shall be controlling in all respects.

ARTICLE XXII
ENTIRE AGREEMENT

This Agreement, the AMD Holding Research Agreement, the AMD Saxonia Wafer Purchase Agreement, the Confidentiality and Intellectual Property Agreement, the License Agreement and that certain Amended and Restated Management Services Agreement, dated as of even date hereof, embody the entire agreement and understanding between the parties with respect to the subject matter hereto. AMD Holding acknowledges and agrees that it has not relied upon any representation or warranty of the AMD Saxonia in entering into this Agreement and that this Agreement shall remain in force notwithstanding the breach by AMD Saxonia of any such representation or warranty, and AMD Saxonia acknowledges and agrees that it has not relied upon any representation or warranty of AMD Holding in entering into this Agreement except as expressly set forth herein.

ARTICLE XXIII
COUNTERPARTS

This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

16

ARTICLE XXIV
AMENDMENTS

No modifications or amendments to this Agreement shall be binding unless in

writing and executed by each of the parties hereto and AMD Inc. and, prior to the Loan Agreement Termination Date, without the prior written consent of the Agent.

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ARTICLE XXV
EUROPEAN MONETARY UNION

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

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate originals as of the date first written above by causing their duly authorized representatives to sign below.

AMD SAXONY MANUFACTURING GMBH

AMD SAXONY HOLDING GMBH

/s/ Jack L. Saltich

/s/ Marvin D. Burkett

Geschäftsführer

Geschäftsführer

LICENSE AGREEMENT

Dated 11 March 1997

between

ADVANCED MICRO DEVICES, INC.,

AMD SAXONY HOLDING GMBH,

and

AMD SAXONY MANUFACTURING GMBH

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LICENSE AGREEMENT

This LICENSE AGREEMENT (this "Agreement") dated as of 11 March, 1997 is between:

- (1) Advanced Micro Devices, Inc., a corporation organized and existing under the laws of the State of Delaware, United States of America, with its principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD Inc.");
(2) AMD Saxony Holding GmbH, a Gesellschaft mit beschränkter Haftung organized and existing under the laws of Germany and registered in the Commercial Register of the Dresden County Court, HRB 13931 ("AMD Holding"); and
(3) AMD Saxony Manufacturing GmbH, a Gesellschaft mit beschränkter Haftung organized and existing under the laws of Germany and registered in the Commercial Register of the Dresden County Court, HRB 13186 ("AMD Saxonia").

RECITALS

WHEREAS, AMD Saxonia is a wholly-owned Subsidiary (such and other capitalized terms having the meanings assigned thereto in Section 1 below) of AMD Holding, which in turn is a wholly-owned Subsidiary of AMD Inc.;

WHEREAS, AMD Inc., AMD Holding and AMD Saxonia are currently involved in the initial planning stages of a project pursuant to which AMD Saxonia will construct, own and operate inter alia a manufacturing plant to manufacture Wafers using high-volume semiconductor wafer fabrication processes and an adjoining research and development center, each of which is to be located in Dresden, Germany (collectively referred to as the "Plant"); and

WHEREAS, AMD Inc. and AMD Holding are entering into an AMD Holding Wafer Purchase Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD Holding Wafer Purchase Agreement"), pursuant to which, among other things, AMD Inc. will agree to purchase from AMD Holding, and AMD Holding will agree to supply on an exclusive basis to AMD Inc., all Products as are ordered from time to time by AMD Inc. from AMD Holding, in each case on the terms and conditions of the AMD Holding Wafer Purchase Agreement; and

WHEREAS, concurrently herewith, AMD Holding and AMD Saxonia are entering into an AMD Saxonia Wafer Purchase Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD Saxonia Wafer Purchase Agreement"; together with the AMD Holding Wafer Purchase Agreement, the "Wafer Purchase Agreements"), pursuant to which, among other things, AMD Holding will agree to purchase from AMD Saxonia, and AMD Saxonia will agree to manufacture and sell to AMD Holding, on an exclusive basis, such Products, all on the terms and conditions of the AMD Saxonia Wafer Purchase Agreement; and

WHEREAS, concurrently herewith, AMD Inc. and AMD Holding are entering into an AMD Holding Research, Design and Development Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD Holding Research Agreement"), and AMD Holding and AMD Saxonia concurrently herewith are entering into an AMD Saxonia Research, Design and Development Agreement (as amended, supplemented or otherwise modified from time to time, the "AMD Saxonia Research Agreement"; together with the AMD Holding Research Agreement, the "Research

Agreements") pursuant to which AMD Holding will provide certain research, design and development Services and Design Activities relating to semiconductor products to AMD Inc., and pursuant to which AMD Holding will obtain AMD Saxonias assistance in providing such Services and Design Activities, in each case on the terms and subject to the conditions of the relevant Research Agreement; and

WHEREAS, in furtherance of the AMD Saxonias Research Agreement, all rights, title and interest in and to the Developed Intellectual Property shall at all times be vested solely in AMD Inc.; and

WHEREAS, it is a condition to the parties entering into the Purchase Agreements that AMD Inc. grant to AMD Saxonias a perpetual, royalty-free, non-exclusive license to use the Developed Intellectual Property at the Plant to design, develop, manufacture, use, distribute and sell products other than the Products, all on the terms and subject to the conditions contained herein; and

WHEREAS, concurrently herewith, AMD Saxonias is entering into that certain Loan Agreement (the "Loan Agreement") among Dresdner Bank AG, as Agent and Security Trustee (the "Agent"), and certain other financial institutions named in the Loan Agreement, pursuant to which such institutions will make loans from time to time to AMD Saxonias on the terms and conditions set forth therein; and

WHEREAS, as the capital stock of AMD Saxonias and all or substantially all of AMD Saxonias property and assets are being pledged as security for the full and timely performance by AMD Saxonias of all of its obligations under the Loan Agreement, the parties wish to clarify certain questions relating to the ownership of various intellectual property used in the operation of the Plant and/or developed by AMD Saxonias under the AMD Saxonias Research Agreement and to identify certain permitted uses of the Plant and such intellectual property following termination of the Service Agreements.

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

Section 1. Definitions. The following terms shall, unless the context

requires otherwise, have the respective meanings assigned to them as follows:

(a) "Affiliates" means, with respect to any Person, a Person which, directly or indirectly, controls, is controlled by, or is under common control with, such other Person; and, for purposes of this definition, the concept of "control," with respect to any Person, signifies the

3

possession of the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, the possession of voting rights, by contract, or otherwise; provided that FASL shall

be deemed to be an Affiliate of AMD Inc. for purposes of this Agreement;

(b) "Agent" means Dresdner Bank AG, as Agent under the Loan Agreement, including any successor to Dresdner Bank AG in that capacity;

(c) "AMD Companies" means the Subsidiaries of AMD Inc. other than AMD Saxonias;

(d) "AMD Saxonias Persons" means the directors, officers, employees, self-employed consultants or sub-contractors, and agents of AMD Saxonias;

(e) "Banks" means, collectively, the Agent and the other financial institutions named in the Loan Agreement.

(f) "Beneficiary" shall mean each of the Banks, any receiver appointed to operate the Plant and any third party purchaser of the capital stock of or all or substantially all of the assets of AMD Saxonias;

(g) "Confidential Information" means confidential technical information relating to the Proprietary Product Know-how or to the design, manufacture, use and sale of Products and Improvements as well as other non-public business information relating to AMD Inc. and the AMD Companies, including, but not limited to, non-public business plans, marketing plans, sales data and customer lists; provided that such information is of a nature that would be treated by a

reasonable recipient under arms-length circumstances as confidential, regardless of whether provided in writing or orally;

(h) "Design Activity" means the activities of AMD Saxonias to provide the Services, including without limitation to research, design and develop custom circuits, schematics and layouts and such other activities as shall from time to time be requested of it pursuant to the AMD Saxonias Research Agreement;

(i) "Developed Intellectual Property" means all intellectual property, including, but not limited to, ideas, conceptions and inventions (whether or not patentable, reduced to practice or made the subject of a pending patent application), copyrights (whether or not registered), copyrighted or copyrightable works, mask works or registrations thereof, software, semi-conductor topography rights, know-how, trade secrets, manufacturing and production processes and techniques, research and development information and other confidential technical information, which intellectual property was made, conceived or actually or constructively reduced to practice prior to the termination of the AMD Saxonia Research Agreement, to the extent such intellectual property was developed wholly by AMD Saxonia or an AMD Saxonia Person for AMD Saxonia or, with respect to such intellectual property as is incapable of division into discreet items, where AMD Saxonia or an AMD Saxonia Person

4

working for AMD Saxonia expended at least 50% of the quantitative or qualitative man-hours expended in the development thereof;

(j) "FASL" means Fujitsu AMD Semiconductor Limited, a joint venture organized under the laws of Japan between AMD Inc. and Fujitsu Limited;

(k) "Improvements" means any and all developments, enhancements, improvements, upgrades, modifications, updates (including error corrections), translations and derivative works developed prior to the termination of the AMD Saxonia Research Agreement with respect to Products;

(l) "Information Residuals" means all information which (i) is remembered by an AMD Saxonia Person after having been exposed thereto in connection with his or her duties at AMD Saxonia either before or during the term of the AMD Saxonia Wafer Purchase Agreement or the AMD Saxonia Research Agreement, and (ii) pertains to the general operation, calibration, configuration and functionality of the equipment, facilities and fixtures in the Plant or pertains to the processes, methods, techniques and materials used in connection with the manufacture of semiconductor products; provided, however, that Information

Residuals shall not include any specific design aspects of the Products (or any part thereof), nor shall it include any Proprietary Product Know-how;

(m) "Loan Agreement" has the meaning set forth in the Recitals hereof, as may be amended, supplemented or otherwise modified from time to time;

(n) "Loan Agreement Termination Date" means the first day on which (i) no obligations of AMD Saxonia are then owing under the Loan Agreement and all principal of and accrued interest on any loans under the Loan Agreement have been paid or repaid (as the case may be) in full, and (ii) the Banks have no further commitments of any kind to extend credit to AMD Saxonia under the Loan Agreement;

(o) "Management Service Agreement" means, together, that certain Management Service Agreement dated as of January 1, 1996 and that certain letter agreement dated April 9, 1996 between AMD Inc. and AMD Saxonia, as amended and restated by AMD Inc., AMD Holding and AMD Saxonia as of the date hereof, and as such amended and restated agreement may be further amended, supplemented or otherwise modified from time to time;

(p) "Non-Proprietary Know-how" means all knowledge and information relating to the design, manufacture, use and sale of semiconductor products which does not constitute Proprietary Product Know-how or Confidential Information;

(q) "Person" means an individual, partnership, joint venture, trustee, trust, corporation, unincorporated association or other entity, or a government, state or agency or political subdivision thereof;

(r) "Plant" means, collectively, the "Plant" and the " Design Center," as those terms are defined in the AMD Saxonia Wafer Purchase Agreement.

5

(s) "Post Research Agreement AMD Saxonia Developed Improvements" means any and all improvements to the Developed Intellectual Property, which are made, conceived or actually or constructively reduced to practice by AMD Saxonia after the termination of the AMD Saxonia Research Agreement;

(t) "Post Research Agreement AMD Saxonia Developed Intellectual Property" means any and all intellectual property independently made, conceived or actually reduced to practice by AMD Saxonia after the termination of the AMD Saxonia Research Agreement.

(u) "Products" means Wafers containing identical individual circuits meeting Specifications which have been supplied to AMD Saxonia by or on behalf of AMD Holding in accordance with the AMD Saxonia Wafer Purchase Agreement.

(v) "Proprietary Product Know-how" means all knowledge and information of AMD Inc. or of any of the AMD Companies, including show-how, methods, techniques, procedures, formulations, formulae, assembly, installation, operating and quality control procedures and manuals, quality control standards, technical information, technical and product specifications, equipment requirements, writings, plans, drawings, designs, layouts, data, equipment, descriptions, masks, mask works, systems, toolings, software, data, copyrightable material, trade secrets, customer lists, inventions (whether patentable or not), improvements, developments and discoveries relating to the design, fabrication, manufacture, use and sale of Products, including the implementation of circuit design on such Products, such testing procedures as are proprietary to AMD Inc., the cutting and sorting of the individual circuits or die on such Products and the packaging and testing of such die, which knowledge and information, or any part thereof: (i) derives independent economic value from not being known to, and not being readily ascertainable by proper means of, other Persons who can obtain economic value from its disclosure; and (ii) is the subject of efforts that would be reasonable under arms-length circumstances to maintain its secrecy.

(w) "Proprietary Technical Documentation" means all documentation (including that recorded in electronic media) relating to the Proprietary Product Know-how, including, but not limited to, process recipe books, flow charts, data bases, lab books, programs, software, formulae, diagrams, specifications, drawings, sketches, schematics, plans, models, blueprints and design materials. Proprietary Technical Documentation shall not include any documentation that pertains to the general operation of the equipment in the Plant or operation of the Plant itself, such as maintenance histories, service logs and manuals and operating manuals;

(x) "Service Agreements" means the Wafer Purchase Agreements, the Research Agreements, and the Management Service Agreement;

(y) "Services" means the research, design and development services to be performed by AMD Saxonia under the AMD Saxonia Research Agreement;

6

(z) "Specifications" means, with respect to a Product, the tooling, masks, mask-works, specifications, blueprints, drawings, assembly instructions and other instructions required for the manufacture of that Product;

(aa) "Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the total voting power of shares of stock or other ownership interest entitled to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; and

(bb) "Wafer" means a silicon wafer onto which many identical individual integrated circuits have been etched or otherwise imprinted.

Section 2. Ownership of Intellectual Property.

(a) Each of AMD Holding and AMD Saxonia acknowledges and agrees that it shall promptly disclose to AMD Inc. any and all intellectual property made, conceived or actually or constructively reduced to practice by it and its Affiliates prior to the termination of the Service Agreements and that AMD Inc. shall have all ownership rights, title and interest in and to such intellectual property, subject to the grant of license contained in Section 3 hereof. Each of AMD Holding and AMD Saxonia further acknowledges and agrees that it is engaged under its respective Service Agreement in work for hire and hereby assigns to AMD Inc. any and all such intellectual property referred to in the preceding sentence; provided, that to the extent any such intellectual property comprises copyrights which, for purposes of German law, cannot be so assigned, each of AMD Holding and AMD Saxonia hereby grants and assigns to AMD Inc., to the fullest extent permitted by applicable law and on a fully-paid and royalty-free basis, the exclusive right to exploit such copyright worldwide for the entire duration of such copyright, including without limitation the right to assign or license such right to any other Person on an exclusive or non-exclusive basis, as the case may be. Each of AMD Holding and AMD Saxonia agrees to assist AMD Inc., at AMD Inc.'s expense, in every proper way to enable AMD Inc. to obtain, perfect, defend and enforce its rights in and to all such intellectual property in any and all countries, including by the disclosure to AMD Inc. of all pertinent information and dates with respect thereto and the execution of all applications, specifications, declarations, oaths, assignments, licenses and all other instruments which are, or AMD Inc. shall deem, necessary, in order to apply for and obtain copyright protection, mask or mask-work registration and/or letters patent and/or in order to assign and convey to AMD Inc., its successors, assigns and nominees, sole and exclusive rights, title and interest in and to

such intellectual property by copyrights, mask works, patent applications, patents or other forms of industrial or intellectual property protection.

(b) Each of AMD Holding's and AMD Saxonia's obligation to execute (or cause to be executed) instruments or papers such as those described in Section 2(a) shall continue after the termination of this Agreement and any Service Agreement with respect to any and all copyrights, masks, mask works, inventions and/or other industrial or intellectual property rights owned by, assigned to or required to be assigned to AMD Inc. under the provisions of this Agreement. Each of AMD Holding and AMD Saxonia agrees that, if testimony or information relative to any of said matters or related to any interference or litigation is required by AMD Inc. either during the term of this Agreement or any Service Agreement or following such termina

7

tion, it shall give all information and testimony and do all things reasonably requested of it that it may lawfully do; provided that, if such matters shall be

required of it, it will receive reasonable compensation from AMD Inc. for its costs and time so consumed.

(c) Each of AMD Holding and AMD Saxonia agrees that, prior to the termination of its respective Service Agreements, any employee inventions of its respective employees, as defined in the "Employee Invention Law" shall be claimed by it within the time limits set by law. Each of AMD Holding and AMD Saxonia agrees that it shall use all reasonable efforts to obtain, to the fullest extent permitted by law, exclusive rights for AMD Inc. for such employee inventions. Each of AMD Holding and AMD Saxonia further agrees that for free inventions, as defined in the Employee Invention Law, of its employees, it shall, on request of AMD Inc., acquire for AMD Inc. a non-exclusive right to use such free invention. The calculation and payment of the amount of any consideration for employee inventions qualifying under the Employee Invention Law shall be the responsibility of AMD Holding or AMD Saxonia as applicable.

(d) AMD Saxonia hereby acknowledges and agrees that, except to the extent that such intellectual property qualifies as Developed Intellectual Property so as to be covered by the license set forth in Section 3 hereof, AMD Saxonia shall have no rights to use any intellectual property partially made, conceived, or actually or constructively reduced to writing by AMD Saxonia during the term of the AMD Saxonia Research Agreement or the AMD Saxonia Wafer Purchase Agreement.

(e) In accordance with the terms of this Agreement and the Service Agreements, the parties hereto acknowledge and agree that all right, title and interest in and to the Developed Intellectual Property and the Proprietary Product Know-how shall at all times be vested solely in AMD Inc. and that no rights or licenses, express or implied, are granted by this Agreement other than as expressly granted in Section 3 hereof.

(f) Each of AMD Holding and AMD Saxonia agrees that, from the date of termination of its respective Service Agreements, it shall discontinue all use of Confidential Information including all Proprietary Product Know-how and Proprietary Technical Documentation, unless otherwise agreed upon in writing with AMD Inc., and that it will, and will cause its Affiliates to, make available to AMD Inc. all such documents containing Confidential Information for removal in accordance with the terms of Section 9 hereof.

(g) AMD Inc. hereby acknowledges and agrees that it and the AMD Companies shall have no right, title or interest in or to any Post Research Agreement AMD Saxonia Developed Intellectual Property or Post Research Agreement AMD Saxonia Developed Improvements and that AMD Saxonia shall be entitled to apply for and exploit, at its own expense, any patent or other intellectual property protection for any such Post Research Agreement AMD Saxonia Developed Intellectual Property.

(h) In addition, AMD Inc. hereby waives, and agrees to cause each other AMD Company to waive, any and all rights, claims and/or causes of action such entity now has or in the future may have against AMD Saxonia, its successors and assigns, or against a Beneficiary, based on: (i) its use, in any manner whatsoever, of any Non-Proprietary Know-how or of

8

Information Residuals; (ii) its use, within the scope of the license granted in Section 3(a) hereof, of the Developed Intellectual Property; or (iii) its use, in any manner whatsoever, of Post Research Agreement AMD Saxonia Developed Improvements or Post Research Agreement AMD Saxonia Developed Intellectual Property. The preceding sentence notwithstanding, AMD Inc. does not waive any rights, claims or causes of action based on the infringement and/or misappropriation of any patents, copyrights, mask works, trademarks and trade secrets, whether registered or not, which are owned by AMD Inc. or by an

Affiliate of AMD Inc. other than AMD Saxonia and not licensed to AMD Saxonia hereunder; provided, however, that the use of Information Residuals shall not be deemed to constitute an infringement and/or misappropriation of any intellectual property rights of AMD Inc. or any AMD Company.

(i) Anything in this Agreement to the contrary notwithstanding, nothing contained herein shall prohibit or restrain in any way AMD Saxonia from using any know-how which has become publicly known other than through the action or breach by AMD Saxonia, an AMD Saxonia Person or a Beneficiary of this Agreement.

(j) AMD Inc. shall pay any fees for the registration, maintenance and renewal of any of the Developed Intellectual Property. Notwithstanding the foregoing, AMD Inc. shall not be obliged to maintain any registration relating to the Developed Intellectual Property which, in its sole discretion, does not justify the expense of maintenance. Before allowing any registration relating to the Developed Intellectual Property to lapse, however, AMD Inc. shall give AMD Saxonia at least thirty (30) days' prior notice of its intention to allow such registration to lapse and shall (if the whole of the rights in such Developed Intellectual Property are exclusively owned by AMD Inc.) offer to AMD Saxonia an assignment thereof for nominal consideration; provided that all expense of any such transfer or assignment shall be borne solely by AMD Saxonia. In addition, to the extent AMD Inc. in its sole discretion determines not to pursue any material registrable but as yet unregistered copyright or patent forming a part of the Developed Intellectual Property and if such copyright or patent is capable of being pursued, AMD Inc. shall notify AMD Saxonia promptly after AMD Inc.'s decision not to pursue such copyright or patent, and AMD Saxonia may, at its option, take any necessary actions at its sole expense to pursue such copyright design or patent in AMD Inc.'s name.

Section 3. Grant of License.

(a) AMD Inc. hereby grants to AMD Saxonia and AMD Saxonia hereby accepts, upon the terms and conditions herein set forth, a perpetual, worldwide, fully-paid, royalty-free, non-exclusive license to: (i) use the Developed Intellectual Property to design, develop, manufacture and/or assemble at the Plant products other than the Products or Improvements; (ii) use the Developed Intellectual Property in the marketing, distribution and sale, throughout the world, of products manufactured at the Plant incorporating, or assembled at the Plant using, such Developed Intellectual Property; and (iii) (x) create and produce at the Plant derivative works of the Developed Intellectual Property, (y) use such derivative works for the design, development, manufacture and/or assembly of products at the Plant and (z) market, distribute and sell, throughout the World, products manufactured or assembled at the Plant incorporating some or all of such derivative works.

9

(b) AMD Saxonia shall observe reasonable requirements of AMD Inc. and all requirements of applicable laws with respect to the marking of any product covered by a claim of a patent or copyright which is part of the Developed Intellectual Property and which is incorporated in any product manufactured, sold or otherwise transferred by AMD Saxonia. In the event that such marking of such a product is not feasible, AMD Saxonia shall observe the reasonable requirements of AMD Inc. and all requirements of applicable laws with respect to the marking of any packaging and advertising, sales or technical literature pertaining thereto, including without limitation with words and numbers identifying the patents applicable thereto.

(c) It is hereby acknowledged and agreed that AMD Saxonia shall have no right to use any trademark or service mark of AMD Inc. without the prior written consent of AMD Inc. or as expressly contemplated in the AMD Saxonia Wafer Purchase Agreement (and, if such consent is given by AMD Inc., AMD Saxonia shall only use such trademarks or service marks on any AMD Saxonia products that are sold to AMD Inc. and/or under AMD Inc.'s supervision).

Section 4. Royalties. The license and rights granted to AMD Saxonia

hereunder shall be royalty free, and AMD Saxonia shall have no obligations to pay royalties, license fees or other fees to AMD Inc. or its Subsidiaries or Affiliates in connection with (i) AMD Saxonia's use of the license and rights granted to it pursuant to this Agreement or (ii) the grant of the licenses and rights hereunder.

Section 5. Permitted Uses. Anything herein to the contrary notwithstanding,

the parties hereby acknowledge and agree that, following the termination of the AMD Saxonia Wafer Purchase Agreement, the operation of the Plant by AMD Saxonia, its successors and assigns, or by a Beneficiary shall not, absent a separate infringement or other unlawful violation, under this Agreement or otherwise, of a proprietary, substantial and identifiable right of AMD Inc. or of any AMD Company, constitute: (i) a breach of the terms of this Agreement or of any of the Service Agreements, or (ii) an infringement upon any intellectual property

right of AMD Inc. or another AMD Company.

Section 6. Infringement Procedures.

(a) In the event AMD Saxonia has actual knowledge of (i) any products or processes that may infringe or misappropriate or in any way adversely affect AMD Inc.'s right in and to any of the Developed Intellectual Property, or (ii) any actual or potential challenge to or claim against its or AMD Inc.'s use of any of the Developed Intellectual Property, AMD Saxonia will promptly give notice thereof (including reasonable details) to AMD Inc. In the event that AMD Inc. elects to undertake any demand, suit or other action on account of any actual or suspected infringement, or any defense of any such challenge or claim, AMD Saxonia shall cooperate fully, as AMD Inc. may reasonably request and at AMD Inc.'s expense, in connection with any such demand, suit, action or defense; provided that nothing herein shall obligate AMD Inc. or AMD Saxonia to make any such demand, suit, action or defense.

(b) AMD Inc. may at any time instruct AMD Saxonia that AMD Saxonia's use of any of the Developed Intellectual Property must be modified or discontinued, whereupon AMD Saxonia shall immediately modify or discontinue (as the case may be) such Developed

10

Intellectual Property in accordance with such notification at AMD Saxonia's sole expense; provided that (i) AMD Inc. consults with AMD Saxonia prior to making such instruction, and (ii) AMD Inc. reasonably believes that AMD Saxonia's continued use of such Developed Intellectual Property may cause AMD Inc. and/or another AMD Company to incur liability or expense or may otherwise have an adverse effect on the market or competitive position (other than with respect to AMD Saxonia) of AMD Inc. or one or more other AMD Company; provided, further, that AMD Inc. shall modify or discontinue its use of the Developed Intellectual Property to the same extent that AMD Inc. requires AMD Saxonia to modify or discontinue AMD Saxonia's use of such Developed Intellectual Property under this Section 6(b).

Section 7. Confidentiality.

(a) AMD Saxonia shall hold all Confidential Information in strict confidence and shall not disclose and shall cause the AMD Saxonia Persons not to disclose any such Confidential Information to any Person without the prior written consent of AMD Inc., except to the extent: (i) specifically required by applicable law, by this Agreement, by the Service Agreements or by the Loan Agreement (ii) such Confidential Information is or becomes generally available to the public other than as a result of a disclosure by AMD Saxonia, one of the AMD Saxonia Persons or a Beneficiary, (iii) such Confidential Information becomes available to AMD Saxonia on a non-confidential basis from a third party (not including any Subsidiary or Affiliate of AMD Inc.) provided such third party is not bound by confidentiality agreements or by legal, fiduciary or ethical constraints on disclosure of such information; or (iv) the recipient is a Beneficiary or a legal or other professional advisor to AMD Saxonia and, in any such case, is either bound by legal, fiduciary or ethical constraints on disclosure of such information, or agrees (for the benefit of AMD Inc.) to hold such Confidential Information in confidence on the terms of this Section 7. The parties hereto agree that, the foregoing notwithstanding, to the extent AMD Holding requests that AMD Saxonia perform Design Activities and/or Services under the AMD Saxonia Research Agreement in conjunction with a third party, AMD Saxonia may disclose Confidential Information to such third party to the extent reasonably necessary or desirable for purposes of such Design Activities and Services; provided that such third party enters into a confidentiality undertaking in form and substance reasonably satisfactory to AMD Inc.

(b) Subject to compliance with the terms of Sections 21 and 22 hereof, AMD Saxonia agrees and acknowledges that money damages would not be sufficient remedy for any breach of this Section 7 by AMD Saxonia and that AMD Inc. shall be entitled to injunctive relief, specific performance and/or any other appropriate equitable remedy.

(c) AMD Inc. hereby waives, and agrees to cause all other AMD Companies to waive, any and all rights, claims and/or causes of action such entity now has or in the future may have against AMD Saxonia, its successors and assigns, or against a Beneficiary, based on: (i) its use, in any manner whatsoever, of any Non-Proprietary Know-how or Information Residuals; (ii) its use, within the scope of the license granted in Section 3(a) hereof, of the Developed Intellectual Property; or (iii) its use, in any manner whatsoever, of Post Research Agreement AMD Saxonia Developed Improvements or Post Research Agreement AMD Saxonia Developed Intellectual Property. The preceding sentence notwithstanding, AMD Inc. does not waive any rights, claims or causes of action based on the infringement and/or misappropriation of any patents, copyrights, mask works, trademarks and trade secrets, whether registered or not,

which are owned by AMD Inc. or by an Affiliate of AMD Inc. other than AMD Saxonia and not licensed to AMD Saxonia hereunder; provided, however, that the use of Information Residuals shall not be deemed to constitute an infringement and/or misappropriation of any intellectual property rights of AMD Inc. or any AMD Company.

Section 8. Term and Termination.

(a) This Agreement shall commence on the date hereof and remain in full force and effect until the date five (5) years from the Loan Agreement Termination Date, unless sooner terminated as hereinafter provided.

(b) This Agreement may be terminated: (i) by AMD Inc. if, subsequent to the occurrence of a Trigger Event (as defined below), AMD Saxonia is in material breach of any of its express obligations hereunder in respect of the restrictions on its use of, or in respect of its affirmative obligations with regard to, the Developed Intellectual Property, and such breach is not substantially cured by AMD Saxonia within thirty (30) days of its receipt of notice thereof; or (ii) by either AMD Inc. or AMD Saxonia at any time on or after the date on which both (x) the last copyright or patent for any of the Developed Intellectual Property expires, and (y) all principal, interest and other amounts owed or to be owed by AMD Saxonia under the Loan Agreement have been paid in full by or for the account of AMD Saxonia (and the Federal Republic of Germany has been reimbursed in full by or for the account of AMD Saxonia to the extent the Federal Republic of Germany makes any payment in respect of its guarantee of amounts outstanding under the Loan Agreement). Any such termination will be effective immediately upon receipt of notice of such termination by the non-terminating party. Upon termination of this Agreement, unless otherwise agreed among AMD Inc. and AMD Saxonia, AMD Saxonia agrees to immediately discontinue all use of the Developed Intellectual Property. In the event of a breach by AMD Saxonia of any of its obligations contained in this Agreement that do not relate to restrictions on the use of, or affirmative obligations with regard to, the Developed Intellectual Property, such breach shall not give rise to any right on the part of AMD Inc. to terminate this Agreement.

(c) For purposes of this Section 8, any of the events described in subsections (i)-(v) below shall be a "Trigger Event":

(i) termination of the AMD Saxonia Research Agreement for any reason whatsoever other than upon or following repayment by or for the account of AMD Saxonia) of the Loan Agreement and reimbursement in full of the Federal Republic of Germany by or for the account of AMD Saxonia to the extent the Federal Republic of Germany makes any payment in respect of its guarantee of amounts outstanding under the Loan Agreement;

(ii) AMD Inc. ceasing to beneficially own, directly or indirectly, more than 50% of the share capital of AMD Saxonia having ordinary voting power for the election of directors of AMD Saxonia or AMD Saxonia ceasing to beneficially own the Plant;

(iii) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of AMD Inc. in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal or state law;

(iv) a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over AMD Inc. or over all or a substantial part of its property, shall have been entered; or the involuntary appointment of an interim receiver, trustee or other custodian of AMD Inc. for all or a substantial part of its property; or the issuance of a warrant of attachment, execution or similar process against any substantial part of the property of AMD Inc.; and the continuance of any such events in this subpart (iv) for 90 days unless stayed, dismissed, bonded or discharged; or

(v) AMD Inc. shall have an order for relief entered with respect to it or commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; the making by AMD Inc. of any assignment for the benefit of creditors; or the inability or failure by AMD Inc. or the admission by AMD Inc. in writing of its inability to pay its debts as such debts become due; or the Board of

Directors of AMD Inc. (or any committee thereof) adopting any resolution or otherwise authorizing action to approve any of the foregoing.

(d) Section 8(b) above notwithstanding and without derogating from any obligations of AMD Holding under the AMD Saxonia Wafer Purchase Agreement to purchase inventory and/or work-in-progress upon a termination of that agreement, AMD Saxonia shall have the right to market and sell all of its inventory of products which utilizes any of the Developed Intellectual Property (including derivative works of such Developed Intellectual Property) existing as of the effective date of termination of this Agreement for the three month period following such effective date to the extent AMD Saxonia may do so at the time of such termination in accordance with rights and licenses granted to it under this Agreement. At the termination of such three-month period, however, AMD Saxonia shall destroy any such products, including any derivative works, which remain in the possession or control of AMD Saxonia or any of the AMD Saxonia Persons.

(e) The provisions of Sections 2, 5, 7, 9, 10, 19, 20, 21 and 22 shall survive any termination of this Agreement, unless this Agreement has been terminated by mutual consent of AMD Inc., AMD Holding and AMD Saxonia after the Loan Agreement Termination Date.

Section 9. Proprietary Technical Documentation.

(a) Each of AMD Holding and AMD Saxonia acknowledges and agrees that any and all Proprietary Technical Documentation, including all copies or parts thereof, shall be and remain the sole property of AMD Inc. and AMD Inc. shall retain the sole right to obtain

13

copyright protection, mask or mask work registration and/or letters patent in any and all countries upon such Proprietary Technical Documentation.

(b) Each of AMD Holding and AMD Saxonia further agrees that, upon the termination of the respective Service Agreements to which it is a party, AMD Inc. shall be entitled to remove all Proprietary Technical Documentation and all other documentation containing Confidential Information in accordance with the procedure set forth below, and that it shall not, without the written consent of AMD Inc., retain or take any copies or other reproductions of, nor shall it knowingly withhold from AMD Inc., any such Proprietary Technical Documentation or other documentation containing Confidential Information in its possession.

(c) Promptly following the termination of the AMD Saxonia Research Agreement or of this Agreement, AMD Inc. shall be entitled to enter the Plant and any other AMD Saxonia premises for the purposes of removing all Confidential Information, including Proprietary Technical Documentation. AMD Saxonia shall cooperate with AMD Inc. and shall provide AMD Inc. with full access to its records and the records of all AMD Saxonia Persons and Affiliates (including without limitation any digital or other media on which Proprietary Product Know-how or other Confidential Information has been recorded) for purposes of allowing AMD Inc. to remove such Proprietary Technical Documentation and any other documentation containing Confidential Information. Representatives of AMD Saxonia shall be entitled to accompany AMD Inc. at all times while AMD Inc. is in the Plant for the purposes of recording those documents that are removed by AMD Inc. and/or lodging an objection to such removal on the basis that such documentation does not constitute Confidential Information. To the extent AMD Inc. desires to remove documentation that is not Confidential Information, AMD Inc. shall be permitted to do so at its sole expense.

(d) As soon as AMD Inc. has completed the foregoing exercise, it shall certify to AMD Saxonia in writing that it has removed all Confidential Information known to it. AMD Inc. hereby acknowledges and agrees, on behalf of itself and all other AMD Companies, that any and all documentation or other items that it knowingly chooses not to remove from the Plant shall thereafter be deemed not to constitute Proprietary Technical Documentation or to contain Confidential Information.

(e) Except where such failure was due to circumstances beyond its control (in which case, the removal process shall be completed as soon as reasonably practicable) or due to a breach by AMD Saxonia of its covenants to cooperate with AMD Inc., if AMD Inc. fails to complete the foregoing document removal process within thirty (30) days following the termination of the AMD Saxonia Research Agreement, AMD Inc. and all other AMD Companies shall be deemed to have waived any and all rights, claims and/or causes of action they have or in the future may have against AMD Saxonia, its successors and assigns, or against a Beneficiary based on the disclosure or use, for any purpose, by such Person of any documentation left in the Plant on the grounds that such documentation or the information contained therein is in any manner proprietary to AMD Inc. or another AMD Company.

(f) In connection with the foregoing, AMD Inc. agrees to indemnify and hold harmless AMD Saxonia from and against any and all losses, costs and expenses

resulting from

14

any damage caused to the Plant by AMD Inc. during the course of conducting the document removal process.

Section 10. Disclaimer.

(a) EACH PARTY EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THE DEVELOPED INTELLECTUAL PROPERTY AND THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER PARTY SHALL HAVE ANY LIABILITY IN TORT OR STRICT LIABILITY, NOR SHALL IT BE LIABLE TO THE OTHER FOR ANY ORDINARY, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES INCURRED BY SUCH OTHER PARTY IN RELATION TO THE DEVELOPED INTELLECTUAL PROPERTY.

(b) IN FURTHERANCE OF THE FOREGOING, NEITHER PARTY WARRANTS THAT THE MANUFACTURE OF ANY PRODUCTS INTEGRATING THE DEVELOPED INTELLECTUAL PROPERTY WILL NOT INFRINGE ANY PATENT OR SIMILAR INTELLECTUAL PROPERTY RIGHTS OWNED OR POSSESSED BY ANY THIRD PARTIES.

Section 11. Indemnification. AMD Saxonia agrees to indemnify, defend and

hold harmless AMD Inc. from and shall pay all costs, fees and expenses (including reasonable attorney's fees) incurred by AMD Inc. arising out of a breach by AMD Saxonia of this Agreement, but only to the extent the breach takes place after the termination of the AMD Saxonia Research Agreement. AMD Inc. agrees to indemnify, defend and hold harmless AMD Saxonia from and shall pay all costs, fees and expenses (including reasonable attorney's fees) incurred by AMD Saxonia arising out of a breach by AMD Inc. of this Agreement.

Section 12. Representations and Warranties. Each of AMD Holding and AMD

Inc. hereby represents and warrants to AMD Saxonia that:

(a) Organization; Corporate Power. It is duly incorporated and validly

existing under the laws of the jurisdiction of its organization; it is duly qualified or licensed and (where the term has a technical meaning) is in good standing as a foreign corporation authorized to do business in each jurisdiction where, because of the nature of its activities or properties in such jurisdiction, such qualification or licensing is required, except for such jurisdictions where the failure to be so qualified or licensed will not materially adversely affect its financial condition, business, operations or prospects; and it has all requisite corporate power and authority (i) to own, operate, and lease its assets and properties and to carry on the business in which it is engaged and in which it currently proposes to engage; and (ii) to execute, deliver and perform its obligations under this Agreement.

(b) Corporate Authority; No Conflict. The execution, delivery and

performance by it of this Agreement have been duly authorized by all necessary corporate action (including any necessary shareholder action) on its part and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination,

15

or award presently in effect binding on it (which violation, the case of performance only, individually or in the aggregate could reasonably be expected to have a material adverse effect on the financial condition, business, operations or prospects of AMD Inc. and its Subsidiaries on a consolidated basis) or violate its charter, or (ii) result in a breach of, result in a mandatory prepayment or acceleration of indebtedness evidenced or secured by, or constitute a default under, any indenture or loan or credit agreement, or any other agreement or instrument, to which it is a party or by which it or its properties are bound, or (iii) result in or require (in either case except as contemplated by the Operative Documents as defined in the Loan Agreement) the creation or imposition of any encumbrance of any nature upon or with respect to any of the of the properties now owned by it, and it is not in default under or in violation of its charter, or any such law, rule, regulation, order, writ, judgment, injunction, decree, determination, award, indenture, agreement or instrument, which default or violation, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the financial condition, business, operations or prospects of it and its Subsidiaries on a consolidated basis.

(c) Valid and Binding Obligation. This Agreement constitutes its legal,

valid and binding obligation, enforceable against it in accordance with its terms, subject, however, to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors rights generally and except as the enforceability thereof may be limited by general principles of equity (regardless of whether considered in a proceeding in equity or law).

Section 13. Relationship of Parties. Each of the parties shall at all times

be independent contractors with respect to each other. Nothing in this Agreement shall constitute either party hereto as the partner, joint venturer, employee or agent of the other such party, and none of AMD Inc., AMD Holding or AMD Saxonia shall act or omit to act in such a way as to suggest the contrary to any third party.

Section 14. Assignment. This Agreement shall be binding upon and enure to

the benefit of each party hereto and their respective successors and assigns; provided, however, that AMD Saxonia shall not have the right to transfer or

assign its interest in this Agreement without the prior written consent of both AMD Inc. and, prior to the Loan Agreement Termination Date, the Agent; provided

further, that AMD Saxonia may assign this Agreement to the Agent as security for

the obligations of AMD Saxonia under the Loan Agreement and that, in connection with the enforcement of rights under such security, the rights of AMD Saxonia may be assigned to a transferee of the capital stock or all or substantially all of the assets of AMD Saxonia, so long as any transfer of the rights of AMD Saxonia under this Agreement in connection with the enforcement of rights under such security shall include the obligations of AMD Saxonia, including that any such transfer shall not change the location where and the manner in which the Developed Intellectual Property may be used pursuant to the rights and licenses granted under this Agreement.

Section 15. Waivers. No delay or omission in exercise of any right or

remedy of either party or any default by the other, and no custom or practice of the parties at variance with the terms of this Agreement, shall impair any right or remedy otherwise available nor shall it be construed as a waiver of any right or remedy. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision. Prior to the Loan Agreement Termination Date, AMD Saxonia shall have no right to

16

waive any of its rights or remedies under this Agreement without the prior written consent of the Agent.

Section 16. Rights Cumulative. The rights, remedies and powers of each of

the parties contained in this Agreement are cumulative and not exclusive of any rights, remedies or powers provided to the parties by applicable law. No single or partial exercise by any of the parties hereto of any right, remedy or power under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Section 17. Further Assurances. At any time from time to time, upon the

request of either party, the parties agree to execute and deliver such further documents and do such other acts and things as any party may reasonably request in order to effect fully the purpose of this Agreement. Without limiting the foregoing, each of AMD Inc. and AMD Holdings agrees to prepare and execute from time to time, at the expense of AMD Saxonia, such license agreements substantially on the terms hereof confirming the licenses and rights of AMD Saxonia granted hereby in any specific patent or copyright comprising Developed Intellectual Property as AMD Saxonia may reasonably request.

Section 18. Notices. All notices and other communications required or

permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX or telegram, or by pre-paid courier service, or by telecopier, to the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below, or such other addresses or numbers specified in a notice sent or delivered in accordance with the provisions of this Section 18. Any such notice or communication shall be deemed to be given for purposes of this Agreement on the day that such writing or communication is delivered or, in the case only of a telex, TWX or telegram, sent to the intended recipient thereof, or in the case only of a telecopier, sent to the intended recipient thereof with confirmation of receipt, all in accordance with the provision of

this Section 18.

If to AMD Inc.: Advanced Micro Devices, Inc.
One AMD Place
P.O. Box 3453
Sunnyvale, California 94088-3453
Attention: General Counsel
Facsimile: (408) 774-7399

If to AMD Holding: AMD Saxony Holding GmbH
Washingtonstrasse 16 A/B
01139 Dresden, GERMANY
Attention: Geschäftsführer
Facsimile: 49-351-8412-150

17

If to AMD Saxonía: AMD Saxony Manufacturing GmbH
Washingtonstra(beta)e 16 A/B
01139 Dresden, GERMANY
Attention: Geschäftsführer
Facsimile: 49-351-8412-150

with a copy to: Dresdner Bank A.G.
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile: 49-351-489-1350

Section 19. No Effect on Other Agreements. No provision of this Agreement

shall be construed so as to negate, modify or affect in any way the provisions of any other agreement among AMD Inc., AMD Holding, AMD Saxonía and/or any other person or entity except as specifically provided in any such other agreement.

Section 20. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL

BE CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

Section 21. Expert Resolution of Certain Disputes.

(a) In the event that following the termination of the AMD Saxonía Research Agreement or the AMD Saxonía Wafer Purchase Agreement: (i) AMD Inc. reasonably asserts that any information used by AMD Saxonía constitutes Proprietary Product Know-how or that any action by AMD Saxonía constitutes an infringement on any intellectual property rights of AMD Inc., or (ii) AMD Saxonía reasonably asserts that any document in the Plant that AMD Inc. wishes to remove does not constitute Proprietary Technical Documentation, the parties agree that they will refer the dispute between them to a technical expert for binding determination. Pending resolution of any such dispute, AMD Saxonía shall be entitled to continue to use the information or document in question on the terms of this Agreement.

(b) In the event a dispute of the type set forth in Section 21(a) arises, the parties shall, within three (3) business days thereafter, appoint a mutually agreeable, appropriately qualified expert to resolve the dispute between the parties. If the parties cannot agree on the choice of the expert within such time frame, either party may request that the President of the European Patent Office appoint a suitably qualified expert to resolve the dispute. The decision of the President shall be final and binding on the parties.

(c) The expert appointed by the parties, or in default, by the Institute, shall determine what information is required (and in what format) from either or both parties for the purposes of resolving the dispute and the parties agree to cooperate with such expert. In no event shall the expert take more than two (2) weeks from the date of appointment within which to reach his or her decision and the expert shall provide its decision in writing to both parties. All costs of the expert shall be shared equally by the parties. The decision of the expert shall be

18

appealable only pursuant to the dispute resolution procedures set forth in Section 22, and the decision of the expert shall be admissible to the record in any proceeding. The decision of the expert shall be final and binding on both parties unless appealed by the commencement of proceedings pursuant to Section 22 within ten (10) days of such decision.

(d) With regard to the disputes referred to in Section 21(a), it is the

intent of the parties that the expert resolution procedures contained in this Section 21 shall be completed and the expert decision rendered before any other type of dispute resolution procedure, proceeding or action (including, but not limited to, the arbitration proceedings referred to in Section 22 or any other form of provisional or preliminary remedies) is commenced, prosecuted or otherwise pursued.

Section 22. Arbitration of Disputes. Except as expressly provided in

Section 21, arbitration under this Section 22 shall be the exclusive means for a party to seek resolution of any dispute arising out of, relating to or connected with this Agreement, except that either party may bring an action before a competent court for the issuance of provisional or protective measures.

(a) The parties hereto agree to submit any dispute, controversy or claim ("Dispute") arising out of, relating to or in any way connected with this Agreement to final and binding arbitration in Santa Clara County, California under the Commercial Arbitration Rules and Supplementary Procedures for International Commercial Arbitration of the American Arbitration Association ("AAA") then in force except as modified in accordance with the provisions of this Section.

(b) The arbitral tribunal shall be composed of three arbitrators, one appointed by each party, and the two arbitrators so appointed shall, within 15 days appoint a third arbitrator who shall be chosen from a country other than those of which the parties are nationals, who shall be fluent in English, and who shall act as Chairman of the tribunal.

(c) In arriving at decisions, the arbitrators shall apply the terms and conditions of this Agreement in accordance with the laws of the State of California.

(d) The award shall be deemed a U.S. award for purposes of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the "New York Convention"). The English language shall be used in the arbitral proceedings and all exhibits and other evidence in a language other than English shall be accompanied by English translations when submitted into evidence before the arbitral tribunal.

(e) The arbitrators are empowered to render the following awards in accordance with any provision of this Agreement or any related agreement: (i) enjoining a party from performing any act prohibited, or compelling a party to perform any act required, by the terms of this Agreement or any related agreement and any order entered pursuant to this Agreement and (ii) ordering such other legal or equitable relief, including any provisional legal or equitable relief, or specifying such procedures as the arbitrator deems appropriate, to resolve any Dispute submitted for arbitration. The parties shall be entitled to discover all documents and other information reasonably necessary for a full understanding of any legitimate issue raised in the

arbitration. They may use all methods of discovery customary under U.S. federal law, including but not limited to depositions, requests for admission, and requests for production of documents. The time periods for compliance shall be set by the arbitrators, who may also set limits on the scope of such discovery. The arbitrators shall not be empowered to award consequential or punitive damages.

(f) Either party may file an application in any proper court described in Section 23 below for a provisional remedy in connection with an arbitrable controversy hereunder, but only upon the ground that the award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

(g) The arbitrators shall issue to both parties a written explanation in English of the reasons for the award and a full statement of the facts as found and the rules of law applied in reaching the decision.

(h) The award of the arbitral tribunal will be the sole and exclusive remedy between the parties regarding any and all claims and counterclaims with respect to the subject matter of the arbitrated dispute. An award rendered in connection with an arbitration pursuant to this Section shall be final and binding upon the parties, and any judgment upon which an award may be entered and enforced in any court of competent jurisdiction.

Section 23. Consent to Jurisdiction and Forum; AMD Saxonia Appointment of

Agent for Service of Process.

(a) Subject to Sections 21 and 22, all judicial proceedings brought against any party hereto with respect to this Agreement may be brought in the United

States District Court for the Northern District of California or in any branch of the Superior Court of the State of California sitting in Santa Clara County, California, and by execution and delivery of this Agreement, each such party accepts for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of such courts. In addition, each such party hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such proceedings, and hereby further irrevocably and unconditionally waives and agrees to the fullest extent permitted by law not to plead or claim that any such proceeding brought in any such court has been brought in an inconvenient forum.

(b) AMD Saxonia hereby irrevocably appoints CT Corporation Services as its agent to receive on behalf of AMD Saxonia and its property service of copies of the summons and complaint and any other process which may be served in any proceeding in any state or federal court of competent jurisdiction in the State of California.

(c) AMD Holding hereby irrevocably appoints CT Corporation Services as its agent to receive on behalf of AMD Holding and its property service of copies of the summons and complaint and any other process which may be served in any proceeding in any state or federal court of competent jurisdiction in the State of California.

20

Section 24. Language. This Agreement is in the English language, which

language shall be controlling in all respects.

Section 25. Entire Agreement. This Agreement, the Wafer Purchase Agreements

and the Research Agreements embody the entire agreement and understanding between the parties with respect to the subject matter hereto. Neither party has relied upon any representation or warranty of the other party in entering into this Agreement except as expressly set forth herein.

Section 26. Counterparts. This Agreement may be executed in one or more

counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

Section 27. Amendments. No modifications or amendments to this Agreement

shall be binding unless in writing and executed by each of the parties hereto. In addition, prior to the Loan Agreement Termination Date, no modification or amendment to this Agreement may be made without the prior written consent of the Agent.

Section 28. EMU. The European Economic and Monetary Union anticipates the

introduction of a single currency and the substitution of the national currencies of Member States participating in Monetary Union. On the date on which DM is replaced by the single currency, conversion into such currency shall take effect. The denomination of the original currency shall be retained for so long as this is legally permissible. Conversions shall be based on the officially fixed rate of conversion. Neither the introduction of the single currency nor the substitution of the national currencies of the Member States participating in European Monetary Union nor the fixing of the official rate of conversion nor any economic consequences that arise from any of the aforementioned events or in connection with European Monetary Union shall give rise to any right to terminate prematurely, contest, cancel, rescind, modify or renegotiate this Agreement or any of its provisions or to raise any other objections and/or exceptions or to assert any claims for compensation. This Agreement shall continue in full force and effect in accordance with its terms.

[Remainder of page intentionally left blank]

21

IN WITNESS OF THE FOREGOING, AMD Inc., AMD Holding and AMD Saxonia have caused this Agreement to be executed by their authorized representatives as of the date first written above.

By: /s/ Marvin D. Burkett

Its:

AMD SAXONY MANUFACTURING GMBH

/s/ Jack L. Saltich

Geschäftsführer

AMD SAXONY HOLDING GMBH

/s/ Marvin D. Burkett

Geschäftsführer

AMD INC. SUBORDINATION AGREEMENT

Dated 11 March 1997

between

ADVANCED MICRO DEVICES, INC.,

AMD SAXONY HOLDING GMBH,

and

DRESDNER BANK AG

as Agent and Security Agent

AMD INC. SUBORDINATION AGREEMENT

THIS AMD INC. SUBORDINATION AGREEMENT, dated 11 March 1997, is made between
ADVANCED MICRO DEVICES, INC., a corporation organised and existing under the
laws of the State of Delaware, United States of America, with its chief
executive office and principal place of business at One AMD Place, Sunnyvale,
California 94088, United States of America ("AMD Inc."), AMD SAXONY HOLDING

GMBH, Dresden, registered in the Commercial Register of the Dresden County Court
HRB 13931 ("AMD Holding"; and, together with AMD Inc., collectively, the

"Sponsors" together with AMD Inc., collectively, the "Sponsors"), and DRESDNER

BANK AG ("Dresdner"), as Agent (in such capacity, the "Agent") for the Banks

under the Loan Agreement referred to below and as Security Agent (in such
capacity, the "Security Agent") for the Secured Parties under such Loan

Agreement.

WHEREAS, AMD Saxony Manufacturing GmbH, Dresden, registered in the Commercial
Register of the Dresden County Court HRB 13186 ("AMD Saxonia"), a wholly-owned

Subsidiary (such and other capitalised terms being used herein with the meanings
provided in Section 1.1), of AMD Holding, which is, in turn, a wholly-owned

Subsidiary of AMD Inc., has been formed for the purpose of constructing, owning,
and operating (i) the Plant and (ii) the integrated Design Center (the
construction, ownership, and operation of the Plant and the Design Center being
hereinafter called the "Project");

WHEREAS, in order to finance the construction of the Plant and the Design
Center, and start-up costs of the operation of the Plant, (i) the Sponsors
expect to make substantial subordinated loans to, and AMD Holding expects to
make substantial equity investments in, AMD Saxonia, and (ii) AMD Saxonia has
entered into a Syndicated Loan Agreement, dated 11 March 1997 (the "Loan

Agreement"), with the banks from time to time party thereto (hereinafter

collectively called the "Banks" and individually called a "Bank"), Dresdner, as

Agent and Security Agent, and Dresdner Bank Luxembourg S.A., as Paying Agent (in
such capacity, the "Paying Agent"), providing, inter alia, for two separate

senior secured term and standby facilities aggregating up to DM1,650,000,000
(one billion six hundred fifty million Deutsche Marks);

WHEREAS, the Sponsors desire that the Project be constructed and completed and
are entering into this Agreement with the Agent and the Security Agent for the
benefit of the Banks and the Paying Agent (hereinafter collectively called the
"Secured Parties" and individually called a "Secured Party"), for the purpose,

among other things, of providing (i) certain assurances with respect to the
completion of the Project, and (ii) certain undertakings to and for the benefit
of the Secured Parties; and

WHEREAS, a condition precedent to the initial Advance is, inter alia, the

execution by the Sponsors of this Agreement, and, in extending credit to AMD
Saxonia under the Loan Agreement, the Banks are relying on the undertakings of
the Sponsors contained herein;

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

SECTION 1. Definitions. Unless otherwise defined herein, terms used herein have the meanings assigned to such terms in the Sponsors' Support Agreement. In addition, the following terms (whether or not underlined) when used in this Agreement, including its preamble and

recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

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

"Agreement" means this AMD Inc. Subordination Agreement, as the same may at any time be amended or modified in accordance with the terms hereof and in effect.

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

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

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

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

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

"Junior Liabilities" means all obligations and liabilities of AMD Holding to AMD Inc., howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent or now or hereafter existing, or due or to become due.

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

"Loan Agreement Termination Date" means the first date on or as of which (i) all Primary Secured Obligations under the Loan Agreement have been paid in full, and (ii) the Banks have no commitments under or in connection with the Loan Agreement.

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

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

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

"Secured Parties" and "Secured Party" have the respective meanings assigned to such terms in the third recital of this Agreement.

"Senior Liabilities" means all obligations and liabilities of AMD Holding to the Agent, the Security Agent, the Paying Agent, any Bank, or either Guarantor under or arising out of any Financing Document, howsoever created, arising, or evidenced, whether direct or indirect, absolute or contingent or now or hereafter existing, or due or to become due, it being expressly understood and agreed that the term "Senior Liabilities" shall

include, without limitation, any and all interest accruing on any of the Senior
Liabilities after the commencement of any proceedings referred to in Section 4

hereof, notwithstanding any provision or rule of law which might restrict the
rights of the Security Agent, as against AMD Holding or any other Person, to
collect such interest.

"Sponsors" has the meaning assigned to such term in the introduction to

this Agreement.

"Sponsors' Support Agreement" means the Sponsors' Support Agreement, of

even date herewith, between the Sponsors, the Agent, and the Security Agent, as
the same may at any time be amended or modified in accordance with the terms
thereof and in effect.

In this Agreement, unless the context requires otherwise, (i) any reference
to an Operative Document shall be to such Operative Document as the same may
have been or from time to time may be amended, varied, re-issued, replaced,
novated or supplemented, in each case, in accordance with the terms thereof and
hereof, and in effect; (ii) any statutory re-enacted, or replaced from time to
time; (iii) words importing a gender include every gender; and (iv) references
to Sections are to Sections of this Agreement. Section headings are inserted for
reference only and shall be ignored in construing this Agreement. A time of day,
unless otherwise specified, shall be construed as a reference to Frankfurt am Main
time.

SECTION 2. Obligations of AMD Inc. AMD Inc. will, from time to time, promptly
notify the Security Agent of the creation of any Junior Liabilities pursuant to
the Sponsors' Loan Agreement.

SECTION 3. Subordination. Except as expressly provided in this Agreement, or as
the Agent (acting on the instructions of an Instructing Group) may hereafter
otherwise expressly consent in writing, the payment of all Junior Liabilities
shall be postponed and subordinated to the payment in full of all Senior
Liabilities, and no payments or other distributions whatsoever in respect of any
Junior Liabilities shall be made, nor shall any property or assets of AMD
Holding be applied to the purchase or other acquisition or retirement of any
Junior Liabilities; provided, however, that as long as no Event of Default, or

Unmatured Event of Default with respect to AMD Inc. which is of the type
described in Section 8.01(f) or (g) of the AMD Inc. 1996 Bank Credit Agreement

has occurred and is continuing, there are excepted from the terms of the
provisions of this Section 3 (i) those payments to AMD Inc. made by AMD Holding

pursuant to Article II of the Management Service Agreement or pursuant to

Article IV of the AMD Holding Wafer Purchase Agreement, in either case without

duplication and to the extent not paid by AMD Saxonia pursuant thereto, (ii)
those payments to AMD Inc. made by AMD Holding in accordance with Section 4.4 of

the Sponsors' Support Agreement, and (iii) those payments to AMD Inc. made by
AMD Holding in accordance with Section 6.3 of the Sponsors' Support Agreement;

and provided, further, that there are excepted from the terms of the foregoing
provisions of this Section 3, (i) distributions in respect of the Junior
Liabilities to the extent such distributions constitute non cash credits
expressly permitted to be made under the Management Service Agreement or the AMD
Holding Wafer Purchase Agreement, and (ii) performance by AMD Holding of its
obligations (other than payment obligations, if any) under the AMD Holding Wafer
Purchase Agreement, the AMD Holding Research Agreement, or the License
Agreement.

Moreover, if the AMD Holding Wafer Purchase Agreement or the Management Service
Agreement terminates for any reason whatsoever, AMD Holding shall be entitled to
credit the amounts payable thereunder against the amounts receivable by it
thereunder strictly in accordance with the terms and provisions of each such
Operative Document.

SECTION 4. Bankruptcy, Insolvency, etc. In the event of any dissolution, winding
up, liquidation, reorganization, or other similar proceedings relating to AMD
Holding or to its creditors, as such, or to its property (whether voluntary or
involuntary, partial or complete, and whether in bankruptcy, insolvency,
compromise proceedings (Vergleichsverfahren) or any other marshalling of the
assets and liabilities of AMD Holding, or any sale of all or substantially all
of the assets of AMD Holding, or otherwise), the Senior Liabilities shall first
be paid in full before AMD Inc. shall be entitled to receive and to retain any
payment or distribution in respect of the Junior Liabilities, and in order to
implement the foregoing, (a) AMD Inc. hereby irrevocably agrees that in such
event all payments and distributions of any kind or character in respect of the
Junior Liabilities to which AMD Inc. would be entitled if the Junior Liabilities

were not subordinated pursuant to this Agreement, shall be made directly to the Security Agent; (b) upon the commencement and during the continuance of any proceedings referred to in this Section 4, the Security Agent shall have the

right to require AMD Inc. to claim, enforce, prove, or vote in respect of the Junior Liabilities in such manner as is directed by the Security Agent and is permitted by applicable law, including, without limitation, to direct that all payments and distributions of any kind or character in respect of the Junior Liabilities to which AMD Inc. would be entitled if the Junior Liabilities were not subordinated pursuant to this Agreement, shall be made directly to the Security Agent; provided, that if the Security Agent shall not have required AMD

Inc. to claim, enforce, prove, or vote in respect of any of the Junior Liabilities on or before the day which is 10 Business Days before a date on which the failure to so claim, enforce, prove, or vote would invalidate or otherwise materially adversely affect the rights of AMD Inc., AMD Inc. shall have the right to claim, enforce, prove, or vote in respect of such Junior Liabilities in AMD Inc.'s sole discretion; and (c) AMD Inc. hereby irrevocably agrees that, for purposes hereof, the Security Agent may, at its sole discretion for purposes hereof, in the name of AMD Inc. or otherwise, demand, sue for, collect, receive, and receipt for any and all such payments or distributions, and file, prove, and vote, or consent in any such proceedings with respect to, any and all claims of AMD Inc. relating to the Junior Liabilities.

SECTION 5. Payments Not to be commingled. In the event that AMD Inc. receives any payment or other distribution of any kind or character from AMD Holding or from any other source whatsoever in respect of any of the Junior Liabilities, other than as expressly permitted by the terms of this Agreement, such payment or other distribution shall not be commingled with other assets of AMD Inc. and shall be promptly turned over by AMD Inc. to the Security Agent. AMD Inc. will mark its books and records, and cause AMD Holding to mark its books and records, as to clearly indicate that the Junior Liabilities are subordinated in accordance with the terms of this Agreement, and will cause to be clearly inserted in any instrument which at any time evidences any of the Junior Liabilities a statement to the effect that the payment thereof is subordinated in accordance with the terms of this Agreement. AMD Inc. will execute such further documents or instruments and take such further action as the Security Agent may reasonably request from time to time to carry out the intent of this Agreement.

SECTION 6. Application of Payments; No Subrogation. All payments and distributions

received by the Security Agent in respect of the Junior Liabilities in accordance with the terms thereof, to the extent received in or converted into cash, may be applied by the Security Agent first to the payment of any and all expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Security Agent in enforcing this Agreement or in endeavouring to collect or realize upon any of the Junior Liabilities or any security therefor in accordance with the terms hereof, and any balance thereof shall, solely as between AMD Inc. and the Security Agent, be applied by the Security Agent, in the manner provided by the Loan Agreement, toward the payment of the Senior Liabilities remaining unpaid; but, as between AMD Holding and its creditors, no such payments or distributions of any kind or character shall be deemed to be payments or distributions in respect of the Senior Liabilities; and, notwithstanding any such payments or distributions received by the Security Agent in respect of the Junior Liabilities and so applied by the Security Agent toward the payment of the Senior Liabilities, AMD Inc. shall be subrogated to the then-existing rights of the Agent, the Security Agent, and the Banks, if any, in respect of the Senior Liabilities only at such time as the Agent, the Security Agent, and the Banks, shall have received payment of the full amount of the Senior Liabilities, as provided for in Section 9, or (ii) this Agreement

shall terminate pursuant to Section 15. Each Secured Party shall, at AMD Inc.'s

request and expense made after such time, execute and deliver to AMD Inc. appropriate documents (without recourse or warranty whatsoever) to evidence the transfer by subrogation to AMD Inc. of an interest in the Senior Liabilities resulting from the application of payments in the manner contemplated by this Section 6. The obligations of the Secured Parties under the preceding sentence

shall survive any termination of this Agreement.

SECTION 7. Waivers by AMD Inc. AMD Inc. hereby waives: (a) notice of acceptance by the Agent, the Security Agent, or any Bank, of this Agreement; (b) notice of the existence or creation or non-payment of all or any of the Senior Liabilities; and (c) all diligence in collection or protection of or realization upon the Senior Liabilities or any thereof or any security therefor.

SECTION 8. Obligations of AMD Inc. AMD Inc. will not, without the prior written consent of the Security Agent: (a) transfer or assign, or attempt to enforce or collect, any Junior Liabilities or any rights in respect thereof except as expressly permitted to be paid pursuant to Section 3 above; provided, that

nothing in this Agreement shall be deemed to prevent AMD Inc. from seeking

damages, equitable relief, or otherwise enforcing any rights it may have against AMD Holding arising out of (x) any tort or infringement of AMD Inc. tangible or intangible property rights (including without limitation rights under applicable patent, copyright and trade secret laws and similar principles) to the extent, but only to the extent, such tort or infringement arises after the date of termination of the AMD Holding Wafer Purchase Agreement or (y) any breach by AMD Holding of its obligations under the License Agreement to the extent, but only to the extent, that such breach arises after the date of termination of the AMD Holding Wafer Purchase Agreement; (b) take any collateral security for any Junior Liabilities or (c) commence, or join with any other creditor commencing, any bankruptcy, reorganisation, or insolvency proceedings with respect to AMD Holding. Nothing in this Agreement shall prevent AMD Inc. from forgiving all or any portion of the Junior Liabilities or from converting all or any portion of such Junior Liabilities into, or exchanging such Junior Liabilities for, equity of AMD Holding, and any such equity shall not be deemed to be a distribution or payment on such Junior Liabilities for purposes of this Agreement.

SECTION 9. Continuing Subordination. This Agreement shall in all respects be a continuing agreement and shall remain in full force and effect (notwithstanding, without limitation, the dissolution of AMD Inc. or that at any time or from time to time all Senior Liabilities may have been paid in full), but shall automatically terminate on the Loan Agreement Termination Date.

SECTION 10. Rights of the Agent, the Security Agent, and the Banks. The Agent, the Security Agent, and each Bank may, from time to time, at its sole discretion and without notice to AMD Inc., take any or all of the following actions without affecting its or their rights under this Agreement: (a) retain or obtain a security interest in any property of any Person to secure any of the Senior Liabilities; (b) retain or obtain the primary or secondary obligations of any other obligor or obligors with respect to any of the Senior Liabilities; (c) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Senior Liabilities, or release or compromise any obligation of any nature of any obligor with respect to any of the Senior Liabilities; (d) compromise, settle, release, renew, extend, indulge, amend, change, waive, modify, or supplement in any respect any of the terms or conditions of any of the Operative Documents; and (e) release its lien on or security interest in, or surrender, release, or permit any substitution or exchange for, all or any part of any property securing any of the Senior Liabilities, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter, or exchange any obligations of any nature of any obligor with respect to any such property.

SECTION 11. Transfer of Obligations; Enforcement. The Security Agent, the Agent, or any Bank may, from time to time, without notice to AMD Inc., but subject however, to the provisions of Section 26 of the Loan Agreement, assign or

transfer any or all of the Senior Liabilities or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Liabilities shall be and remain Senior Liabilities for purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein, shall, to the extent of the interest of any such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor. The rights of the Secured Parties hereunder shall be exercisable solely by the Security Agent on behalf of the Secured Parties, unless either the Security Agent is not able pursuant to

applicable law to realize the practical benefits of such rights on behalf of the Secured Parties or the limitations set forth in this sentence would otherwise

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materially adversely affect the rights of the Secured Parties hereunder.

SECTION 12. Additional Provisions. None of the Agent, the Security Agent, or the Banks shall be prejudiced in its rights under this Agreement by any act or failure to act of any of AMD Holding or AMD Inc., or any noncompliance of AMD Holding or AMD Inc. with any agreement or obligation, regardless of any knowledge thereof which the Agent, the Security Agent, or such Bank may have or with which the Agent, the Security Agent, or such Bank may be charged; and no action of the Agent, the Security Agent, or any Bank permitted hereunder shall in any way affect or impair the rights of the Agent, the Security Agent, or any Bank, and the obligations of AMD Inc., under this Agreement. For the purposes of this subordination, Senior Liabilities shall include all obligations of AMD Holding under or in connection with any of the Operative Documents to the Agent, the Security Agent, and each Bank, notwithstanding any right or power of any AMD Holding or anyone else to assert any claim or defence as to the invalidity or unenforceability of any such obligation, and no such claim or defence shall affect or impair the

agreements and obligations of AMD Inc. hereunder; provided, however, that Senior

Liabilities shall not include any obligations or liabilities of AMD Holding which a court of competent jurisdiction shall have determined (which determination shall be final and unappealable) are invalid or unenforceable.

SECTION 13. Cumulative Remedies; Modifications in Writing. The remedies provided

for herein are cumulative and are not exclusive of any remedies that may be available to the Agent or the Security Agent at law, in equity, or otherwise. No amendment, modification, supplement, termination, or waiver of or to any provision of this Agreement, or consent to any departure by AMD Inc. or AMD Holding therefrom, shall be effective unless the same shall be in writing and signed by or on behalf of the Agent and the Security Agent.

SECTION 14. Severability of Provisions. In case any provision of this Agreement is invalid or unenforceable, the validity or enforceability of the remaining provisions hereof shall remain unaffected. The parties hereto shall have an obligation to replace any invalid provision by a valid provision which approximates best the economic purpose of the invalid provision.

SECTION 15. Termination. This Agreement and the obligations of the parties hereunder shall terminate on the Loan Agreement Termination Date; provided, that

such obligations shall automatically revive and be reinstated if and to the extent that AMD Holding shall subsequently have obligations to any of the Secured Parties under or arising out of any of the Financing Documents.

SECTION 16. Assignment. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns; provided, however, that the Security Agent, the Agent, and the Banks may

transfer their rights under this Agreement, subject, however, to the provisions of Section 26 of the Loan Agreement; provided, further, that neither AMD Inc.

nor AMD Holding shall have the right to transfer or assign its rights under this Agreement without the prior written consent of the Agent and the Security Agent; and provided, further, that AMD Holding may assign this Agreement to the

Security Agent as security for the obligations of AMD Holding under the Loan Agreement and the other Operative Documents. Notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, Senior Liabilities shall be and remain Senior Liabilities for the purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Senior Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the transferor, subject, however, to the provisions of Section 11;

provided, however, that, in addition to its rights under Section 11, unless

the Security Agent (acting on the instructions of an Instructing Group) shall otherwise consent in writing, the Security Agent shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement for the benefit of the Secured Parties as to those of the Senior Liabilities which have not been so assigned or transferred.

SECTION 17. Notice. All notices, demands, instructions, and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage pre-paid, return receipt requested, or by pre-paid telex, TWX, or telegram, or by pre-paid courier service, or by telecopier, and shall be

deemed to be given for purposes of this Agreement on the day that such writing is delivered or sent to the intended recipient thereof in accordance with the provisions of this Section 17. Unless otherwise specified in a notice sent or

delivered in accordance with the foregoing provisions of this Section 17,

notices, demands, instructions, and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telex, TWX or telecopier numbers) indicated below.

To the Security Agent:

Dresdner Bank AG, as Security Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489-1350

To the Agent:

Dresdner Bank AG, as Agent
Dr. Kulz-Ring 10
01067 Dresden
Attention: Direktion
Facsimile No.: (49) 351 489-1350

To AMD Inc.:

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, California 94088
Attention: General Counsel
Facsimile No.: (1) (408) 774 7399

To AMD Holding:

AMD Saxony Holding GmbH
Washingtonstrasse 16 A/B
01139 Dresden
Attention: Geschäftsführer
Facsimile No.: (49) 351 8412 150

SECTION 18. Relationship to Other Agreements. The rights of the Agent and the Security Agent pursuant to this Agreement are in addition to any other rights or remedies which the Agent and the Security Agent may have under statutory law or other agreements between one or more of the Agent, the Security Agent, the Banks, AMD Inc., and AMD Holding. Where such rights

and remedies are in conflict with the provision of this Agreement, the provision of this Agreement shall prevail.

SECTION 19. Governing Law. The form and execution of this Agreement and all rights and obligations of the parties arising hereunder shall be governed by the Laws of the Federal Republic of Germany.

SECTION 20. Jurisdiction. AMD Inc. and AMD Holding hereby submit to the exclusive jurisdiction of the courts in Frankfurt am Main for any dispute arising out of or in connection with this Agreement. AMD Inc. states that Advanced Micro Devices GmbH, Rosenheimerstrasse 143b, 81671 Munich, Germany, Tel.: +49 89 450 530, Fax: +49 89 906 490, is its accredited agent for service of process and hereby undertakes to maintain an agent for service in Germany. The foregoing submission to jurisdiction shall not (and shall not be construed so as to) limit the rights of the Agent or the Security Agent to take suits, actions, or proceedings against a Sponsor to enforce any judgment rendered by the courts in Frankfurt am Main in any other court or entity of competent jurisdiction where such Sponsor has assets, nor shall the taking of suits, actions, or proceedings to enforce any such judgment in one or more jurisdictions preclude the taking of enforcement proceedings in any other jurisdiction, whether concurrently or not.

SECTION 21. Use of English Language. This Agreement has been executed in the English language. All certificates, reports, notices, and other documents and communications given or delivered pursuant to this Agreement shall be in the English language and, if reasonably requested by the Agent, a certified German translation thereof shall be furnished promptly thereafter. In the event of any inconsistency, the English language version of any such document shall control.

SECTION 22. Operative Document. This Agreement is an Operative Document executed pursuant to the Loan Agreement.

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

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

Its

AMD SAXONY HOLDING GMBH

/s/ Marvin D. Burkett

DRESDNER BANK AG, as Agent and Security Agent

/s/ Dr. Hans-Jurgen Menzel /s/ Horst Oechsler

ISDA AGREEMENT

Dated 11 March 1997

between

ADVANCED MICRO DEVICES, INC.,

and

AMD SAXONY MANUFACTURING GMBH

(MULTICURRENCY--CROSS BORDER)

ISDA(R)

International Swaps & Derivatives Association, Inc.

MASTER AGREEMENT

dated as of 11 March 1997

ADVANCED MICRO DEVICES INC. and AMD SAXONY MANUFACTURING GMBH

have entered and/or anticipate entering into one of more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:--

1. INTERPRETATION

(a) DEFINITIONS. The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) INCONSISTENCY. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) SINGLE AGREEMENT. All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. OBLIGATIONS

(a) GENERAL CONDITIONS:

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1)

the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

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(b) CHANGE OF ACCOUNT. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) NETTING. If on any date amounts would otherwise be payable:-

- (i) in the same currency; and
- (ii) in respect of the same Transaction.

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) DEDUCTION OR WITHHOLDING FOR TAX.

(i) GROSS-UP. All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:-

- (1) promptly notify the other party ("Y") of such requirement;
- (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and
- (4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:-

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) Liability. If:-

- (1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);
- (2) X does not so deduct or withhold; and
- (3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

(e) DEFAULT INTEREST; OTHER AMOUNTS. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgement) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

3. REPRESENTATIONS

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement) that:-

(a) BASIC REPRESENTATIONS.

- (i) STATUS. It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;
- (ii) POWERS. It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorize such execution delivery and performance;
- (iii) NO VIOLATION OR CONFLICT. Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgement of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
- (iv) CONSENTS. All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and
- (v) OBLIGATIONS BINDING. Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) ABSENCE OF CERTAIN EVENTS. No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) ABSENCE OF LITIGATION. There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) ACCURACY OF SPECIFIED INFORMATION. All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) PAYER TAX REPRESENTATION. Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) PAYEE TAX REPRESENTATIONS. Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

4. AGREEMENTS

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:-

(a) FURNISH SPECIFIED INFORMATION. It will deliver to the other party or, in certain cases under subparagraph (iii) below, to such government or taxing authority as the other party reasonably directs:-

- (i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;
- (ii) any other documents specified in the Schedule or any Confirmation; and
- (iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) MAINTAIN AUTHORIZATIONS. It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) COMPLY WITH LAWS. It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) TAX AGREEMENT. It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) PAYMENT OF STAMP TAX. Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated,

4

organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction") and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. EVENTS OF DEFAULT AND TERMINATION EVENTS

(a) EVENTS OF DEFAULT. The occurrence at any time with respect to a party or, if

applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:--

(i) FAILURE TO PAY OR DELIVER. Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) BREACH OF AGREEMENT. Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party:

(iii) CREDIT SUPPORT DEFAULT.

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) MISREPRESENTATION. A representation (other than a representation under Section 3(e) or (f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) DEFAULT UNDER SPECIFIED TRANSACTION. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) CROSS DEFAULT. If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however

5

described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) BANKRUPTCY. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:--

(1) is dissolved (other than pursuant to a consolidation, amalgamation

or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) MERGER WITHOUT ASSUMPTION. The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer:-

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support-Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) TERMINATION EVENTS. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, a Tax Event if the event is specified in (ii) below or a Tax Event Upon Merger if the event is specified in (iii) below, and, if specified to be applicable, a Credit Event

6

Upon Merger if the event is specified pursuant to (iv) below or an Additional Termination Event if the event is specified pursuant to (v) below:-

(i) ILLEGALITY. Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party):-

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) TAX EVENT. Due to (x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a

substantial likelihood that it will, on the next succeeding Scheduled Payment Date (1) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iii) TAX EVENT UPON MERGER. The party (the "Burdened Party") on the next succeeding Scheduled Payment Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Indemnifiable Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to, another entity (which will be the Affected Party) where such action does not constitute an event described in Section 5(a)(viii);

(iv) CREDIT EVENT UPON MERGER. If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(v) ADDITIONAL TERMINATION EVENT. If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) EVENT OF DEFAULT AND ILLEGALITY. If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

7

6. EARLY TERMINATION

(a) RIGHT TO TERMINATE FOLLOWING EVENT OF DEFAULT. If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) RIGHT TO TERMINATE FOLLOWING TERMINATION EVENT.

(i) NOTICE. If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) TRANSFER TO AVOID TERMINATION EVENT. If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b) (i).

Any such transfer by a party under this Section 6(b) (ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) TWO AFFECTED PARTIES. If an Illegality under Section 5(b) (i) (1) or a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b) (i) on action to avoid that Termination Event.

(iv) RIGHT TO TERMINATE, IF:--

(1) a transfer under Section 6(b) (ii) or an agreement under Section 6(b) (iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b) (i); or

(2) an Illegality under Section 5(b) (i) (2), a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party.

either party in the case of an Illegality, the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then

8

continuing, designate a day not earlier than the day such notice is effective has an Early Termination Date in respect of all Affected Transactions.

(c) EFFECT OF DESIGNATION.

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a) (i) or 2(e) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) CALCULATIONS.

(i) STATEMENT. On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) PAYMENT DATE. An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment) in the Termination Currency, from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) PAYMENTS ON EARLY TERMINATION. If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule

of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) EVENTS OF DEFAULT. If the Early Termination Date results from an Event of Default:-

(1) First Method and Market Quotation. If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party over (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party.

(2) First Method and Loss. If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) Second Method and Market Quotation. If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the

9

Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) SECOND METHOD AND LOSS. If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) TERMINATION EVENTS. If the Early Termination Date results from a Termination Event:-

(1) ONE AFFECTED PARTY. If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) TWO AFFECTED PARTIES. If there are two Affected Parties:-

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (II) the Termination Currency Equivalent of the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) ADJUSTMENT FOR BANKRUPTCY. In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or

deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) PRE-ESTIMATE. The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

10

7. TRANSFER

Subject to Section 6(b)(ii), neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:-

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer that is not in compliance with this Section will be void.

8. CONTRACTUAL CURRENCY

(a) PAYMENT IN THE CONTRACTUAL CURRENCY. Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in a reasonable manner and in good faith in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) JUDGMENTS. To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purposes of such judgment or order and the rate of exchange at which such party is able, acting in a reasonable manner and in good faith in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party. The term "rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

(c) SEPARATE INDEMNITIES. To the extent permitted by applicable law, these indemnities constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) EVIDENCE OF LOSS. For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

11

9. MISCELLANEOUS

(a) ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) AMENDMENTS. No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) SURVIVAL OF OBLIGATIONS. Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) REMEDIES CUMULATIVE. Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) COUNTERPARTS AND CONFIRMATIONS.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.

(f) NO WAIVER OF RIGHTS. A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) HEADINGS. The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

10. OFFICES; MULTIBRANCH PARTIES

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to the other party that, notwithstanding the place of booking office or jurisdiction of incorporation or organisation of such party, the obligations of such party are the same as if it had entered into the Transaction through its head or home office. This representation will be deemed to be repeated by such party on each date on which a Transaction is entered into.

(b) Neither party may change the Office through which it makes and receives payments or deliveries for the purpose of a Transaction without the prior written consent of the other party.

(c) If a party is specified as a Multibranch Party in the Schedule, such Multibranch Party may make and receive payments or deliveries under any Transaction through any Office listed in the Schedule, and the Office through which it makes and receives payments or deliveries with respect to a Transaction will be specified in the relevant Confirmation.

11. EXPENSES

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document

12

to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. NOTICES

(a) EFFECTIVENESS. Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:--

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or
- (v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) CHANGE OF ADDRESSES. Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

13. GOVERNING LAW AND JURISDICTION

(a) GOVERNING LAW. This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) JURISDICTION. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:--

- (i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and
- (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) SERVICE OF PROCESS. Each party irrevocably appoints the Process Agent (if any) specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any

reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12. Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by law.

(d) WAIVER OF IMMUNITIES. Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of

sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgement) and (v) execution or enforcement of any judgement to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. DEFINITIONS

As used in this Agreement:--

"ADDITIONAL TERMINATION EVENT" has the meaning specified in Section 5(b).

"AFFECTED PARTY" has the meaning specified in Section 5(b).

"AFFECTED TRANSACTIONS" means (a) with respect to any Termination Event consisting of an Illegality, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

"AFFILIATE" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"APPLICABLE RATE" means:--

(a) in respect to obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

"BURDENED PARTY" has the meaning specified in Section 5(b).

"CHANGE IN TAX LAW" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date on which the relevant Transaction is entered into.

"CONSENT" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"CREDIT EVENT UPON MERGER" has the meaning specified in Section 5(b).

"CREDIT SUPPORT DOCUMENT" means any agreement or instrument that is specified as such in this Agreement.

"CREDIT SUPPORT PROVIDER" has the meaning specified in the Schedule.

"DEFAULT RATE" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

14

"DEFAULTING PARTY" has the meaning specified in Section 6(a).

"EARLY TERMINATION DATE" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"EVENT OF DEFAULT" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"ILLEGALITY" has the meaning specified in section 5(b).

"INDEMNIFIABLE TAX" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising

solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"LAW" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice or any relevant governmental revenue authority) and "LAWFUL" and "UNLAWFUL" will be construed accordingly.

"LOCAL BUSINESS DAY" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"LOSS" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, the Termination Currency Equivalent of an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 11. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"MARKET QUOTATION" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have

15

been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotation having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"NON-DEFAULT RATE" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"NON-DEFAULTING PARTY" has the meaning specified in Section 6(a).

"OFFICE" means a branch or office of a party, which may be such party's head or home office.

"POTENTIAL EVENT OF DEFAULT" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"REFERENCE MARKET-MAKERS" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"RELEVANT JURISDICTION" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organized, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, form or through which such payment is made.

"SCHEDULED PAYMENT DATE" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"SET-OFF" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

"SETTLEMENT AMOUNT" means, with respect to a party and any Early Termination Date, the sum of:

(a) the Termination Currency Equivalent of the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"SPECIFIED ENTITY" has the meaning specified in the Schedule.

16

"SPECIFIED INDEBTEDNESS" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"SPECIFIED TRANSACTION" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of other such party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"STAMP TAX" means any stamp, registration, documentation or similar tax.

"TAX" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"TAX EVENT" has the meaning specified in Section 5(b).

"TAX EVENT UPON MERGER" has the meaning specified in Section 5(b).

"TERMINATED TRANSACTIONS" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if

resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"TERMINATION CURRENCY" has the meaning specified in the Schedule.

"TERMINATION CURRENCY EQUIVALENT" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Market Quotation or Loss (as the case may be), is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"TERMINATION EVENT" means an Illegality, a Tax Event or a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"TERMINATION RATE" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"UNPAID AMOUNTS" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market

value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

ADVANCED MICRO DEVICES INC.

AMD SAXONY MANUFACTURING GMBH

(Name of Party)

(Name of Party)

By: /s/ MARVIN D. BURKETT

By: /s/ JACK L. SALTICH

Name:
Title:
Date:

Name:
Title:
Date:

(Multicurrency-Cross Border)

ISDA(R)

International Swaps & Derivatives Association, Inc.

SCHEDULE

to the

Master Agreement

dated as of 11 March, 1997

between ADVANCED MICRO DEVICES, INC. and AMD SAXONY MANUFACTURING GmbH
("Party A") ("Party B")

Part 1. TERMINATION PROVISIONS.

- (a) "SPECIFIED ENTITY" means in relation to Party A or Party B for any purpose:-
None
- (b) "SPECIFIED TRANSACTION" will have the meaning specified in Section 14 of this Agreement.
- (c) The "CROSS DEFAULT" provisions of Section 5(a)(vi) will apply to Party A and will apply to Party B.
If such provisions apply:-
"SPECIFIED INDEBTEDNESS" will have the meaning specified in Section 14 of this Agreement.
"THRESHOLD AMOUNT" means, in respect of Party A or Party B, DM 15,000,000.
- (d) The "CREDIT EVENT UPON MERGER" provisions of Section 5(b)(iv) will apply to Party A and will apply to Party B.
- (e) The "AUTOMATIC EARLY TERMINATION" provision of Section 6(a) will not apply to Party A or to Party B.
- (f) PAYMENTS ON EARLY TERMINATION For the purpose of Section 6(e) of this Agreement:-
(i) Market Quotation will apply.
(ii) The Second Method will apply.
- (g) "TERMINATION CURRENCY" means either
(i) any freely available currency of a Terminated Transaction, chosen by the party which is not the Affected Party (if there is an Affected Party) or is the Non-defaulting Party (if there is a Defaulting Party); or
(ii) if there are two Affected Parties, a currency of a Terminated Transaction, chosen by mutual agreement,
provided always that, if such currency chosen pursuant to (i) or (ii) above is not freely available or if mutual agreement is not reached pursuant to (ii), the Termination Currency shall be United States Dollars.
- (h) ADDITIONAL TERMINATION EVENT will not apply.

2

Part 2. TAX REPRESENTATIONS.

- (a) PAYER REPRESENTATIONS. For the purpose of Section 3(e) of this Agreement, Party A will make the following representation and Party B will make the following representation:-
It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.
- (b) PAYEE REPRESENTATION. For the purposes of Section 3(f) of this Agreement, Party A and Party B make no representations.

Part 3. AGREEMENT TO DELIVER DOCUMENTS.

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:-

PARTY REQUIRED TO DELIVER DOCUMENT	FORM/DOCUMENT/ CERTIFICATE	DATE BY WHICH TO BE DELIVERED	COVERED BY SECTION 3(d) REPRESENTATION
Party A & Party B	(a) a certificate (or an extract of the list of authorised signatories) as to the incumbency and specimen signature of each officer of the relevant party authorised to sign this Agreement and any Confirmation hereunder.	Within 21 days of execution of this Agreement	Yes
	(b) such financial information as the other party may reasonably request.	Upon reasonable request by the other party	Yes

Part 4. MISCELLANEOUS.

(a) ADDRESSES FOR NOTICES. For the purpose of Section 12(a) of this Agreement:-

Address for notices or communications to Party A:-

Address: One AMD Place
Sunnyvale
California 94088
Attention: Director of Finance
Facsimile No: (1) (408) 749 2489 Telephone No: (1) (408) 774 7010

Address for notices or communications to Party B:-

Address: Washingtonstrasse 16A/B
01139 Dresden Germany
Attention: Geschäftsführer
Facsimile No: (49) 351 8412 150 Telephone No: (49) 351 841 2500

(b) PROCESS AGENT. For the purposes of Section 13(c) of this Agreement:-
Party A appoints as its Process Agent..Not applicable
Party B appoints as its Process Agent..Not applicable

4

(c) Offices. The provisions of Section 10(a) will apply to this Agreement.

(d) Multibranch Party. For the purpose of Section 10(c) of this Agreement, neither party is a Multibranch Party.

(e) Calculation Agent. The Calculation Agent is Party B unless otherwise specified in a Confirmation in relation to the relevant Transaction. The Calculation Agent's calculations and determinations shall be conclusive and binding in the absence of manifest error.

(f) Credit Support Document. Details of any Credit Support Document: The Sponsors Support Agreement, dated 11 March 1997 (the "Sponsors' Support Agreement") between Party A, AMD Saxony Holding GmbH and Dresdner Bank AG, as Agent and Security Agent and each of the Sponsors' Consent and Agreement, the Sponsors' Loan Agreement, the AMD Inc. Guarantee, the Sponsors' Guarantee, the Sponsors' Subordination Agreement, and the AMD Inc. Subordination Agreement, in each case as such terms are defined in the Sponsors' Support Agreement, are each a Credit Support Document with respect to Party A.

(g) Credit Support Provider. Credit Support Provider means in relation to Party A or Party B: None

(h) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California (without reference to the choice of law doctrine).

(i) Netting of Payment. Sub-paragraph (ii) of Section 2(c) of this Agreement

will not apply.

- (j) "Affiliate" will have the meaning specified in Section 14 of this Agreement.

Part 5. Other Provisions.

- (1) Escrow Payments

Either party (or Dresdner Bank AG) may at its option and in its sole discretion give five Local Business Days' prior written notice to the other party (or both parties as the case may be) specifying that payments which are required to be made hereunder on a specified date by both parties are to be made in escrow. In such case, each party will make its payment on that date in accordance with

Section 2(a) (ii) with Dresdner Bank, AG as escrow agent (which shall waive all rights of set off in respect of the escrow) and each such payment shall satisfy the paying party's obligations under Section 2(a) (i) and (ii) in respect of the amount paid. Each such payment shall be accompanied by irrevocable instructions (a) to release each payment to the intended recipient upon receipt by the escrow agent of the required payment from the other party on the same date accompanied by irrevocable payment instructions to the same effect or (b) if the required payment is not made on that same date, to return the payment to the party that paid it into escrow, in either case together with any interest accrued on the escrow deposit. Any amount returned as envisaged by subparagraph (b) above shall constitute an Unpaid Account for the purposes of Section 6 in respect of any Early Termination Date. The escrow arrangements shall provide for interest to be paid to the party to which the payment is released or returned, as the case may be, on the escrow deposit, if held overnight, for each day in the period of its deposit at the rate offered by the escrow agent for that day for overnight deposits in the relevant currency in the office where it holds that deposited payment (at 11.00 a.m. local time on that day). The party that elects to have payments made in escrow shall pay the costs of the escrow arrangements (provided that if the other party defaults on its payment obligations, it will, on demand, reimburse the electing party for such costs).

- (2) Subordination

The rights of Party A hereunder are subordinated to the extent set forth in the Sponsors' Subordination Agreement, and Party A and Party B agree to comply therewith.

ADVANCED MICRO DEVICES, INC.

AMD SAXONY MANUFACTURING GmbH

By /s/ MARVIN D. BURKETT

By /s/ JACK L. SALTICH

(name)

(name)

AMD SAXONY MANUFACTURING GMBH

11 March 1997

Dear Sirs

The purpose of this communication is to set forth the terms and conditions of the Transaction, entered into between Advanced Micro Devices, Inc. ("Party A") and AMD Saxony Manufacturing GmbH ("Party B") on the Trade Date specified below (the "Transaction"). This communication will constitute a "Confirmation" as referred to in the Master Agreement (the "ISDA Agreement") of even date herewith, entered into between us together with this Confirmation, the ("Agreement").

The definitions and provisions contained in the 1991 ISDA Definitions (the "1991 Definitions") and the 1992 ISDA FX and Currency Option Definitions (the "FX Definitions") (as published by the International Swap Dealers Association, Inc) (together, the "Definitions") are incorporated by reference into this Confirmation without regard to any revision or subsequent edition thereof. In the event of any inconsistency between the 1991 Definitions and the FX Definitions, the FX Definitions shall control with respect to paragraph 2(a) below and the 1991 Definitions shall control with respect to any other provisions of this Confirmation. This Confirmation will supplement, form a part of and be subject to the terms and conditions of the Agreement.

All provisions contained in the Agreement will govern this Confirmation except as expressly modified below. In the event of any inconsistency among or between the ISDA Agreement, the Definitions and this Confirmation, this Confirmation

will govern.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in (or refrained from engaging in) substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which Confirmation relates on the terms and conditions set forth below.

2

1. This Confirmation will be governed and construed in accordance with California law (without reference to the choice of law doctrine).
2. The terms of the particular Transaction to which this Confirmation relates are as follows:

Trade Date: 11 March 1997

Effective Date: 11 March 1997

Termination Date: July 1, 2006, provided that if the obligations of Party B under the Loan Agreement dated 11 March 1997, between Party B and Dresdner Bank AG, as agent, and certain other financial institutions have not been satisfied in full on or before such date, the Termination Date shall be extended to fall on the date on which such obligations are fully and finally satisfied

Business Days: San Francisco, Frankfurt and Dresden

3

/1/ (a) CURRENCY OPTIONS

(i) Common terms

Buyer: Party B

Seller: Party A

Premium: DEM 51,608,500 in aggregate for all Currency Options

Premium Payment Date: The Termination Date

Currency Option style: European

Currency Option Type: Call

(ii) Unique terms

Call Option #1

Call Currency and Amount: USD37,500,000

Strike Price: DEM 1.45

Expiration Date: March 15, 1999

- -----

/1/ If on the signing date, the forward rate for any year is 1.48 or greater, the Transactions for that year will be Currency Options structured as follows (paragraphs (a) and (b) illustrating this for all years)

Call Option #2

Call Currency and Amount: USD37,500,000

Strike Price: DEM 1.45

Expiration Date: June 15, 1999

Call Option #3

Call Currency and Amount: USD37,500,000

Strike Price: DEM 1.45

Expiration Date: September 15, 1999

Call Option #4

Call Currency and Amount: USD37,500,000

Strike Price: DEM 1.45

Expiration Date: December 15, 1999

Call Option #5

Call Currency and Amount: USD20,000,000

Strike Price: DEM 1.45

Expiration Date: March 15, 2000

Call Option #6

Call Currency and Amount: USD20,000,000

Strike Price: DEM 1.45

Expiration Date: June 15, 2000

Call Option #7

Call Currency and Amount: USD20,000,000

Strike Price: DEM 1.45

Expiration Date: September 15, 2000

Call Option #8

Call Currency and Amount: USD20,000,000

Strike Price: DEM 1.45

Expiration Date: December 15, 2000

Call Option #9

Call Currency and Amount: USD17,500,000

Strike Price: DEM 1.45

Expiration Date: March 15, 2001

Call Option #10

Call Currency and Amount: USD17,500,000

Strike Price: DEM 1.45

Expiration Date: June, 15, 2001

Call Option #11

Call Currency and Amount: USD17,500,000

Strike Price: DEM 1.45

Expiration Date: September 15, 2001

Call Option #12

Call Currency and Amount: USD17,500,000

Strike Price: DEM 1.45

Expiration Date: December 15, 2001

(b) Additional Party B Fixed Amount

Notional Amount: DEM 51,608,500

Party B Fixed Amount:

Fixed Rate Payer: Party B

Fixed Rate Payer

Payment Date: The Termination Date

Fixed Rate Option: 7%

8

Fixed Rate Day

Count Fraction: Actual/365

Reset Dates: The first day of each Compounding Period

Compounding: Applicable

Compounding Dates: March 15, June 15, September 15 and December 15

Calculation Agent: Party B

For purposes of applying the 1991 Definitions, references in this sub-paragraph (b) to "Fixed" shall be deemed references to "Floating."

/2/ (c) FX FORWARDS: PARTY A AND PARTY B FIXED AMOUNTS

[Remainder of page intentionally left blank]

/2/ If for any year the forward rate is less than 1.48, the Transactions for that year may be Currency Options as illustrated above or Forwards structured as follows (the example illustrating this for all years).

9

3. ACCOUNT DETAILS:

(a) Payments to Party A:

Party A's account with [*]

(b) Payments to Party B:

to be supplied

4. OFFICES:

(a) The Office of Party A for the Transaction in San Francisco.

* CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

[Remainder of page intentionally left blank]

10

(b) The Office of Party B for the Transaciton is Dresden.

5. BROKER/ARRANGER: None

[Remainder of page intentionally left blank]

11

Please promptly confirm that the preceding correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

Name:

Title:

Confirmed as of the date first written:

AMD SAXONY MANUFACTURING GmbH

By: /s/ Jack L. Saltich

Name:

Title:

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