



# **FORM 10-K405**

**ADVANCED MICRO DEVICES INC - amd**

**Filed: March 21, 1996 (period: December 31, 1995)**

Annual report. The Regulation S-K Item 405 box on the cover page is checked

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 1995.

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  
(State or other jurisdiction of incorporation or organization)

94-1692300  
(IRS Employer Identification Number)

One AMD Place  
Sunnyvale, California  
(Address of principal executive offices)  
94086 (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
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\$.01 Par Value Common Stock	New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act:

None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Aggregate market value of the voting stock held by non-affiliates as of February 26, 1996.

\$2,623,543,765

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

133,337,618 shares as of February 26, 1996.

#### DOCUMENTS INCORPORATED BY REFERENCE

- (1) Portions of the Annual Report to Stockholders for the fiscal year ended December 31, 1995, are incorporated into Parts I, II and IV hereof.
- (2) Portions of the Proxy Statement dated on or before April 29, 1996, for the Annual Meeting of Stockholders to be held on April 25, 1996, are incorporated into Part III hereof.

PART I

ITEM 1. BUSINESS

Cautionary Statement Regarding Forward Looking Statements

The statements in Part I of this Form 10-K that are forward looking are based on current expectations, and actual results may differ materially. The forward looking statements include the future impact of the Advanced Micro Devices, Inc. (AMD) merger with NexGen, Inc.; future business prospects for microprocessor and Flash memory products; proposed and under construction projects in Japan, Germany and China; the use of external foundries for manufacturing; and the pricing and certification of K86 products. Forward looking statements involve numerous risks and uncertainties that could cause actual results to differ materially, including, but not limited to, the timely development and market acceptance of new products; the impact of competitive products and pricing; the timely development of wafer fabrication process technologies; the effect of changing general and industry specific economic conditions; business conditions and growth in the personal computer market; continued demand for AMD's microprocessor and Flash memory products; AMD's ability to access external sources of capital; and such risks and uncertainties detailed from time-to-time in AMD's Securities and Exchange Commission reports and filings, including Item 7, Management's Discussion and Analysis of Results of Operations and Financial Condition of this Form 10-K and the Registration Statement on Form S-4 (Registration Statement No. 33-64911) filed in connection with the merger with NexGen, Inc.

General

Advanced Micro Devices, Inc. was incorporated under the laws of the state of Delaware on May 1, 1969. The mailing address of AMD's executive offices is One AMD Place, P.O. Box

3453, Sunnyvale, California 94088-3453, and the telephone number is (408) 732-2400. Unless otherwise indicated, the terms "the Corporation" and "AMD" in this report refer to Advanced Micro Devices, Inc. and its subsidiaries.

AMD is a semiconductor manufacturer with manufacturing facilities in the U.S. and Asia, and sales offices throughout the world. Focusing on the personal and networked computing and communications markets, AMD is a global company that derives more than half its revenues from international sales, mainly in Europe and Asia. The Corporation provides programmable products in concert with applications solutions to the manufacturers of equipment for personal and networked computation and communications.

Merger with NexGen, Inc.

On January 17, 1996, the Corporation acquired NexGen, Inc. (NexGen) in a tax-free reorganization in which NexGen was merged directly into the Corporation (the Merger). The Merger will be accounted for under the pooling-of-interests method. The stockholders of NexGen received eight-tenths (0.8) of a share of the common stock of AMD for each outstanding share of the common stock of NexGen.

The Merger resulted in substantial dilution of the interests of AMD's stockholders holding stock prior to the Merger. The 28,549,053 shares of AMD common stock issued to NexGen's stockholders represented approximately 21.5% of the approximately 133,074,340 shares of AMD common stock outstanding immediately after the Merger. In addition, AMD undertook to issue up to 4,541,528 shares of AMD common stock to fulfill NexGen's obligations with respect to outstanding options, warrants and rights. Assuming the issuance of all of such shares, those shares together with the shares of AMD common stock issued to the prior stockholders of NexGen in the Merger would represent approximately 24% of the approximately 137,615,868 shares of AMD common stock which would then be outstanding. As NexGen has not been

profitable since its inception in 1986, the Merger has resulted in an immediate decrease in the earnings per share attributable to each share of AMD common stock outstanding prior to the Merger. The dilution resulting from the Merger could reduce the earnings per share of AMD common stock unless earnings growth or other business benefits sufficient to offset the effect of the issuance can be achieved. There can be no assurance that such benefits will be achieved.

AMD will incur charges to operations currently estimated to be \$10.0 million in the first quarter of 1996, to reflect transaction fees and costs incident to the Merger. Such fees and costs include investment banking, legal, accounting, financial, printing and other related charges. These amounts are preliminary estimates and are subject to change when the exact amounts are finally determined. Additional and unanticipated expenses may be incurred relating to the integration of the businesses of AMD and NexGen, including the integration of microprocessor products and the retargeting of NexGen products to AMD's manufacturing processes. Although AMD expects that over time the savings from elimination of duplicative expenses as well as other efficiencies related to the integration of the businesses may offset additional expenses, there can be no assurance that such benefit will be achieved in the near term or at all.

AMD will initially continue the operations of NexGen at its current location in Milpitas, California. The primary mission will be the development of high performance Microsoft Windows(R)-compatible microprocessors in the AMD K86(tm) Superscalar Series. S. Atiq Raza, former President and Chief Executive Officer of NexGen, will direct the operations. Mr. Raza has been appointed to the Board of Directors of the Corporation and has been named Corporate Vice President and Chief Technical Officer of AMD.

AMD effected the Merger with the expectation that it would result in beneficial synergies. Achieving the anticipated benefits of the Merger will depend in part upon whether the integration of the two companies' businesses is accomplished in an efficient and effective manner, and there can be no assurance that this will occur. The successful combination of

companies in the high technology industry may be more difficult to accomplish than in other industries. The combination of the companies will require, among other matters, integration of AMD's and NexGen's respective engineering personnel and product offerings, coordination of their sales and marketing and research and development efforts and implementation of the manufacturing of NexGen's products in AMD's facilities. There can be no assurance that the integration will be accomplished smoothly or successfully. The difficulties of the integration may be increased by the necessity of coordinating geographically separated organizations. The integration of certain operations will require the dedication of management resources which may divert the efforts of AMD personnel from other matters. The inability of management to integrate the operations of the two companies successfully could have a material adverse effect on the business and results of operations of the Corporation. In addition, as commonly occurs with mergers of technology companies, aggressive competitors may undertake formal initiatives during the integration phase to attract customers and to recruit key employees through various incentives.

Prior to the Merger, NexGen granted limited manufacturing rights regarding certain of its current and future products, including the Nx586(R) and Nx686 (tm) microprocessors, to IBM and Compaq Computer Corporation (Compaq). The rights of IBM and Compaq to produce NexGen products for their own use and the rights of IBM to produce limited volumes of NexGen products for sale to third parties could reduce the potential market for NexGen products produced by AMD, the profit margin achievable with respect to such products, or both.

#### Products

AMD began over twenty-five years ago as an alternate-source manufacturer of integrated circuits originally developed by other suppliers. Over time, AMD has become a manufacturer of proprietary products. The Corporation has made a significant investment in research and development, which has contributed to its becoming a leader in manufacturing and process

technology within the integrated circuit industry. The Corporation plans to continue its significant commitment to research and development.

The Corporation's products primarily consist of industry-standard integrated circuits, as opposed to custom circuits designed for a single customer. While a substantial portion of AMD's products are standard items, its products are increasingly designed for specific applications such as telecommunications, personal computers, engineering workstations, multimedia or local area networks. As a service to certain major customers, the Corporation modifies portions of these application-specific devices to meet specific customer needs. The resulting devices are produced in significant volumes for such customers.

The Corporation is focusing its product development activities in two areas: (1) Computation Products, including x86, K86 Superscalar and other microprocessors, and I/O network products; and (2) Communications and Components, including voice/data communications (World Network(R)), and high-volume products such as programmable logic, non-volatile memory devices and embedded processors for personal computers. Personal computer (PC) products include microprocessors used in computers. High-volume products include Flash memory, Erasable Programmable Read-Only Memories (EPROMs), programmable logic devices (PLDs) and embedded processors. The Corporation's products are typically subject to intense competition, in an industry characterized by rapid technological advances and innovation.

Since most of the Corporation's products are used in personal computers and related peripherals, the Corporation's future growth is closely tied to the performance of the PC industry. From time to time, the PC industry has experienced significant downturns, often in connection with, or in anticipation of, declines in general economic conditions. These downturns have been characterized by diminished product demand, production overcapacity and resultant accelerated erosion of average selling prices. AMD's business could be materially and adversely affected by future industry-wide fluctuations in the PC marketplace.

## Computation Products

X86 Microprocessors. A microprocessor is the central processing unit (CPU) of a computer. A microprocessor processes system data and controls input/output, peripheral and memory devices. A microprocessor may also be used in connection with other processors such as microcontrollers, which are embedded microprocessors contained in peripherals or other coprocessors which perform certain functions such as arithmetic calculations. The x86 architecture, originally developed by Intel Corporation (Intel), has been the leading architecture for personal computer microprocessors. AMD's x86 microprocessor strategy has been to serve as an alternative source for x86 microprocessors, introducing products with higher performance at comparable prices. Since 1993 the Corporation has been licensed by Microsoft, the personal computer industry's leading supplier of operation systems software, to use the Microsoft(R) Windows(R) -compatible logo on AMD's microprocessor packaging and advertising to indicate that the Corporation's product is compatible with such software. The Corporation believes that this approach is consistent with what it perceives to be the computer industry's shift from an emphasis on hardware compatibility to software compatibility.

In 1995, Am486(R) microprocessor sales decreased slightly primarily due to average selling price declines, partially offset by increases in unit sales. Am486 microprocessor products contributed a significant portion of the Corporation's revenues and profits in 1994 and 1995. Price declines are anticipated to continue in 1996 while unit shipments may be flat to down depending on market demand. The Corporation, therefore, expects Am486 microprocessor revenues and profits in 1996 to be below those of 1995 as the product life cycle of the fourth-generation x86 products draws to a close.

K86(tm) Microprocessors. The Corporation expects that it will offer in 1996 its next generation of microprocessor products known as the K86 microprocessors, based on superscalar RISC-type architecture. The K86 products are designed to be compatible with operating system

software such as Microsoft Windows. The K86 products are not designed to use any Intel copyrighted microcode; however, they do rely on patent licenses from several companies, including Intel.

AMD expects 1996 to be a transitional year in the development of its next generation of microprocessor products and believes that the acquisition of NexGen is important to the development and introduction of K86 products. Future generations of K86 products will face competition not only from x86 products manufactured by Intel and others, but also from products based upon an increasing number of different architectures which have been developed or are under development by Hewlett Packard Company, IBM, Motorola, Inc., Sun Microsystems, Inc. and other manufacturers of integrated circuits. No assurance can be given that the K86 products will achieve market acceptance or be introduced before the average selling prices of comparable products have materially declined from their initial levels.

AMD has an agreement with Compaq under which it supplies Compaq with microprocessor products, primarily the Am486 products; however, the agreement does not require Compaq to purchase microprocessor products from AMD. AMD believes that Compaq will consider the purchase of K86 microprocessors when they become available. No assurance can be given that any purchases will be made or, if they are, that they will not be terminated by Compaq due to the availability of competing microprocessor products.

AMD plans to develop and produce NexGen's sixth-generation design as the AMD-K6(tm) microprocessor. AMD does not expect any sales of the AMD-K6 products in 1996.

Adherence to industry standards is important to AMD's marketing strategy and product development effort. The establishment of standards is a function of user acceptance, and such standards are therefore subject to change. Customer acceptance of AMD's K86 products will depend upon the continued demand for x86-based personal computers, including the continued

development of application software programs for such computers. There can be no assurance of the continued acceptance of the x86 standard or that software developers will continue to develop software compatible with this standard.

For a discussion of the risk factors related to the Corporation's microprocessor products, please see the 'Cautionary Statements and Risk Factors' section of Management's Discussion and Analysis of Results of Operations and Financial Condition contained in the 1995 Annual Report to Stockholders.

Personal Computer I/O and Local Area Networks. The Corporation offers a range of integrated circuits that work with central processing units to manage selected input/output system functions such as control disk drives, keyboards, printers and communications and networking devices. The Corporation also supplies a range of products specially designed to add additional functions, improve performance and reduce costs in computer peripheral, interface or mass storage applications. These are generally special-purpose products which are designed for a specific application. In the case of some large customers, these products are tailored for specific customer needs.

#### Communications and Components

Networks and Voice/Data Communications. The Corporation provides a wide variety of products for a broad spectrum of connectivity solutions. These include applications in central office switches, PBX equipment, voice/data terminals, and different performance classes of Local Area Networks (LANs) used to connect workstations and personal computers. In addition to providing the integrated circuits for these applications, the Corporation also provides various forms of hardware evaluation tools, development software and interface software. The Corporation offers several Ethernet products designed for use on personal computer motherboards and add-in cards. AMD is also a supplier of chipsets to support the 100-megabit-

per-second Fiber Distributed Data Interface (FDDI) local area network standard which is primarily used in network backbones and to connect high performance workstations and servers. The Corporation has also developed, in cooperation with systems manufacturers, a family of devices for the 10Base-T standard, which allows transmission of data using Ethernet protocols on twisted-pair wiring, rather than on the more expensive coaxial cable.

The Subscriber Line Interface Circuit (SLIC) and the Subscriber Line Audio-Processing Circuit (SLAC(tm)) are an integral part of a design for digital telephone switching equipment. The SLIC connects the user's telephone wire to the telephone company's digital switching equipment. The SLAC is a coder/decoder which converts analog voice signals to a digital format and back.

Non-Volatile/Volatile Memories. Memory components are used to store computer programs and data entered prior to or during system operation. There are two types of memory storage capability: volatile and non-volatile. Volatile memories include Dynamic and Static Random Access Memories (DRAMs and SRAMs). Non-volatile memories retain data when system power is shut off, while volatile memories do not. Non-volatile memories include EPROMs and Flash memories.

The Corporation's memory products are primarily non-volatile memories used in a wide range of applications such as PCs, workstations, peripherals, cellular telephones, instrumentation, PBX equipment, avionics and a variety of other equipment where programmed data storage is needed. The Corporation has developed a family of Flash memories to address the emerging market for PC memory cards, solid-state disks, cellular communications and networking applications. The Corporation offers Flash memory devices up to 16 megabits in density. During 1995, Flash memory devices contributed, and are expected to continue to contribute in 1996, a significant and increased portion of the Corporation's revenues and profits. The Corporation also offers a family of CMOS EPROM devices from 64K to 4 megabits in density.

Programmable Logic Devices (PLDs). The Corporation is a supplier of high-speed, field-programmable integrated circuits. PLDs generally afford a user increased design flexibility relative to standard logic devices. The initial design time and cost in customizing a programmable device is significantly less than designing a custom integrated circuit or customizing a gate array logic device. The Corporation is in the process of transferring its operations relating to the design, development and marketing of PLDs to a wholly-owned subsidiary dedicated solely to PLDs. The subsidiary will rely upon the Corporation for manufacturing services.

Embedded Control Microprocessors. The Corporation's proprietary Am29000(R) family of RISC microprocessors is used in applications which include high-performance laser printer controllers, high-resolution graphics controllers, communications controllers and accelerator cards. Although the Corporation has discontinued development of new Am29000 products, it continues to produce existing ones. The Corporation will develop new products for the embedded control microprocessor market based on AMD's x86 microprocessors.

#### Marketing and Sales

AMD's products are marketed and sold under the AMD(R) trademark. AMD markets and sells its products primarily to a broad base of original equipment manufacturers (OEMs) of computation and communication equipment. No single OEM customer accounted for more than ten percent (10%) of sales during the fiscal year ended December 31, 1995. One of AMD's distributors, Arrow Electronics, Inc., accounted for approximately twelve percent (12%) of net sales. AMD employs a direct sales force through its principal facilities in Santa Clara County, California, and field sales offices throughout the United States and abroad (primarily Europe and the Asia-Pacific Basin). AMD also sells its products through third-party distributors and independent representatives in both domestic and international markets pursuant to nonexclusive agreements. The distributors also sell products manufactured by AMD's competitors, including those products for which AMD is an alternate source.

Distributors typically maintain an inventory of AMD's products. Pursuant to the Corporation's agreements with the distributors, AMD protects its distributors' inventory of AMD's products against price reductions as well as products that are slow moving or have been discontinued. These agreements, which may be canceled by either party on a specified notice, generally contain a provision for the return of AMD'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 AMD's operating results. (See Note 2 of Notes to Consolidated Financial Statements contained in the 1995 Annual Report to Stockholders.)

AMD derives a substantial portion of its revenues from its sales subsidiaries located in Europe and the Pacific Rim. AMD subsidiaries have offices in Australia, Belgium, Canada, China, Finland, France, Germany, Hong Kong, Italy, Japan, Korea, Scotland, Singapore, Sweden, Switzerland, Taiwan, and the United Kingdom. (See Note 12 of Notes to Consolidated Financial Statements contained in the 1995 Annual Report to Stockholders.) The international sales force also works with independent sales representatives and distributors in approximately 32 countries, including those where AMD has sales subsidiaries. AMD's international sales operations entail political and economic risks, including expropriation, currency controls, exchange fluctuations, changes in freight rates, and changes in rates and exemptions for taxes and tariffs.

While AMD derives more than half of its revenues from international sales, only a portion of AMD's international sales are denominated in foreign currencies. The Corporation enters into foreign exchange forward contracts to buy and sell currencies as economic hedges of the Corporation's foreign net monetary asset position including the Corporation's liabilities for products purchased from Fujitsu AMD Semiconductor Limited (FASL). The hedging transactions in 1995 were denominated in lira, yen, French franc, deutsche mark, and pound sterling. The maturities of these contracts are generally short-term in nature. (For more

information, see Item 7, Footnotes 2 and 3, Management's Discussion and Analysis of Results of Operations and Financial Condition.)

AMD'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 upon the results of AMD's operations and financial condition.

#### Backlog

AMD manufactures and markets standard lines of products. Consequently, a significant portion of its sales are made from inventory on a current basis. Sales are made primarily pursuant to (1) purchase orders for current delivery, or (2) agreements covering purchases over a period of time, which are frequently subject to revision and cancellation. Generally, in light of current industry practice and experience, AMD does not believe that such agreements provide meaningful backlog figures or are necessarily indicative of actual sales for any succeeding period.

#### Competition

The markets for AMD's products are characterized by rapid innovation and technological developments, evolving industry standards, changes in customer requirements, frequent new product introductions and enhancements and short product life cycles. AMD's success substantially depends 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. An unexpected change in one or more of the technologies related to its products or in market demand for products based on a particular technology could have a material adverse effect on AMD's results of operations or financial condition. 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.

Historically, the semiconductor industry has experienced rapid technological advances 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 a successive generation of products is developed and introduced for sale. AMD's future revenues and profits may continue to be adversely affected by price reductions by Intel and other competitors.

Numerous firms compete with AMD in the manufacture and sale of integrated circuits. Some of these firms have resources greater than those of AMD and do not depend upon integrated circuits as their principal source of revenue. There is also significant captive production by certain large users of integrated circuits, such as manufacturers of computers, telecommunications equipment and consumer electronics products.

AMD competes for integrated circuit market share with, among others, Intel, Texas Instruments, Motorola, National Semiconductor, IBM, Philips, Nippon Electric Co., SGS-Thomson, Hitachi, Toshiba, Fujitsu Limited (Fujitsu), Matsushita, Mitsubishi, Samsung, Hyundai and Siemens, all of whom are making active efforts to increase their respective and collective worldwide market shares. (For more information concerning Fujitsu, see the discussion on the joint venture with Fujitsu below.) Intel, in particular, has long held a dominant position in the market for microprocessors used in PCs. Intel's dominant market position has to date allowed it to set x86 microprocessor standards and thus dictate the type of product the market requires of Intel's competitors. In addition, Intel'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 who are forced to reduce prices to maintain competitiveness. AMD expects Intel to continue to spend substantial

sums on research and development, on new manufacturing facilities, and to maintain its dominant position through advertising campaigns designed to engender brand loyalty to Intel among PC purchasers. As long as Intel remains in this dominant position, its product introduction schedule and product pricing strategy may have a material adverse effect on AMD's business, operating results and financial condition.

With one exception, the above-mentioned competitors are either substantially larger in both gross sales and total assets than AMD or are part of larger corporate enterprises to whose resources, financial and otherwise, the competitors have access. In addition to the above, many other companies dedicated to only one or two process technologies and product types compete with the Corporation in those technologies and product types.

#### Research and Development

The Corporation's expenses for research and development in 1993, 1994 and 1995, were \$262,802,000, \$279,984,000 and \$397,555,000, respectively. Such expenses represented 15.9%, 13.1%, and 16.4% of sales in 1993, 1994 and 1995, respectively. AMD's research and development expenses are charged to operations as incurred. Most of AMD's research and development personnel are integrated into the engineering staff.

#### Manufacturing

The Corporation's wafer fabrication activities are currently conducted at AMD's facilities in California and Texas. AMD also has formed a joint venture and has entered into foundry agreements for the manufacture of integrated circuits.

AMD Facilities. The Corporation's 900,000 square foot submicron semiconductor manufacturing facility in Austin, Texas (Fab 25), began volume production in its first phase in

late 1995. The Corporation presently estimates that the cost of this facility will be approximately \$1.7 billion when fully equipped. The Corporation is currently planning to construct an 875,000 square foot submicron wafer fabrication and design facility in Dresden, Germany at a presently estimated cost of approximately \$1.5 billion over the next five years before German government financing. Groundbreaking on the new facility is expected to occur in the second half of 1996.

Joint Venture with Fujitsu Limited. In 1993, AMD and Fujitsu formed a joint venture, Fujitsu AMD Semiconductor Limited (FASL), for the development and manufacture of integrated circuits. Through FASL, the two companies have constructed and are operating an \$800 million wafer fabrication facility in Aizu-Wakamatsu, Japan, to produce non-volatile memory devices such as Flash memories and EPROMs. The facility began volume production in the first quarter of 1995, and utilizes eight-inch wafer processing technologies capable of producing products with geometries of one-half (0.5) micron or smaller. Currently, the primary mission of FASL is the production of Flash memory devices. AMD and Fujitsu will not independently produce Flash memory and EPROM products with geometries of one-half (0.5) micron or smaller outside of the joint venture.

In the third quarter of 1995, FASL approved construction of a second Flash memory fab (FASL II) at a site contiguous to the existing facility. Groundbreaking on the new facility occurred in the first quarter of 1996. The planned \$1.1 billion in capital expenditures for FASL II construction is expected to be funded by cash anticipated to be generated from FASL operations and, if necessary, bank borrowings by FASL. However, in the event that FASL is unable to secure the necessary funds for FASL II, AMD is required to contribute cash or guarantee third party loans in proportion to its 49.95 percentage interest in FASL. The planned FASL II costs are denominated in yen and, therefore, are subject to change due to foreign exchange rate fluctuations.

In connection with FASL, AMD and Fujitsu have entered into various joint development, cross-license and investment arrangements. Accordingly, AMD and Fujitsu will provide their product designs and process and manufacturing technologies to FASL. In addition, both companies will collaborate in developing manufacturing processes and designing integrated circuits for FASL. The right of each company to use the licensed intellectual property of the other with respect to certain products is limited to certain geographic areas. Consequently, AMD's ability to sell certain products incorporating Fujitsu intellectual property, whether or not produced by FASL, is also limited in certain territories, including the United Kingdom and Japan.

Foundries. AMD has foundry arrangements with third parties for the production of products other than microprocessor and Flash products and may increase its use of such foundry arrangements in the future.

If AMD is unable to generate sufficient manufacturing capabilities in its own facilities or through foundry or similar arrangements with others, AMD may not be able to produce sufficient products to meet demand. This could have an adverse effect on AMD's results of operations. AMD anticipates that NexGen's products and technology acquired in the Merger will eventually be manufactured by AMD. There can be no assurance that AMD's manufacturing facilities and processes will be compatible with the manufacturing of NexGen's products without substantial reconfiguration, the timing of which might adversely affect the results of AMD's operations and financial condition. If any substantial interruption were to occur with respect to any of AMD's manufacturing operations, either as a result of a labor dispute, equipment failure or other cause, there could be a material adverse effect on AMD's results of operations. AMD's operating results may also be materially adversely affected by fluctuations in manufacturing yields.

Assembly and Testing. Nearly all product assembly and final testing are performed at AMD's manufacturing facilities in Penang, Malaysia; Singapore; and Bangkok, Thailand; or by

subcontractors in Asia. In December 1995, AMD entered into an agreement to lease land in Suzhou, China to be used for the construction and operation of an additional test and assembly facility.

Foreign manufacture entails political and economic risks, including political instability, expropriation, currency controls and fluctuations, changes in freight rates and in interest rates, and exemptions for taxes and tariffs. For example, if AMD were not able to assemble and test its products abroad, or if air transportation between the United States, the Corporation's overseas facilities and customers worldwide were disrupted, there could be a material adverse effect on the Corporation's operations. The Corporation has not experienced any material adverse effects associated with such risks.

Raw Materials. Certain of the raw materials used by the Corporation 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 such materials, it would be required to reduce its manufacturing operations which could have a material adverse effect upon its results of operations. To date, AMD has not experienced significant difficulty in obtaining the necessary raw materials.

Environmental Regulations. AMD is subject to a variety of governmental regulations related to the use, storage, handling, discharge or disposal of toxic, volatile or otherwise hazardous chemicals used in the manufacturing process. The Corporation believes that it is currently in compliance in all material respects with these regulations and that it has obtained all necessary environmental permits to conduct its business. Nevertheless, the failure to comply with present or future regulations could result in fines being imposed on the Corporation,

suspension of production, alteration of the Corporation's manufacturing processes or cessation of operations. Such regulations could require the Corporation to acquire expensive remediation equipment or to incur other expenses to comply with environmental regulations. (See Item 3, Legal Proceedings, Number 1.) Any failure by the Corporation to control the use, disposal or storage of, or adequately restrict the discharge of, hazardous substances could subject the Corporation to future liabilities.

Key Personnel. AMD's future success depends in part upon the continued service of its key engineering, sales, marketing and executive personnel in the engineering design areas of AMD's activities. 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 AMD's product development programs or otherwise have a material adverse effect on AMD's business and operating results. AMD has an employment agreement with W. J. Sanders III, its Chairman and Chief Executive Officer, which obligates Mr. Sanders not to compete with the Company following a termination of his employment under certain circumstances. AMD has no employment or noncompetition agreements with any of its other officers, directors or key employees except S. Atiq Raza and Vinod Dham who entered into noncompetition agreements with AMD upon consummation of the Merger.

Product Defects; Incompatibility. One or more of AMD's products may possibly be found to be defective after AMD has already shipped in volume, requiring a production 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 AMD. For its future generations of K86 microprocessors, AMD intends to obtain Windows and Windows 95 certifications from Microsoft Corporation (Microsoft), Platinum certification from XXCAL, a testing organization, and other appropriate certifications. While AMD submits its products to rigorous internal and external testing, there can be no assurance that AMD's products

will be compatible with all standard PC software or hardware. Any inability of AMD's customers to achieve such compatibility or compatibility with other software or hardware after AMD's products are shipped in volume would have a material adverse effect on AMD's business and operating results. There can be no assurance that AMD will be able to successfully correct any such compatibility or other product defect problems that are discovered or that such corrections will be acceptable to customers or made in a timely manner. In addition, the announcement of a product defect in AMD's products or incompatibility could have a material adverse effect on AMD.

Earthquake Danger. AMD'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. AMD's operating results and financial condition could be materially adversely affected in the event of a major earthquake.

#### Intellectual Property and Licensing

AMD and its subsidiaries have been granted 972 United States patents, and approximately 872 patent applications are pending in the United States. In certain cases, the Corporation has filed corresponding applications in foreign jurisdictions. The Corporation expects to file future patent applications in both the United States and abroad on significant inventions as it deems appropriate.

On January 11, 1995, the Corporation and Intel reached an agreement to settle all previously outstanding legal disputes between the two companies. As part of the settlement, in December 1995, the Corporation signed a five-year, comprehensive patent cross-license agreement with Intel which expires on December 31, 2000. The agreement provides that after December 31, 1999, the parties will negotiate in good faith a patent cross-license agreement to be effective January 1, 2001. Effective January 1, 1996, the new agreement gives the Corporation

and Intel the rights to use each others' patents and certain copyrights, exclusive of microprocessor microcode copyrights. The cross-license is royalty-bearing for the Corporation's products that use certain Intel technologies. The Corporation is required to pay Intel minimum non-refundable royalties during the years 1997 to 2000.

In addition, AMD has entered into numerous cross-licensing and technology exchange agreements with other companies under which it both transfers and receives technology and intellectual property rights. Although the Corporation attempts to protect its intellectual property rights through patents, copyrights, trade secrets and other measures, there can be no assurance that the Corporation will be able to protect its technology adequately or that competitors will not be able to develop similar technology independently. There can be no assurance that any patent applications that the Corporation may file will be issued or that foreign intellectual property laws will protect the Corporation's intellectual property rights. There can be no assurance that any patent licensed by or issued to the Corporation will not be challenged, invalidated or circumvented or that the rights granted thereunder will provide competitive advantages to the Corporation. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate the Corporation's products or design around the patents licensed by or issued to the Corporation.

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 Corporation, the Corporation may seek to obtain a license under the third party's intellectual property rights. The Corporation 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 Corporation's business, financial condition and results of operations. No assurance can be given that all necessary licenses can be obtained on satisfactory terms, nor that litigation may always be avoided or successfully concluded. (See also Item 3, Legal Proceedings, Numbers 6 and 7.)

## Employees

On January 28, 1996, AMD and its subsidiaries employed approximately 12,797 employees.

## ITEM 2. PROPERTIES

AMD's principal engineering, manufacturing, warehouse and administrative facilities comprise approximately 3.07 million square feet and are located in Santa Clara County, California and Austin, Texas. (See Item 1, Manufacturing and Item 7, Management's Discussion and Analysis of Results of Operations and Financial Condition.) Over 2.54 million square feet of this space is in buildings owned by the Corporation.

The Corporation entered into certain operating leases for property containing two buildings with approximately 360,000 square feet, located on 45.6 acres of land in Sunnyvale, California at One AMD Place and 991 Stewart Avenue (One AMD Place). In 1994, the Corporation began utilizing One AMD Place for its corporate sales, marketing and administrative offices. This lease provides the Corporation with the option to purchase One AMD Place during the lease term. At the end of the lease term in 1998, the Corporation is obligated to either purchase One AMD Place or arrange for its sale to a third party with a guarantee of residual value to the seller. In 1993, the Corporation entered into a lease agreement for approximately 175,000 square feet located adjacent to One AMD Place (known as AMD Square) to be used in connection with One AMD Place.

The Corporation also owns or leases facilities containing approximately 730,000 square feet for its operations in Malaysia, Singapore and Thailand (See Item 1, Manufacturing and Item 7, Management's Discussion and Analysis of Results of Operations and Financial Condition.) Of

the entire worldwide facilities owned or leased by the Corporation, approximately 580,000 square feet are currently vacant. In addition, approximately 180,000 square feet are currently vacant until the construction of Fab 25 is completed. The Corporation has entered into an agreement to lease 723 acres of land in Suzhou, China. The Corporation holds 74 undeveloped acres of land in the Republic of Ireland. The Corporation also has an equity interest in 58 acres of land in Albuquerque, New Mexico, which it has under a contract to sell that is expected to close in 1996.

AMD leases 34 sales offices in North America, six sales offices in Asia and thirteen sales offices in Europe for its direct sales force. These offices are located in cities in major electronics markets where concentrations of AMD's customers are located.

Leases covering the Corporation's facilities expire over terms of generally one to twenty years. The Corporation anticipates no difficulty in either retaining occupancy of any of its facilities through lease renewals prior to expiration or through month-to-month occupancy, or replacing them with equivalent facilities. (See Note 14 of Notes to Consolidated Financial Statements contained in the 1995 Annual Report to Stockholders.)

### ITEM 3. LEGAL PROCEEDINGS

1. Environmental Matters. Since 1981, the Corporation has discovered, investigated and begun remediation of three sites where releases from underground chemical tanks at its facilities in Santa Clara County, California, adversely affected the groundwater. The chemicals released into the groundwater were commonly in use in the semiconductor industry in the wafer fabrication process prior to 1979. At least one of the released chemicals (which is no longer used by the Corporation) has been identified as a probable carcinogen.

In 1991, the Corporation received four Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board, San Francisco Bay Region (RWQCB) relating to the three sites. One of the sites (Final Site Clean-up Requirements Order No. 91-102) includes clean-up of groundwater contamination from TRW Microwave, Inc. (TRW), Philips Semiconductors (formerly Signetics Corporation) and AMD, which the RWQCB claims merged. AMD is proceeding jointly with Philips and TRW to clean up the merged contamination and the parties are contributing to the clean-up equally. However, there has been no allocation of responsibility for the contamination between the parties. Another of the sites (Final Site Clean-up Requirements Order Nos. 91-139 and 91-140) includes clean-up of groundwater contamination from National Semiconductor Corporation, AMD and others, which the RWQCB claims merged. National Semiconductor Corporation and AMD have been named in the orders as primarily responsible and have commenced clean-up efforts in accordance with their respective orders. However, there has been no allocation of responsibility for the groundwater contamination. The third site (Final Site Clean-up Requirements Order No. 91-101) is primarily the responsibility of the Corporation.

In each instance mentioned above, the Corporation conducted appropriate programs of remedial action that involved soil removal, installation of monitoring and extraction wells and water treatment systems, disposal of inoperative tank systems, and repair and alterations to existing facilities. The final clean-up plans include continued groundwater monitoring, extraction and treatment and, in one instance, soil vapor extraction. Federal and state governmental agencies have approved the final clean-up plans being implemented. The Corporation has not yet determined to what extent the costs of such remedial actions will be covered by insurance. The three sites are on the National Priorities List (Superfund).

If the Corporation fails to satisfy federal compliance requirements or inadequately performs the compliance measures, the government (a) can bring an action to enforce compliance, or (b) can undertake the desired response actions itself and later bring an action to

recover its costs and penalties, which is up to three times the costs of clean-up activities, if appropriate. With regard to certain claims related to this matter, the statute of limitations has been tolled. AMD has computed and recorded the estimated environmental liability in accordance with applicable accounting rules and has not recorded any potential insurance recoveries in determining the estimated costs of the clean-up. The amount of environmental charges to earnings has not been material during the last three fiscal years. AMD believes that the potential liability, if any, in excess of amounts already accrued with respect to the foregoing environmental matters will not have a material adverse effect on the financial condition or results of operations of AMD.

A notice dated October 3, 1994, was received by the Corporation from the Department of Ecology of the State of Washington indicating that the Department had determined the Corporation to be a potentially liable person for the release of hazardous substances on a site located in Yakima, Washington. The Corporation believes that the foregoing environmental matter will not have a material adverse effect on the financial condition or results of operations of the Corporation.

2. Edward McDaid v. Sanders, et al. (Case No. C-95-20750-JW, N.D. Cal.). On November 3, 1995, an AMD shareholder filed a class action complaint against AMD and several of its officers and directors. The complaint avers a single claim for relief pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The alleged class consists of all purchasers of AMD common stock during the period April 11, 1995, through September 22, 1995. The plaintiff alleges that during this class period the defendants made or caused AMD to make misleading statements with respect to the development of the Corporation's AMD-K5(tm) microprocessor. The complaint seeks class damages in an unstated amount, equitable relief, plus interest, attorneys' fees, expert witness fees and other litigation costs. AMD intends to contest the litigation vigorously. Based upon information presently known to management, the Corporation does not believe that the ultimate resolution of

this lawsuit will have a material adverse effect upon the financial condition or results of operations of the Corporation.

3. Caroline Kozlowski, et al. v. Sanders, et al. (Case No. C95-04081-MMC, N.D. Cal.). On November 15, 1995, two AMD shareholders filed a class action complaint against AMD and several of its officers and directors. The complaint mirrors the McDaid complaint (described in Item 3, Number 2, above) in all material respects and likewise avers a single claim for relief pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The alleged class consists of all purchasers of AMD common stock during the period April 11, 1995, through September 22, 1995. The plaintiffs allege that during this class period the defendants made or caused AMD to make misleading statements with respect to the development of the Corporation's AMD-K5 microprocessor. The complaint seeks class damages in an unstated amount, equitable relief, plus interest, attorneys' fees, expert witness fees and other litigation costs. AMD intends to contest the litigation vigorously. Based upon information presently known to management, the Corporation does not believe that the ultimate resolution of this lawsuit will have a material adverse effect upon the financial condition or results of operations of the Corporation.

4. SEC Investigation. The Securities and Exchange Commission (SEC) began an informal investigation of the Corporation in 1993 regarding the Corporation's disclosures about the development of its Am486SX microcode in a development process and the extent to which it included access to Intel's 386 microcode. These disclosures were the subject of securities class actions and a derivative suit that were settled and dismissed with prejudice. The Corporation has been cooperating fully with the SEC's requests for information. The investigation, however, is not yet completed and no assurance can be given that the SEC will not bring an action against the Corporation or any of its employees. There can also be no assurance that any action taken by the SEC arising from its investigation will not have a material adverse effect on the Corporation.

5. Irving Karton and Jason Lyons v. S. Atiq Raza, et al. (Case No. CV753583, Cal. Sup. Ct., County of Santa Clara, California). On November 1, 1995, two alleged shareholders of NexGen filed suit against NexGen, its board of directors and a former director of NexGen. The complaint, as amended, alleged that the consideration which NexGen stockholders would receive pursuant to the Merger was inadequate; the defendants had therefore breached the directors' fiduciary duties to the stockholders of NexGen; the Merger consideration was below the fair or inherent value of NexGen; the defendants had not considered other potential purchasers of NexGen or its stock; and there had been inadequate disclosure of material facts concerning the business and prospects of NexGen as they related to the Merger. The amended complaint sought an injunction against the Merger, rescission of the Merger, if consummated, unspecified damages, attorneys' fees and other relief. On December 12, 1995, all parties to the litigation entered into a Memorandum of Understanding that contemplates the settlement of the litigation, pursuant to which the agreement governing the Merger was amended in certain respects; a stockholder rights plan adopted by NexGen was amended in certain respects; and NexGen made certain disclosures to its stockholders in connection with the Merger which were requested by the plaintiffs. The Stipulation of Settlement pursuant to which the litigation will be dismissed was preliminarily approved on January 11, 1996. AMD has succeeded to the rights and obligations of NexGen under the Memorandum of Understanding and the Stipulation of Settlement. Attorneys for the plaintiff class have agreed to apply to the court for fees and expenses to be paid by the defendants. The agreed upon amount is not material, and is payable in AMD common stock or, at AMD's option, in cash.

6. Advanced Micro Devices, Inc. v. Altera Corporation (Case No. C-94-20567-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 Corporation's and Altera Corporation's programmable logic devices. AMD intends to contest the counterclaim vigorously. Based upon information presently known to management, the Corporation does not

believe that the ultimate resolution of this lawsuit will have a material adverse effect upon the financial condition or results of operations of the Corporation.

7. Thorn EMI North America, Inc. v. Advanced Micro Devices, Inc. (Case No. 95-199-RRM, U.S. District Ct., Wilmington, Delaware). This litigation was filed in 1995 and alleges that AMD is infringing a patent owned by Thorn EMI North America, Inc. relating to processes used by AMD to manufacture microprocessors. The action seeks unspecified damages for past infringement and an injunction against alleged further infringement. AMD intends to contest this litigation vigorously. Based upon information presently known to management, the Corporation does not believe that the ultimate resolution of this lawsuit will have a material adverse effect upon the financial condition or results of operations of the Corporation.

8. Other Matters. The Corporation is a defendant or plaintiff in various other actions which arose in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial condition or results of operations of the Corporation.

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

Executive Officers of the Registrant

Name ----	Age ---	Position -----	Held Since -----
W. J. Sanders III	59	Chairman of the Board and Chief Executive Officer.	1969
Richard Previte	61	Director, President and Chief Operating Officer. Mr. Previte became Chief Operating Officer in 1989 and President in 1990. Mr. Previte was Chief Financial Officer and Treasurer from 1969 to 1989.	1989
Marvin D. Burkett	53	Senior Vice President, Chief Financial and Administrative Officer and Treasurer. Mr. Burkett was Controller from 1972 until 1989.	1989
Eugene D. Conner	52	Senior Vice President, Operations. Mr. Conner joined the Corporation in 1969, and was elected an executive officer in 1981.	1987
S. Atiq Raza	47	Director, Corporate Vice President and Chief Technical Officer. Formerly, Mr. Raza was the Chairman of the Board, President, Chief Executive Officer, and Secretary of NexGen, Inc.	1996
Stanley Winvick	56	Senior Vice President, Human Resources. Mr. Winvick had been Vice President, Human Resources since 1980.	1991
Stephen J. Zelencik	61	Senior Vice President and Chief Marketing Executive. Mr. Zelencik joined the Corporation in 1970.	1979
Thomas M. McCoy	45	Vice President, General Counsel and Secretary. Prior to joining the Corporation, Mr. McCoy was with the law firm of O'Melveny and Myers where he had been a partner since 1985.	1995

There is no family relationship between any executive officers of the Corporation.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The information regarding market price range, dividend information and number of holders of common stock of AMD appearing under the caption "Financial Data and Financial Summary" on pages 30 and 31 of the Corporation's 1995 Annual Report to Stockholders is incorporated herein by reference.

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

In February 1990, the Corporation adopted a shareholder rights plan. In accordance with this plan, the Corporation paid a dividend of one preferred stock purchase right on each outstanding share of common stock pursuant to a Rights Agreement. Each right entitled the registered holder to purchase from the Corporation one-thousandth of a share of Series A Junior Participating Preferred Stock, \$0.10 par value, for a price of \$65.00, subject to adjustment. The rights were redeemable by the Corporation and would have expired on December 31, 2000. At a

meeting on February 16, 1995, the Board of Directors authorized and directed the redemption of the preferred stock purchase rights. They were redeemed on May 3, 1995.

On February 10, 1995, the Corporation called all outstanding shares of its preferred stock for redemption on March 13, 1995, at a redemption price of \$509.00 per share, plus \$7.30 of accrued and unpaid dividends. Prior to the redemption date, 343,427 shares of preferred stock were surrendered for conversion which resulted in the issuance of 6,824,694 shares of the Corporation's common stock. Pursuant to previous arrangements, on March 14, 1995, the Corporation sold 28,518 shares of its common stock to certain institutions and used the proceeds to fund the redemption of 1,435 shares of preferred stock which were not converted.

ITEM 6. SELECTED FINANCIAL DATA

The information regarding selected financial data for the fiscal years 1991 through 1995 under the caption "Financial Summary" on page 31 of the Corporation's 1995 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The information appearing under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 8 through 12 of the Corporation's 1995 Annual Report to Stockholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL DATA

AMD's consolidated financial statements at December 25, 1994, and December 31, 1995 and for each of the three fiscal years in the period ended December 31, 1995, and the report of independent auditors thereon, and the unaudited quarterly financial data of AMD for the two-year period ended December 31, 1995, on pages 13 through 30 of the Corporation's 1995 Annual Report to Stockholders are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information appearing at the end of Part I under the caption "Executive Officers of the Registrant" and under the captions "Proposal No. 1--Election of Directors" and "Compliance with Section 16(a) of the Securities Exchange Act of 1934" in the Corporation's Proxy Statement for its Annual Meeting of Stockholders to be held on April 25, 1996, is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information under the paragraphs entitled "Directors Fees and Expenses" under the caption "Committees and Meetings of the Board of Directors," and the information under the captions "Executive Compensation" (not including the Compensation Committee Report or the performance graph), "Compensation Agreements," "Change in Control Arrangements" and "Compensation Committee Interlocks and Insider Participation" in the Corporation's Proxy Statement for its Annual Meeting of Stockholders to be held on April 25, 1996, is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information appearing under the captions "Principal Stockholders" and "Stock Ownership Table" in the Corporation's Proxy Statement for its Annual Meeting of Stockholders to be held on April 25, 1996, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information appearing under the caption "Certain Relationships and Related Transactions" in the Corporation's Proxy Statement for its Annual Meeting of Stockholders to be held on April 25, 1996, is incorporated herein by reference.

## PART IV

## ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

(a)

## 1. Financial Statements

The financial statements listed in the accompanying Index to Consolidated Financial Statements and Financial Statement Schedule Covered by Report of Independent Auditors are filed or incorporated by reference as part of this annual report. The following is a list of such Financial Statements:

	Page References	
	-----	-----
	Form	1995 Annual
	10-K	Report to
	----	Stockholders
	----	-----
Report of Ernst & Young LLP, Independent Auditors	---	29
Consolidated Statements of Income for each of the three fiscal years in the period ended December 31, 1995	---	13
Consolidated Balance Sheets at December 25, 1994 and December 31, 1995	---	14
Consolidated Statements of Cash Flows for each of the three fiscal years in the period ended December 31, 1995	---	15
Notes to Consolidated Financial Statements	---	16
Supplementary Financial Data: Fiscal years 1994 and 1995 by quarter (unaudited)	---	30

2. Financial Statement Schedule

The financial statement schedule listed in the accompanying Index to Consolidated Financial Statements and Financial Statement Schedule Covered by Reports of Independent Auditors are filed or incorporated by reference as part of this annual report. The following is a list of such Financial Statement Schedule:

	Page References	
	-----	
	1995 Annual	
	Form	Report to
	10-K	Stockholders
	----	-----
Schedule II	Valuation and Qualifying Accounts	F-3
		---

All other schedules have been omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the consolidated financial statements or notes thereto. With the exception of the information incorporated by reference into Parts I, II and IV of this Form 10-K, the 1995 Annual Report to Stockholders is not to be deemed filed as part of this report.

### 3. Exhibits

The exhibits listed in the accompanying Index to Exhibits are filed or incorporated by reference as part of this annual report. The following is a list of such Exhibits:

Exhibit Number -----	Description of Exhibits -----
2	Agreement and Plan of Merger dated October 20, 1995, as amended, between the Corporation and NexGen, Inc. as filed as Exhibit 2 to the Corporation's Quarterly Report for the period ended October 1, 1995, and as Exhibit 2.2 to the Corporation's Current Report on Form 8-K dated January 17, 1996, is hereby incorporated by reference.
3.1	Certificate of Incorporation, as amended, filed as Exhibit 3.1 to the Corporation's Quarterly Report on Form 10-Q for the period ended July 2, 1995, is hereby incorporated by reference.
3.2	By-Laws, as amended.
4	The Corporation hereby agrees to file on request of the Commission a copy of all instruments not otherwise filed with respect to long-term debt of the Corporation or any of its subsidiaries for which the total amount of securities authorized under such instruments does not exceed 10% of the total assets of the Corporation and its subsidiaries on a consolidated basis.
*10.1	AMD 1982 Stock Option Plan, as amended, filed as Exhibit 10.1 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.2	AMD 1986 Stock Option Plan, as amended, filed as Exhibit 10.2 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.3	AMD 1992 Stock Incentive Plan, as amended, filed as Exhibit 10.3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.4	AMD 1980 Stock Appreciation Rights Plan, as amended, filed as Exhibit 10.4 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.

- \*10.5 AMD 1986 Stock Appreciation Rights Plan, as amended, filed as Exhibit 10.5 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- \*10.6 Forms of Stock Option Agreements, filed as Exhibit 10.8 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
- \*10.7 Form of Limited Stock Appreciation Rights Agreement, filed as Exhibit 4.11 to the Corporation's Registration Statement on Form S-8 (No. 33-26266), is hereby incorporated by reference.
- \*10.8 AMD 1987 Restricted Stock Award Plan, as amended, filed as Exhibit 10.10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- \*10.9 Forms of Restricted Stock Agreements, filed as Exhibit 10.11 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
- \*10.10 Resolution of Board of Directors on September 9, 1981, regarding acceleration of vesting of all outstanding stock options and associated limited stock appreciation rights held by officers under certain circumstances, filed as Exhibit 10.10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 1985, is hereby incorporated by reference.
- \*10.11(a) Employment Agreement dated July 1, 1991, between the Corporation and W. J. Sanders III, filed as Exhibit 10.1 to the Corporation's Form 8-K dated September 3, 1991, is hereby incorporated by reference.
- \*10.12(b) Amendment dated August 27, 1991, to Employment Agreement between the Corporation and W. J. Sanders III, filed as Exhibit 10.2 to the Corporation's Form 8-K dated September 3, 1991, is hereby incorporated by reference.
- \*10.12 Management Continuity Agreement between the Corporation and W. J. Sanders III, filed as Exhibit 10.14 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
- \*10.13 Bonus Agreement between the Corporation and Richard Previte, filed as Exhibit 10.15 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
- \*10.14 Executive Bonus Plan, as amended, filed as Exhibit 10.16 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.

- \*10.15(a) Letter Agreement between the Corporation and Anthony B. Holbrook dated August 24, 1994, filed as Exhibit 10.17(b) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 24, 1994, is hereby incorporated by reference.
- \*10.15(b) Letter Agreement dated August 4, 1995, between the Corporation and Anthony B. Holbrook (amending the Letter Agreement filed as Exhibit 10.17(b) to the Corporation's Annual Report on Form 10-K for the fiscal year ending December 24, 1994).
- \*10.15(c) Letter Agreement dated November 29, 1995, between the Corporation and Anthony B. Holbrook (amending the Letter Agreement filed as Exhibit 10.17(b) to the Corporation's Annual Report on Form 10K for the fiscal year ended December 24, 1994).
- \*10.16 Form of Bonus Deferral Agreement, filed as Exhibit 10.12 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 30, 1986, is hereby incorporated by reference.
- \*10.17 Form of Executive Deferral Agreement, filed as Exhibit 10.17 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
- \*10.18 Director Deferral Agreement of R. Gene Brown, filed as Exhibit 10.18 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
- 10.19 License Agreement with Western Electric Company, Incorporated, filed as Exhibit 10.5 to the Corporation's Annual Report on Form 10-K for the fiscal year ended 1979, is hereby incorporated by reference.
- 10.20 Intellectual Property Agreements with Intel Corporation, filed as Exhibit 10.21 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
- \*10.21 Form of Indemnification Agreements with former officers of Monolithic Memories, Inc., filed as Exhibit 10.22 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1987, is hereby incorporated by reference.
- \*10.22 Form of Management Continuity Agreement, filed as Exhibit 10.25 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.

- \*\*10.23(a) Joint Venture Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(a) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- \*\*10.23(b) Technology Cross-License Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(b) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- \*\*10.23(c) AMD Investment Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(c) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- \*\*10.23(d) Fujitsu Investment Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(d) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- \*\*10.23(e) Joint Venture License Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(e) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- \*\*10.23(f) Joint Development Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(f) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- 10.24 Credit Agreement dated as of September 21, 1994, among the Corporation, Bank of America National Trust and Savings Association as Agent, The First National Bank of Boston as Co-Agent, filed as Exhibit 10.1 to the Corporation's Quarterly Report on Form 10-Q for the period ended September 25, 1994, is hereby incorporated by reference.
- 10.24(a) First Amendment to Credit Agreement, dated as of April 7, 1995, amending the Credit Agreement dated as of September 21, 1994, by and among the Corporation, Bank of America National Trust and Savings Association, as Agent, and the lenders named therein filed as Exhibit 10.28 to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.

- 10.24(b) Second Amendment to Amended and Restated Credit Agreement, dated as of October 20, 1995, amending the Credit Agreement dated as of September 21, 1994 (as amended by the First Amendment to Credit Agreement dated as of April 7, 1995), filed herein as Exhibit 10.28(a), by and among the Corporation, Bank of America National Trust and Savings Association, as Agent, and the lenders named therein which was filed as Exhibit 10.28(b) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
- 10.24(c) Third Amendment to Amended and Restated Credit Agreement, dated as of January 12, 1996, amending the Credit Agreement dated as of September 21, 1994, by and among the Corporation, Bank of America National Trust and Savings Association, as Agent, and the lenders named therein.
- 10.25(a) Third Amended and Restated Guaranty dated as of August 21, 1995, by the Corporation in favor of CIBC Inc. (replacing in entirety the Amended and Restated Guaranty and the First Amendment thereto filed as Exhibits 10.29(a) and 10.29(b), respectively, to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994) filed as Exhibit 10.29(a) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
- 10.25(b) First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, amending the Third Amended and Restated Guaranty dated August 21, 1995, made by the Corporation in favor of CIBC Inc. and filed as Exhibit 10.29(a), as filed as Exhibit 10.29(d) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
- 10.25(c) Second Amendment to Third Amended and Restated Guaranty, dated as of January 12, 1996 (amending the Third Amended and Restated Guaranty dated August 21, 1995, made by the Corporation in favor of CIBC Inc.).
- 10.25(d) Building Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd. dated as of September 22, 1992, filed as Exhibit 10.28(b) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
- 10.25(e) First Amendment to Building Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(c) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
- 10.25(f) Second Amendment to Building Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.29(e) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.

- 10.25(g) Third Amendment to Building Lease dated August 21, 1995, by and between CIBC Inc. and AMD International Sales and Service, Inc. (amending the Building Lease filed as Exhibit 10.29(c) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994), filed as Exhibit 10.29(b) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
- 10.25(h) Fourth Amendment to Building Lease, dated November 10, 1995, by and between CIBC Inc. and AMD International Sales & Service, Inc. (amending the Building Lease filed as Exhibit 10.29(c) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 24, 1994).
- 10.25(i) Land Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd. dated as of September 22, 1992, filed as Exhibit 10.28(d) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
- 10.25(j) First Amendment to Land Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(e) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
- 10.25(k) Second Amendment to Land Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.29(h) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
- 10.25(l) Third Amendment to Land Lease dated August 21, 1995, by and between CIBC Inc. and AMD International Sales and Service, Inc. (amending the Land Lease filed as Exhibit 10.29(f) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994), filed as Exhibit 10.29(c) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
- 10.25(m) Fourth Amendment to Land Lease dated November 10, 1995, by and between CIBC Inc. and AMD International Sales & Service, Ltd. (amending the Land Lease filed as Exhibit 10.29(f) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994).
- \*10.26 Executive Savings Plan, as amended, filed as Exhibit 10.30 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
- \*10.27 Form of Split Dollar Agreement, as amended, filed as Exhibit 10.31 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.

- \*10.28 Form of Collateral Security Assignment Agreement, filed as Exhibit 10.32 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- \*10.29 Forms of Stock Option Agreements to the 1992 Stock Incentive Plan, filed as Exhibit 4.3 to the Corporation's Registration Statement on Form S-8 (No. 33-46577), are hereby incorporated by reference.
- \*10.30 1992 United Kingdom Share Option Scheme, filed as Exhibit 4.2 to the Corporation's Registration Statement on Form S-8 (No. 33-46577), is hereby incorporated by reference.
- \*\*10.31 Compaq Computer Corporation/Advanced Micro Devices, Inc. Agreement, filed as Exhibit 10.35 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
- \*\*10.32 Foundry Agreement between the Corporation and Taiwan Semiconductor Manufacturing Corporation, Ltd., filed as Exhibit 10.37 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
- \*10.33 Form of indemnification agreements with current officers and directors of the Corporation, filed as Exhibit 10.38 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
- 10.34 Term Loan Agreement dated as of January 5, 1995, among the Corporation, ABN-AMRO Bank, N.V., as Administrative Agent, and ABN-AMRO Bank, N.V. and CIBC Inc., as Co-Arrangers filed as Exhibit 10.39 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
- 10.34(a) First Amendment to Term Loan Agreement, dated as of October 20, 1995, amending the Term Loan Agreement dated as of January 5, 1995, by and among the Corporation, ABN-AMRO Bank, N.V., as Administrative Agent, and the lenders named therein which was filed as Exhibit 10.39 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, as filed as Exhibit 10.39(a) on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
- 10.35 Secured Credit Agreement dated October 20, 1995, between the Corporation and NexGen, Inc. and First Amendment to Secured Credit Agreement dated as of October 30, 1995 (incorporated by reference to Annex 1 of the Agreement and Plan of Merger attached as Exhibit 2 to this report), as filed as Exhibit 10.40 on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.

- \*10.36 Agreement to Preserve Goodwill dated January 15, 1996, between the Corporation and S. Atiq Raza.
- \*10.37 1995 Stock Plan of NexGen, Inc., as amended, filed as Exhibit 99.1 to the Corporation's Registration Statement on Form S-8 (No. 333-00969), is incorporated herein by reference.
- \*\*\*10.38 Patent Cross-License Agreement dated December 20, 1995, between the Corporation and Intel Corporation.
- 10.39 Contract for Transfer of the Right to the Use of Land between Advanced Micro Devices (Suzhou) Limited and China-Singapore Suzhou Industrial Park Development Co., Ltd.
- 10.40 NexGen, Inc. 1987 Employee Stock Plan, filed as Exhibit 99.3 to Post-Effective Amendment No. 1 on Form S-8 to the Corporation's Registration Statement on Form S-4 (No. 33-64911), is hereby incorporated by reference.
- 10.41 Form of indemnity agreement between NexGen, Inc. and its directors and officers, filed as Exhibit 10.5 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
- 10.42 Series E Preferred Stock Purchase Warrant of NexGen, Inc. issued to Paine Webber Incorporated, filed as Exhibit 10.14 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
- 10.43 Series F Preferred Stock Purchase Warrant of NexGen, Inc., filed as Exhibit 10.15 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
- 10.44 Series G Preferred Stock Purchase Warrant of NexGen, Inc., filed as Exhibit 10.16 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
- \*\*\*10.45 Agreement for Purchase of IBM Products between IBM and NexGen, Inc. dated June 2, 1994, filed as Exhibit 10.17 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
- \*10.46 Letter Agreement dated as of September, 1988, between NexGen, Inc. and S. Atiq Raza, First Promissory Note dated October 17, 1988, and Second Promissory Note dated October 17, 1988, as amended, filed as Exhibit 10.20 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), are hereby incorporated by reference.

10.47	Series B Preferred Stock Purchase Warrant of NexGen, Inc. issued to Kleiner, Perkins, Caufield and Byers IV, as amended, filed as Exhibit 10.23 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
11	Statement regarding computation of per share earnings.
13	1995 Annual Report to Stockholders, portions of which have been incorporated by reference into Parts I, II and IV of this annual report.
21	List of AMD subsidiaries.
23	Consent of Ernst & Young LLP, Independent Auditors, refer to page F-2 herein.
24	Power of Attorney.
27.1	Financial Data Schedule.

The Corporation will furnish a copy of any exhibit on request and payment of the Corporation's reasonable expenses of furnishing such exhibit.

\* Management contracts and compensatory plans or arrangements required to be filed as an Exhibit to comply with Item 14(a)(3).

\*\* Confidential treatment has been granted as to certain portions of these Exhibits.

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

(b) Reports on Form 8-K.

1. A current Report on Form 8-K dated January 17, 1996, was filed announcing the completion of the Merger of the Corporation and NexGen.

2. A current Report on Form 8-K dated January 12, 1996, was filed announcing NexGen's financial results of the second fiscal quarter ended December 31, 1995.

3. A current Report on Form 8-K dated January 10, 1996, was filed announcing the Corporation's year-end earnings results.

4. A current Report on Form 8-K dated January 5, 1996, was filed announcing the patent cross-license agreement between the Corporation and Intel.

5. A current Report on Form 8-K dated December 18, 1995, was filed announcing that the Corporation expected fourth quarter earnings to be lower than the preceding quarter.

6. A current Report on Form 8-K dated November 6, 1995, was filed announcing that a securities class action lawsuit had been filed against the Corporation and certain officers and directors of the Corporation.

#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Advanced Micro Devices, Inc.  
Registrant

March 18, 1996

By: /s/ MARVIN D. BURKETT

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, on behalf of the registrant and in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
/s/ W. J. SANDERS III* ----- W. J. Sanders III	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 18, 1996
/s/ ANTHONY B. HOLBROOK* ----- Anthony B. Holbrook	Vice Chairman of the Board	March 18, 1996
/s/ RICHARD PREVITE* ----- Richard Previte	Director, President and Chief Operating Officer	March 18, 1996
s/ FRIEDRICH BAUR* ----- Friedrich Baur	Director	March 18, 1996
/s/ S. ATIQ RAZA* ----- S. Atiq Raza	Director, Vice President and Chief Technical Officer	March 18, 1996
/s/ CHARLES M. BLALACK* ----- Charles M. Blalack	Director	March 18, 1996
/s/ R. GENE BROWN* ----- R. Gene Brown	Director	March 18, 1996
/s/ JOE L. ROBY* ----- Joe L. Roby	Director	March 18, 1996
/s/ LEONARD SILVERMAN* ----- Leonard Silverman	Director	March 18, 1996
/s/ MARVIN D. BURKETT ----- Marvin D. Burkett	Senior Vice President, Chief Administrative Officer; Chief Financial Officer and Treasurer (Principal Financial Officer)	March 18, 1996
/s/ GEOFF RIBAR ----- Geoff Ribar	Vice President and Controller (Principal Accounting Officer)	March 19, 1996

\*By: /s/ MARVIN D. BURKETT  
-----  
Marvin D. Burkett  
(Marvin D. Burkett, Attorney-in-Fact)

ADVANCED MICRO DEVICES, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  
AND FINANCIAL STATEMENT SCHEDULE  
COVERED BY REPORTS OF INDEPENDENT AUDITORS

ITEM 14(a) (1) AND (2)

The information under the following captions, which is included in the Corporation's 1995 Annual Report to Stockholders, a copy of which is attached hereto as Exhibit 13, is incorporated herein by reference:

	Page References	
	Form	1995 Annual Report to Stockholders
	10-K	
	----	-----
Report of Ernst & Young LLP, Independent Auditors	—	29
Consolidated Statements of Income for each of the three fiscal years in the period ended December 31, 1995	—	13
Consolidated Balance Sheets at December 25, 1994 and December 31, 1995	—	15
Consolidated Statements of Cash Flows for each of the three fiscal years in the period ended December 31, 1995	—	16
Notes to Consolidated Financial Statements	—	30
Supplementary Financial Data:		
Fiscal years 1994 and 1995 by quarter (unaudited)	—	—
Schedules for each of the three fiscal years in the period ended December 31, 1995:		
Schedule II Valuation and Qualifying Accounts	F-3	—

All other schedules have been omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the consolidated financial statements or notes thereto. With the exception of the information incorporated by reference into Parts I, II and IV of this Form 10-K, the 1995 Annual Report to Stockholders is not to be deemed filed as part of this report.

## Schedule II

## ADVANCED MICRO DEVICES, INC.

## VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 26, 1993, December 25, 1994, and December 31, 1995  
(Thousands)

	Balance Beginning of Period -----	Additions Charged (Reductions Credited) to Operations -----	Deductions/(1)/ -----	Balance End of Period -----
Allowance for doubtful accounts:				
Years ended:				
December 26, 1993	\$ 6,679	\$1,595	\$ (728)	\$ 7,492
December 25, 1994	7,492	3,723	(896)	10,319
December 31, 1995	10,319	2,475	(2,635)	10,159

- ----- (1) Accounts (written off) recovered, net.

AMD-90275

ADVANCED MICRO DEVICES, INC.

INDEX TO EXHIBITS

Exhibit Number -----	Description of Exhibits -----
2	Agreement and Plan of Merger dated October 20, 1995, as amended, between the Corporation and NexGen, Inc. as filed as Exhibit 2 to the Corporation's Quarterly Report for the period ended October 1, 1995, and as Exhibit 2.2 to the Corporation's Current Report on Form 8-K dated January 17, 1996, is hereby incorporated by reference.
3.1	Certificate of Incorporation, as amended, filed as Exhibit 3.1 to the Corporation's Quarterly Report on Form 10-Q for the period ended July 2, 1995, is hereby incorporated by reference.
3.2	By-Laws, as amended.
4	The Corporation hereby agrees to file on request of the Commission a copy of all instruments not otherwise filed with respect to long-term debt of the Corporation or any of its subsidiaries for which the total amount of securities authorized under such instruments does not exceed 10% of the total assets of the Corporation and its subsidiaries on a consolidated basis.
*10.1	AMD 1982 Stock Option Plan, as amended, filed as Exhibit 10.1 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.2	AMD 1986 Stock Option Plan, as amended, filed as Exhibit 10.2 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.3	AMD 1992 Stock Incentive Plan, as amended, filed as Exhibit 10.3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.4	AMD 1980 Stock Appreciation Rights Plan, as amended, filed as Exhibit 10.4 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
*10.5	AMD 1986 Stock Appreciation Rights Plan, as amended, filed as Exhibit 10.5 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.6	Forms of Stock Option Agreements, filed as Exhibit 10.8 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.7	Form of Limited Stock Appreciation Rights Agreement, filed as Exhibit 4.11 to the Corporation's Registration Statement on Form S-8 (No. 33-26266), is hereby incorporated by reference.
*10.8	AMD 1987 Restricted Stock Award Plan, as amended, filed as Exhibit 10.10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.9	Forms of Restricted Stock Agreements, filed as Exhibit 10.11 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.10	Resolution of Board of Directors on September 9, 1981, regarding acceleration of vesting of all outstanding stock options and associated limited stock appreciation rights held by officers under certain circumstances, filed as Exhibit 10.10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 1985, is hereby incorporated by reference.
*10.11(a)	Employment Agreement dated July 1, 1991, between the Corporation and W. J. Sanders III, filed as Exhibit 10.1 to the Corporation's Form 8-K dated September 3, 1991, is hereby incorporated by reference.
*10.12(b)	Amendment dated August 27, 1991, to Employment Agreement between the Corporation and W. J. Sanders III, filed as Exhibit 10.2 to the Corporation's Form 8-K dated September 3, 1991, is hereby incorporated by reference.
*10.12	Management Continuity Agreement between the Corporation and W. J. Sanders III, filed as Exhibit 10.14 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.13	Bonus Agreement between the Corporation and Richard Previte, filed as Exhibit 10.15 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.14	Executive Bonus Plan, as amended, filed as Exhibit 10.16 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
*10.15(a)	Letter Agreement between the Corporation and Anthony B. Holbrook dated August 24, 1994, filed as Exhibit 10.17(b) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 24, 1994, is hereby incorporated by reference.
*10.15(b)	Letter Agreement dated August 4, 1995, between the Corporation and Anthony B. Holbrook (amending the Letter Agreement filed as Exhibit 10.17(b) to the Corporation's Annual Report on Form 10-K for the fiscal year ending December 24, 1994).
*10.15(c)	Letter Agreement dated November 29, 1995, between the Corporation and Anthony B. Holbrook (amending the Letter Agreement filed as Exhibit 10.17(b) to the Corporation's Annual Report on Form 10K for the fiscal year ended December 24, 1994).
*10.16	Form of Bonus Deferral Agreement, filed as Exhibit 10.12 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 30, 1986, is hereby incorporated by reference.
*10.17	Form of Executive Deferral Agreement, filed as Exhibit 10.17 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
*10.18	Director Deferral Agreement of R. Gene Brown, filed as Exhibit 10.18 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
10.19	License Agreement with Western Electric Company, Incorporated, filed as Exhibit 10.5 to the Corporation's Annual Report on Form 10-K for the fiscal year ended 1979, is hereby incorporated by reference.
10.20	Intellectual Property Agreements with Intel Corporation, filed as Exhibit 10.21 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.21	Form of Indemnification Agreements with former officers of Monolithic Memories, Inc., filed as Exhibit 10.22 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1987, is hereby incorporated by reference.
*10.22	Form of Management Continuity Agreement, filed as Exhibit 10.25 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
**10.23(a)	Joint Venture Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(a) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(b)	Technology Cross-License Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(b) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(c)	AMD Investment Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(c) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(d)	Fujitsu Investment Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(d) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(e)	Joint Venture License Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(e) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(f)	Joint Development Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(f) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
10.24	Credit Agreement dated as of September 21, 1994, among the Corporation, Bank of America National Trust and Savings Association as Agent, The First National Bank of Boston as Co-Agent, filed as Exhibit 10.1 to the Corporation's Quarterly Report on Form 10-Q for the period ended September 25, 1994, is hereby incorporated by reference.
10.24(a)	First Amendment to Credit Agreement, dated as of April 7, 1995, amending the Credit Agreement dated as of September 21, 1994, by and among the Corporation, Bank of America National Trust and Savings Association, as Agent, and the lenders named therein filed as Exhibit 10.28 to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
10.24(b)	Second Amendment to Amended and Restated Credit Agreement, dated as of October 20, 1995, amending the Credit Agreement dated as of September 21, 1994 (as amended by the First Amendment to Credit Agreement dated as of April 7, 1995), filed herein as Exhibit 10.28(a), by and among the Corporation, Bank of America National Trust and Savings Association, as Agent, and the lenders named therein which was filed as Exhibit 10.28(b) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
10.24(c)	Third Amendment to Amended and Restated Credit Agreement, dated as of January 12, 1996, amending the Credit Agreement dated as of September 21, 1994, by and among the Corporation, Bank of America National Trust and Savings Association, as Agent, and the lenders named therein.
10.25(a)	Third Amended and Restated Guaranty dated as of August 21, 1995, by the Corporation in favor of CIBC Inc. (replacing in entirety the Amended and Restated Guaranty and the First Amendment thereto filed as Exhibits 10.29(a) and 10.29(b), respectively, to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994) filed as Exhibit 10.29(a) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
10.25(b)	First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, amending the Third Amended and Restated Guaranty dated August 21, 1995, made by the Corporation in favor of CIBC Inc. and filed as Exhibit 10.29(a), as filed as Exhibit 10.29(d) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
10.25(c)	Second Amendment to Third Amended and Restated Guaranty, dated as of January 12, 1996 (amending the Third Amended and Restated Guaranty dated August 21, 1995, made by the Corporation in favor of CIBC Inc.).
10.25(d)	Building Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd. dated as of September 22, 1992, filed as Exhibit 10.28(b) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.25(e)	First Amendment to Building Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(c) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.25(f)	Second Amendment to Building Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.29(e) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
10.25(g)	Third Amendment to Building Lease dated August 21, 1995, by and between CIBC Inc. and AMD International Sales and Service, Inc. (amending the Building Lease filed as Exhibit 10.29(c) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994), filed as Exhibit 10.29(b) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
10.25(h)	Fourth Amendment to Building Lease, dated November 10, 1995, by and between CIBC Inc. and AMD International Sales & Service, Inc. (amending the Building Lease filed as Exhibit 10.29(c) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 24, 1994).
10.25(i)	Land Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd. dated as of September 22, 1992, filed as Exhibit 10.28(d) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.25(j)	First Amendment to Land Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(e) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.25(k)	Second Amendment to Land Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.29(h) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
10.25(l)	Third Amendment to Land Lease dated August 21, 1995, by and between CIBC Inc. and AMD International Sales and Service, Inc. (amending the Land Lease filed as Exhibit 10.29(f) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994), filed as Exhibit 10.29(c) to the Corporation's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
10.25(m)	Fourth Amendment to Land Lease dated November 10, 1995, by and between CIBC Inc. and AMD International Sales & Service, Ltd. (amending the Land Lease filed as Exhibit 10.29(f) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994).
*10.26	Executive Savings Plan, as amended, filed as Exhibit 10.30 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
*10.27	Form of Split Dollar Agreement, as amended, filed as Exhibit 10.31 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
*10.28	Form of Collateral Security Assignment Agreement, filed as Exhibit 10.32 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.29	Forms of Stock Option Agreements to the 1992 Stock Incentive Plan, filed as Exhibit 4.3 to the Corporation's Registration Statement on Form S-8 (No. 33-46577), are hereby incorporated by reference.
*10.30	1992 United Kingdom Share Option Scheme, filed as Exhibit 4.2 to the Corporation's Registration Statement on Form S-8 (No. 33-46577), is hereby incorporated by reference.
**10.31	Compaq Computer Corporation/Advanced Micro Devices, Inc. Agreement, filed as Exhibit 10.35 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
**10.32	Foundry Agreement between the Corporation and Taiwan Semiconductor Manufacturing Corporation, Ltd., filed as Exhibit 10.37 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
*10.33	Form of indemnification agreements with current officers and directors of the Corporation, filed as Exhibit 10.38 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
10.34	Term Loan Agreement dated as of January 5, 1995, among the Corporation, ABN-AMRO Bank, N.V., as Administrative Agent, and ABN-AMRO Bank, N.V. and CIBC Inc., as Co-Arrangers filed as Exhibit 10.39 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
10.34(a)	First Amendment to Term Loan Agreement, dated as of October 20, 1995, amending the Term Loan Agreement dated as of January 5, 1995, by and among the Corporation, ABN-AMRO Bank, N.V., as Administrative Agent, and the lenders named therein which was filed as Exhibit 10.39 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, as filed as Exhibit 10.39(a) on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
10.35	Secured Credit Agreement dated October 20, 1995, between the Corporation and NexGen, Inc. and First Amendment to Secured Credit Agreement dated as of October 30, 1995 (incorporated by reference to Annex 1 of the Agreement and Plan of Merger attached as Exhibit 2 to this report), as filed as Exhibit 10.40 on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
*10.36	Agreement to Preserve Goodwill dated January 15, 1996, between the Corporation and S. Atiq Raza.
*10.37	1995 Stock Plan of NexGen, Inc., as amended, filed as Exhibit 99.1 to the Corporation's Registration Statement on Form S-8 (No. 333-00969), is incorporated herein by reference.
***10.38	Patent Cross-License Agreement dated December 20, 1995, between the Corporation and Intel Corporation.
10.39	Contract for Transfer of the Right to the Use of Land between Advanced Micro Devices (Suzhou) Limited and China-Singapore Suzhou Industrial Park Development Co., Ltd.
10.40	NexGen, Inc. 1987 Employee Stock Plan, filed as Exhibit 99.3 to Post-Effective Amendment No. 1 on Form S-8 to the Corporation's Registration Statement on Form S-4 (No. 33-64911), is hereby incorporated by reference.
10.41	Form of indemnity agreement between NexGen, Inc. and its directors and officers, filed as Exhibit 10.5 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
10.42	Series E Preferred Stock Purchase Warrant of NexGen, Inc. issued to Paine Webber Incorporated, filed as Exhibit 10.14 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
10.43	Series F Preferred Stock Purchase Warrant of NexGen, Inc., filed as Exhibit 10.15 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
10.44	Series G Preferred Stock Purchase Warrant of NexGen, Inc., filed as Exhibit 10.16 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
***10.45	Agreement for Purchase of IBM Products between IBM and NexGen, Inc. dated June 2, 1994, filed as Exhibit 10.17 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
*10.46	Letter Agreement dated as of September, 1988, between NexGen, Inc. and S. Atiq Raza, First Promissory Note dated October 17, 1988, and Second Promissory Note dated October 17, 1988, as amended, filed as Exhibit 10.20 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), are hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
10.47	Series B Preferred Stock Purchase Warrant of NexGen, Inc. issued to Kleiner, Perkins, Caufield and Byers IV, as amended, filed as Exhibit 10.23 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
11	Statement regarding computation of per share earnings.
13	1995 Annual Report to Stockholders, portions of which have been incorporated by reference into Parts I, II and IV of this annual report.
21	List of AMD subsidiaries.
23	Consent of Ernst & Young LLP, Independent Auditors, refer to page F-2 herein.
24	Power of Attorney.
27.1	Financial Data Schedule.

The Corporation will furnish a copy of any exhibit on request and payment of the Corporation's reasonable expenses of furnishing such exhibit.

\* Management contracts and compensatory plans or arrangements required to be filed as an Exhibit to comply with Item 14(a)(3).

\*\* Confidential treatment has been granted as to certain portions of these Exhibits.

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

(b) Reports on Form 8-K.

1. A current Report on Form 8-K dated January 17, 1996, was filed announcing the completion of the Merger of the Corporation and NexGen.



ADVANCED MICRO DEVICES, INC.  
BY-LAWS  
-----  
(AS AMENDED)

ARTICLE I  
OFFICES

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II  
MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in the City of Sunnyvale, State of California, at such place as may be fixed from time to time by the Board of Directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Nomination for election of members of the Board of Directors may be made by the Board of Directors or by any stockholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations shall be made in writing and shall be delivered or mailed to the President of the corporation not less than 21 days nor more than 60 days prior to any meeting of stockholders called for the election of directors; provided, however, that if less than 21 days notice of the meeting be given to shareholders, such notice of intention to nominate shall be mailed or delivered to the President of the corporation not later than the close of business on the 7th day following the day on which the notice of meeting was mailed.

Section 2. Annual meetings of the stockholders shall be held on the third Wednesday in May if not a legal holiday, and if a legal holiday, then at the next secular day following, at 4:00 p.m., or at such other date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which they shall elect by plurality vote, a Board of Directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the chairman and shall be called by the chairman or secretary at the request in writing of a majority of the Board of Directors.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings

of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 11. Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, the meeting and vote of stockholders may be dispensed with if the written consent of the stockholders having not less than such percentage of the number of votes as may be required by the Certificate of Incorporation, applicable law, rule or regulation is delivered to the corporation at its registered office in the State of Delaware or at its principal place of business or to an officer or agent of the corporation having custody of the books in which the proceedings of the stockholders are recorded; provided that in no case shall the written consent be by the holders of stock having less than the minimum percentage of the vote required by statute for the proposed corporate action, and provided that prompt notice must be given to all stockholders of the taking of corporate action without a meeting and by less than unanimous written consent.

ARTICLE III  
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be not less than three (3) nor more than eleven (11). The first board shall consist of three (3) directors. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 4. The provisions of Sections 1 and 2 of this Article are subject to the rights, if any, of the holders of shares of any series of the Preferred Serial Stock of the Corporation with respect to the election of directors in the event the corporation defaults in the payment of dividends, the term of office of any director so elected and the filling of any vacancy in the office of any director so elected. In connection therewith, so long as any shares of any such series are outstanding, the number of directors authorized by resolution of the Board of Directors or by the stockholders at the annual meeting pursuant to Section 1 of this Article shall be such that upon the exercise of the holders of shares of any such series of any right to elect a specified number of

directors the number of directors of the corporation would not exceed the maximum number of directors designated in Section 1 of this Article.

#### MEETINGS OF THE BOARD OF DIRECTORS

Section 5. Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 7. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

Section 8. Special meetings of the board may be called by the chairman upon notice thereof given to each director either by mail not less than 48 hours before the date of the meeting, by telephone or telegram on 24 hours notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Special meetings shall be called by the chairman, the president or the secretary in like manner or on like notice on the written request of two directors.

Section 9. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 10. Pursuant to Section 141(i) of the Delaware Corporation Law, meetings of the Board of Directors may be held by use of conference telephone communications equipment by means of which all persons participating in the meeting can hear each other.

Section 11. Unless otherwise restricted by the Certificate of Incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

#### COMMITTEES OF DIRECTORS

Section 12. The Board of Directors may, in the manner provided by law, designate one or more committees of the board. Any such committee, to the extent provided in the enabling resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; provided that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 13. Meetings of a committee may be called by any member of the committee upon notice thereof given to each member either by mail not less than 48 hours before the date of the meeting, by telephone or telegram on 24 hours notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Except as may be otherwise specifically provided by the Board, at all Committee meetings a majority of the members of the committee shall constitute a quorum for the transaction of business and the act of a majority of the members voting at any meeting at which there is a quorum shall be the act of the committee; if a quorum shall not be present at any committee meeting the members present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

## COMPENSATION OF DIRECTORS

Section 14. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

## ARTICLE IV NOTICES

Section 1. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

## ARTICLE V OFFICERS

Section 1. The officers of the corporation shall be chosen by the Board of Directors and shall be a chairman of the board, a president, a vice-president, a secretary and a treasurer. The Board of Directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these by-laws otherwise provide.

Section 2. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a chairman of the board, a president, one or more vice-presidents, a secretary and a treasurer.

Section 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors, or by the officers under authority granted by the Board of Directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

#### THE CHAIRMAN OF THE BOARD

Section 6. The chairman of the board shall be the chief executive officer of the corporation; he shall preside at all meetings of the stockholders and directors, shall have general and active management of the business of the corporation, shall see that all orders and resolutions of the board are carried into effect and shall perform such other duties as the Board of Directors shall prescribe. The chairman of the board shall be a full time employee and subject to such compensation as the Board of Directors shall determine.

#### THE PRESIDENT

Section 7. The president of the corporation shall be the principal operating and administrative officer of the corporation. If there is no chairman of the board or during the absence or disability of the chairman of the board, he shall exercise all of the powers and discharge all of the duties of the chairman of the board. He shall possess power to sign all certificates, contracts and other instruments of the corporation. He shall, in the absence of the chairman of the board, preside at all meetings of the stockholders and of the Board of Directors. He shall perform all such other duties as are incident to his office or are properly required of him by the Board of Directors.

#### THE VICE PRESIDENTS

Section 8. Unless otherwise provided by the Board of Directors, each senior vice president may, in the absence of the president and the chairman of the Board of Directors, perform the duties and exercise the powers of the president. Each vice president shall at all times possess power to sign all certificates, contracts and other instruments of the corporation, except as otherwise limited in writing by the chairman of the board or the president of the corporation, and shall have such other authority and perform such other duties as these by-laws or the Board of Directors, executive committee, chairman of the board or present shall prescribe.

#### THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation to such depositories as may be designated by the Board of Directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the Board of Directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI  
CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman or vice-chairman of the Board of Directors or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation.

Section 2. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

#### LOST CERTIFICATES

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

#### TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

#### FIXING RECORD DATE

Section 5(a). In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date which shall be not more than sixty nor less than ten days before the date of such meeting, nor more than sixty

days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided; however, that the Board of Directors may fix a new record date of the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of stockholders' meetings are recorded, to the attention of the Secretary of the corporation. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

#### REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII  
GENERAL PROVISIONS  
DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII  
INDEMNIFICATION

Section 1. Subject to Section 3 of this Article VIII, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer or employee of the corporation, or is or was serving at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of

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itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Subject to Section 3 of this Article VIII, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer or employee of the corporation, or is or was serving at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the

corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

#### AUTHORIZATION OF INDEMNIFICATION

Section 3. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by a majority vote of the directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (ii) if there are no such directors or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director, officer or employee of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding, described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

#### GOOD FAITH DEFINED

Section 4. For the purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted or refrained from acting in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his action or forbearance from acting was unlawful, if his action, or forbearance as the case may be, is based on the records or books of account of the corporation or other enterprise, or on information supplied to him by the officers of the corporation or other enterprise in the course of their duties, or on the advice of legal counsel for the corporation or other enterprise or on information or records given or reports made to the corporation or other enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the corporation or other enterprise. The term "other enterprise" as used in this

Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the corporation as a director, officer or employee. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be.

#### PROCEDURES FOR INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 5(a). Any indemnification under Sections 1 or 2 or advancement of expenses under Section 6 of this Article VIII shall be made promptly, and in any event within ninety days, upon the written request of the person seeking indemnification or advancement of expense, unless a determination is reasonably and promptly made by the Board of Directors by a majority vote of the directors who are not parties to the action, suit or proceeding in question that such person acted in a manner set forth in such Sections as to justify the corporation's not indemnifying or making an advancement of expenses to such person. In the event there are no such directors or if such directors so direct, the Board of Directors shall promptly direct that independent legal counsel shall give its opinion in writing whether such person acted in the manner set forth in such Sections as to justify the corporation's not indemnifying or making an advancement of expenses to such person.

(b) The right to indemnification or advancement of expenses granted by this Article shall be enforceable by such person in the Court of Chancery of the State of Delaware, if the Board of Directors or independent legal counsel denies the claim, in whole or in part, or if no disposition of such claim is made within ninety days. The costs and expenses incurred by such person in connection with successfully establishing his right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the corporation.

#### EXPENSES PAYABLE IN ADVANCE

Section 6. Except as limited by Section 5 of this Article, expenses incurred in defending or investigating a threatened or pending action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer or employee to repay such amount if it

shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article VIII.

#### NON-EXCLUSIVITY AND SURVIVAL OF INDEMNIFICATION

Section 7. The indemnification and advancement of expenses provided by or granted pursuant to the other Sections of this Article VIII shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, contract, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by Delaware law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of Delaware law or otherwise. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall, unless otherwise provided or ratified, continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person.

#### INSURANCE

Section 8. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of the Corporation, or is or was serving at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VIII, or otherwise under Delaware law.

#### MEANING OF "CORPORATION" FOR PURPOSES OF ARTICLE VIII

Section 9. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any

constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers or employees, so that any person who is or was a director, officer or employee, of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer or employee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

ARTICLE IX  
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors, by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting.



August 4, 1995

Anthony B. Holbrook  
41 Hollins Drive  
Santa Cruz, CA 95060

Dear Tony:

We are pleased that you have decided to continue your part time employment arrangement with Advanced Micro Devices, Inc. (the "Company") until November 30, 1995, upon the terms set forth in the certain agreement dated August 24, 1994, between you and the company, a copy of which is attached hereto (the "Agreement"). This letter amends the Agreement by substituting the date "July 31, 1995" in paragraphs 2, 3 and 8 of the Agreement with the date "November 30, 1995". All other terms of the Agreement will remain in effect throughout the extended term of the Agreement. This amendment will be deemed effective July 31, 1995.

If the above meets with your approval, please sign the enclosed copy and return it to me.

Very truly yours,

/s/ Stanley Winvick  
Stanley Winvick  
Senior Vice President,  
Human Resources

Accepted and Agreed:

/s/ Anthony B. Holbrook  
-----  
Anthony B. Holbrook

SW/pom  
encl.

cc: W.J. Sanders III



[LETTERHEAD OF ADVANCED MICRO DEVICES INC APPEARS HERE]

November 29, 1995

Anthony B. Holbrook  
41 Hollins Drive  
Santa Cruz, CA 95060

RE: Second Amendment to Employment Agreement  
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Dear Tony:

We are pleased that you have decided to continue your part time employment arrangement with Advanced Micro Devices, Inc. (the "Company") until April 25, 1996, upon the terms set forth in the certain agreement dated August 24, 1994, between you and the Company (the "Agreement"), as amended by the letter from me to you dated August 4, 1995. This letter further amends the Agreement by substituting the date "November 30, 1995" in paragraphs 2,3, and 8 of the Agreement with the date "April 25, 1996". All other terms of the Agreement will remain in effect throughout the extended term of the Agreement. This amendment will be deemed effective November 30, 1995.

If the above meets with your approval, please sign the enclosed copy and return it to me.

Very truly yours,

/s/ Stan Winvick  
Stan Winvick  
Senior Vice President,  
Human Resources

Accepted and Agreed:

/s/ Anthony B. Holbrook  
-----

Anthony B. Holbrook

SW/pom  
encl.

cc: W.J. Sanders III



THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT  
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THIS THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (the "Amendment"), dated as of January 12, 1996 is entered into by and among ADVANCED  
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MICRO DEVICES, INC. a Delaware corporation (the "Company"), the several  
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financial institutions party to the Credit Agreement referred to in the Recitals to this Amendment (collectively, the "Banks"), BANK OF AMERICA NATIONAL TRUST  
-----  
AND SAVINGS ASSOCIATION, as agent for the Banks (the "Agent"), and THE FIRST  
-----  
NATIONAL BANK OF BOSTON, as co-agent for the Banks (the "Co-Agent").  
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RECITALS  
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A. The Company, the Banks, the Agent and the Co-Agent are parties to the Amended and Restated Credit Agreement dated as of September 21, 1994, as amended by that certain First Amendment to Amended and Restated Credit Agreement dated as of April 7, 1995, and that certain Second Amendment to Amended and Restated Credit Agreement - dated as of October 20, 1995 (as so amended, the "Credit  
-----  
Agreement"), pursuant to which the Banks have extended certain credit  
-----  
facilities to the Company.

B. The Company has requested that the Banks agree to a certain amendment of the Credit Agreement.

C. The Banks are willing to amend the Credit Agreement, subject to the terms and conditions of this Amendment.

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

1. Defined Terms. Capitalized terms not otherwise defined herein shall  
-----  
have the meanings given to them in the Credit Agreement and in Section 2 hereof.

2. Amendment to the Credit Agreement. Section 7.03 of the Credit  
-----  
Agreement is hereby amended to add the following new subsection (d) thereto:

"(d) the merger of the Target with and into the Company, whereupon the separate existence of the Target shall cease and the Company shall be the surviving corporation; provided, that (i) such merger shall have been  
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consummated on or before June 30, 1996, (ii) such merger shall qualify as a tax-free reorganization within the meaning of Section 368 of the Code, (iii) such merger is being undertaken in accordance with all applicable Requirements of Law, and (iv) such merger shall not result in any Default or Event of Default."

In addition, ";" and " shall replace the period at the end of subsection (c) of such section 7.03.

3. Representations and Warranties. The Company hereby represents and  
warrants to the Agent and the Banks as follows:

(a) No Default or Event of Default has occurred and is continuing.

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

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

(d) The Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent and the Banks or any other Person.

4. Conditions to Effectiveness of Amendment. This Amendment will become  
effective as of January 12, 1996; provided that each of the following conditions  
precedent is satisfied:

(a) The Agent shall have received from the Company and each of the Majority Banks a duly executed original (or, if elected by the Agent, an executed facsimile copy) of this Amendment; and

(b) Each of the representations and warranties set forth in Section 3 of this Amendment shall be true and correct as of such date.

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

6. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to

such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

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

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

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Agent of a facsimile transmitted document purportedly bearing the signature of a Bank or the Company shall bind such Bank or the Company, respectively, with the same force and effect as the delivery of a hard copy original. Any failure by the Agent to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by the Agent.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 10.01 of the Credit Agreement.

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

(g) The Company covenants to pay to or reimburse the Agent and the Banks, upon demand, for all costs and expenses (including allocated cost of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

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

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

-----  
Marvin D. Burkett  
Senior Vice President and  
Chief Financial Officer

BANK OF AMERICA NATIONAL TRUST AND SAVINGS  
ASSOCIATION, as Agent

By: /s/ Wendy M. Young

-----  
Wendy M. Young  
Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON, as Co-Agent

By: /s/ signature appears here

-----  
Title: Vice President

BANK OF AMERICA NATIONAL TRUST AND SAVINGS  
ASSOCIATION, as a Bank

By: /s/ Kevin McMahon

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Kevin McMahon  
Title: Vice President

BANQUE NATIONALE de PARIS

By: /s/ Katherine Wolfe

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Katherine Wolfe  
Title: Vice President

By: /s/ Jeffrey S. Kajisa

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Jeffrey S. Kajisa  
Title: Vice President

CHEMICAL BANK

By: /s/ John J. Hubin

-----  
Title: Managing Director

NATIONAL WESTMINSTER BANK, PLC  
Nassau Branch

By: /s/ signature appears here  
-----  
Title: VICE PRESIDENT

NATIONAL WESTMINSTER BANK, PLC  
New York Branch

By: /s/ signature appears here  
-----  
Title: VICE PRESIDENT

ROYAL BANK OF CANADA

By: /s/ Michael A. Cole  
-----  
Title: Michael A. Cole  
Manager

SHAWMUT BANK, N.A.

By: /s/ Frank H. Benesh  
-----  
Title: Frank H. Benesh  
Vice President

TEXAS COMMERCE BANK

By: /s/ Neil H. Gainer  
-----  
Title: Neil H. Gainer  
Executive Vice President

THE FIRST NATIONAL BANK OF BOSTON,  
as a Bank

By: /s/ signature appears here  
-----  
Title: Vice President

THE INDUSTRIAL BANK OF JAPAN, LIMITED

By: /s/ Makoto Masuda  
-----  
Title: Makoto Masuda  
Joint General Manager

THE LONG-TERM CREDIT BANK OF JAPAN,  
LIMITED, Los Angeles Agency

By: /s/ B. Lewathon

-----  
Title: Deputy General Manager

UNION BANK

By: /s/ Bresati Dios

-----  
Title: Vice President and District Manager



SECOND AMENDMENT TO TERM LOAN AGREEMENT  
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THIS SECOND AMENDMENT TO TERM LOAN AGREEMENT (this "Amendment"), dated as of January 12, 1996 is entered into by and among  
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ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), the  
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several financial institutions party to the Term Loan Agreement referred to in the Recitals to this Amendment (the "Banks"), ABN AMRO Bank N.V., as Administrative Agent, and ABN AMRO Bank N.V. and CIBC Inc., as Co-Arrangers.

RECITALS  
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A. The Company, the Banks, the Administrative Agent and the Co-Arrangers are parties to the Term Loan Agreement dated as of January 5, 1995, as amended by that certain First Amendment to Term Loan Agreement dated as of October 20, 1995 (as so amended, the "Term Loan Agreement"), pursuant to which the Banks  
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have extended certain credit facilities to the Company.

B. The Company has requested that the Banks agree to certain amendments of the Term Loan Agreement.

C. The Banks are willing to amend the Term Loan Agreement, subject to the terms and conditions of this Amendment.

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

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

2. Amendment to the Term Loan Agreement. Section 7.3 of the Term Loan  
-----  
Agreement is hereby amended to add the following new subsection (d) thereto:

"(d) the merger of the Target with and into the Company, whereupon the separate existence of the Target shall cease and the Company shall be the surviving corporation; provided, that (i) such  
-----

merger shall have been consummated on or before June 30, 1996, (ii) such merger shall qualify as a tax-free reorganization within the meaning of Section 368 of the Code, (iii) such merger is being

undertaken in accordance with all applicable Requirements of Law, and (iv) such merger shall not result in any Default or Event of Default."

In addition, ";" and" shall replace the period at the end of subsection (c) of such Section 7.3.

3. Representations and Warranties.  
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The Company hereby represents and warrants to the Administrative Agent and the Banks as follows:

(a) No Default or Event of Default has occurred and is continuing.

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

(c) All representations and warranties of the Company contained in the Term Loan Agreement are true and correct.

(d) The Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Administrative Agent and the Banks or any other Person.

4. Conditions to Effectiveness of Amendment.  
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This Amendment will become effective on January 12, 1996; provided  
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that each of the following conditions precedent is satisfied:

(a) The Administrative Agent shall have received from each of the Company and the Majority Banks a duly executed original (or, if elected by the Administrative Agent, an executed facsimile copy) of this Amendment; and

(b) Each of the representations and warranties set forth in Section 3 of this Amendment shall be true and correct on such date.

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

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

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

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

(d) This Amendment may be executed in any number of counterparts,  
each of which shall be deemed an original, but all such counterparts together  
shall constitute but one and the same instrument. Each of the parties hereto  
understands and agrees that this document (and any other document required  
herein) may be delivered by any party thereto either in the form of an executed  
original or an executed original sent by facsimile transmission to be followed  
promptly by mailing of a hard copy original, and that receipt by the  
Administrative Agent of a facsimile transmitted document purportedly bearing  
the signature of a Bank or the Company shall bind such Bank or the Company,  
respectively, with the same force and effect as the delivery of a hard copy  
original. Any failure by the Administrative Agent to receive the hard copy  
executed original of such document shall not diminish the binding effect of  
receipt of the facsimile transmitted executed original of such document of the  
party whose hard copy page was not received by the Administrative Agent.

(e) This Amendment, together with Term Loan Agreement, contains the  
entire and exclusive agreement of the parties hereto with reference to the  
matters discussed herein and therein. This Amendment supersedes all prior drafts  
and communications with respect thereto. This Amendment may not be amended  
except in accordance with the provisions of Section 10.01 of the Term Loan  
Agreement.

(f) If any term or provision of this Amendment shall be deemed  
prohibited by or invalid under any applicable law, such provision shall be  
invalidated

without affecting the remaining provisions of this Amendment or the Term Loan Agreement, respectively.

(g) The Company covenants to pay to or reimburse the Administrative Agent and the Banks, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

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

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett  
-----  
Marvin D. Burkett  
Senior Vice President and  
Chief Financial Officer

ABN AMRO BANK N.V.

By /s/ signature appears here  
-----  
Title: Officer

By /s/ signature appears here  
-----  
Title: GVP & Director

CIBC Inc.

By /s/ Tom R. Wagner  
-----  
Title: Vice President

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION

By /s/ Kevin McMahon  
-----  
Title: Vice President

BANQUE NATIONALE DE PARIS

By /s/ Jennifer Y. Cho  
-----  
Title: Jennifer Y. Cho  
Vice President

By /s/ Jeffrey S. Kajisa  
-----  
Title: Jeffrey S. Kajisa  
Assistant Vice President

FIRST INTERSTATE BANK OF  
CALIFORNIA

By /s/ signature appears here  
-----  
Title: Vice President

By /s/ Marianne McIntosh  
-----  
Title: Vice President

FLEET BANK OF MASSACHUSETTS,  
NATIONAL ASSOCIATION

By /s/ signature appears here  
-----  
Title: Vice President

INDUSTRIAL BANK OF JAPAN

By /s/ Makoto Masuda  
-----  
Title: Joint General Manager

THE NIPPON CREDIT BANK, LTD.

By /s/ signature appears here  
-----  
Title: Vice President



Recording Requested By  
and When Recorded, Return to:

Mayer, Brown & Platt  
350 South Grand Avenue  
25th Floor  
Los Angeles, California 90071-1563  
Attention: Leslie T. Tedrow  
(213) 229-9500

[STAMP OF BRENDA DAVIS  
RECORDER APPEARS HERE]

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FOURTH AMENDMENT TO BUILDING LEASE

THIS FOURTH AMENDMENT TO BUILDING LEASE (this "Fourth Amendment") is  
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entered into as of November 10, 1995, between CIBC INC., a Delaware corporation  
("Lessor"), and AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation  
-----  
("Lessee").  
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RECITALS  
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A. For purposes of the financing by Lessor of the acquisition of a  
certain Building, Lessor and Lessee entered into a certain Building Lease, dated  
as of September 22, 1992, and recorded on September 22, 1992 as Instrument No.  
11550954 in the Official Records of the Recorder of Santa Clara County,  
California, as amended by that certain First Amendment to Building Lease, dated  
as of December 22, 1992, and recorded on January 5, 1993 as Instrument No.  
11720034 in Official Records of the Recorder of Santa Clara County, California  
(such Building Lease, as so amended, is referred to herein as the "First Amended  
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Building Lease"), pursuant to which Lessor leases the Building (as defined  
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therein) to Lessee and Lessee leases the Building from Lessor.

B. Lessor and Lessee entered into that certain Second Amendment to  
Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993  
as Instrument No. 12271738 in the Official Records of Santa Clara County,  
California (the "Second Amendment to Building Lease"), pursuant to which Lessor  
-----  
financed certain renovations to the Building. The First Amended Building Lease,  
as amended by the Second Amendment to Building Lease, is referred to herein as  
the "Second Amended Building Lease."  
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C. The Second Amended Building Lease was modified by a certain Third  
Amendment to Building Lease, dated as of August 21, 1995 and recorded on  
September 20, 1995 in the Official Records of Santa Clara County, California, as  
Document No. 13020001 (the "Third Amendment to Building Lease"). The Second  
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Amended Building

Lease, as amended by the Third Amendment to Building Lease, is referred to herein as the "Third Amended Building Lease."  
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D. Advanced Micro Devices, Inc., a Delaware corporation (the "Guarantor"), executed and delivered to Lessor a Third Amended and Restated Guaranty, dated as of August 21, 1995 and accepted by Lessor as of August 21, 1995 (the "Third

-----  
Restated Guaranty"), pursuant to which the Guarantor guaranteed to Lessor  
-----  
the obligations of Lessee under the Third Amended Building Lease and under the Third Amended Land Lease (defined below).

E. The Third Restated Guaranty was modified by a certain First Amendment to Third Amended and Restated Guaranty (the "First

-----  
Guaranty Amendment"), dated as of October 20, 1995 (the Third  
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Restated Guaranty, as amended by the First Guaranty Amendment, is referred to herein as the "First Amended Guaranty").  
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F. Lessor and Lessee desire to amend the Third Amended Building Lease to (i) reflect that the Third Restated Guaranty was amended by the First Guaranty Amendment, and (ii) incorporate certain other changes and modifications that have been agreed to by Lessor and Lessee.

G. Concurrently herewith, Lessor and Lessee also are amending that certain Land Lease between Lessor and Lessee dated as of September 22, 1992, and recorded on September 22, 1992 as Instrument No. 11550953 in the Official Records of the Recorder of Santa Clara County, California, as amended by (i) a certain First Amendment to Land Lease, dated as of December 22, 1992, and recorded on January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720033, (ii) a certain Second Amendment to Land Lease dated as of December 17, 1993, and recorded on December 20, 1993 in the Official Records of Santa Clara County, California, as Document No. 12271737, and (iii) a certain Third Amendment to Land Lease, dated as of August 21, 1995 and recorded on September 20, 1995 in the Official Records of Santa Clara County, California, as Document No. 13020000 (as so amended, the "Third Amended Land Lease"), pursuant to which Lessor leases to Lessee certain

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land described in Appendix 1 attached hereto.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessor and Lessee hereby agree as follows (terms used but not expressly defined herein shall have the meaning provided in the Third Amended Building Lease):

A. MODIFICATIONS TO BUILDING LEASE

Lessor and Lessee hereby amend the Third Amended Building Lease as follows:

1. Definitions.

(a) All references in the Third Amended Building Lease to "this Lease" or "the Lease" will hereafter refer to the Third Amended Building Lease as amended by this Fourth Amendment.

(b) The definition of Guaranty is hereby deleted and replaced with the following:

Guaranty: that certain Third Amended and Restated Guaranty, dated as of August 21, 1995, made by Guarantor in favor of Lessor, as amended by that certain First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, and as the same may be further amended, modified, restated or supplemented from time to time.

(c) The definition of Land Lease is hereby deleted and replaced with the following:

Land Lease: that certain Land Lease between Lessor and Lessee dated as of September 22, 1992, and recorded on September 22, 1992 as Instrument No. 11550953 in the Official Records of the Recorder of Santa Clara County, California, as amended by that certain First Amendment to Land Lease, dated as of December 22, 1992, and recorded on January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720034, and as further amended by a certain Second Amendment to Land Lease, dated as of December 17, 1993, and recorded on December 20, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 12271737, and as further amended by a certain Third Amendment to Land Lease, dated as of August 21, 1995, and recorded on September 20, 1995 in the Official Records of the Recorder of Santa Clara County, California as Document No. 13020000, and as further amended by a certain Fourth Amendment to Land Lease, dated as of November 10, 1995.

B. AFFIRMATION OF STATUS OF BUILDING LEASE

Except as amended by this Fourth Amendment, the Third Amended Building Lease is unchanged; and, as amended by this Fourth Amendment, the Third Amended Building Lease is hereby ratified and affirmed, and remains in full force and effect.

IN WITNESS WHEREOF, all parties hereto have caused this Fourth Amendment to be duly executed as of the date first set forth above.

LESSOR: CIBC INC., a Delaware corporation

By /s/ Peter Tavlin

-----  
Name: Peter Tavlin  
Title: Vice President

LESSEE: AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation

By /s/ Marvin D. Burkett

-----  
Name: Marvin D. Burkett  
Title: President

Guarantor hereby consents to the foregoing amendment, and acknowledges and agrees that all references in the First Amended Guaranty to the "Amended Building Lease" or to the "Amended Land Lease" will hereafter refer to such Amended Building Lease and Amended Land Lease, as the case may be, as respectively amended by this Fourth Amendment to Building Lease and by the Fourth Amendment to Land Lease, dated as of the date of the foregoing amendment, between Lessor and Lessee. Except as modified by this paragraph, the First Amended Guaranty is unmodified; and, as modified by this paragraph, the First Amended Guaranty remains in full force and effect and is hereby reaffirmed by the Guarantor.

Guarantor:

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

-----  
Name: Marvin D. Burkett  
Title: SR. VICE PRESIDENT, CHIEF FINANCIAL AND  
ADMINISTRATIVE OFFICER  
Date: November 10, 1995

Reference is made to the Loan Agreement, dated as of December 17,  
1993 (the "Loan Agreement"), between CIBC INC., a Delaware  
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corporation, and THE LONG-TERM CREDIT BANK OF JAPAN, LTD., LOS  
ANGELES AGENCY ("Lender"). In accordance with Section 8(b) of the  
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Loan Agreement, Lender hereby consents to the foregoing Fourth  
Amendment to Building Lease.

THE LONG-TERM CREDIT BANK OF  
JAPAN, LOS ANGELES AGENCY

By: /s/ Motokazu Uematsu  
-----  
Name: Motokazu Uematsu  
-----  
Title: Deputy General Manager  
-----  
Date: November 27, 1995  
-----

ACKNOWLEDGEMENT FOR CIBC INC.

STATE OF NEW YORK  
COUNTY OF NEW YORK

On November 16, 1995, before me, Elvira A. D'Amore, personally appeared Peter Tavlin, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

[NOTARIAL SEAL OF  
ELVIRA A. D'AMORE  
STATE OF NEW YORK  
APPEARS HERE]

Signature: /s/ Elvira A. D'Amore  
-----

(Seal)

ACKNOWLEDGEMENT FOR AMD INTERNATIONAL SALES & SERVICE, LTD.

STATE OF CALIFORNIA  
COUNTY OF SANTA CLARA

On November 10, 1995, before me, Janis V. Cahill, personally appeared Marvin D. Burkett, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Janis V. Cahill  
-----

[NOTARIAL SEAL OF JANIS V. CAHILL  
STATE OF CALIFORNIA SANTA CLARA  
COUNTY APPEARS HERE]

(Seal)

ACKNOWLEDGEMENT FOR ADVANCED MICRO DEVICES, INC.

STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

On November 10, 1995, before me, Janis V. Cahill, personally appeared Marvin D. Burkett, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

[NOTARIAL SEAL OF JANIS V. CAHILL  
STATE OF CALIFORNIA SANTA CLARA  
COUNTY APPEARS HERE]

Signature:/s/ Janis V. Cahill  
-----

(Seal)

ACKNOWLEDGEMENT FOR  
THE LONG-TERM CREDIT BANK OF JAPAN, LOS ANGELES AGENCY

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On November 27, 1995, before me, Diane D. Fortney, personally appeared Motokazu Uematsu, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature:/s/ Diane D. Fortney  
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[NOTARIAL SEAL OF DIANE D. FORTNEY  
STATE OF CALIFORNIA LOS ANGELES  
COUNTY APPEARS HERE]

(Seal)

APPENDIX 1

Legal Description of Land

The land referred to herein is situated in the State of California, County of Santa Clara, City of Sunnyvale and is described as follows:

Parcel A as shown upon that certain Parcel Map filed for Record February 26, 1975 in the Office of the Recorder, County of Santa Clara, in Book 351 of Maps at Pages 54 and 55.

APN: 205-22-020, 021

ARB: 206-60-015, 018, 035, 042, 014, 013, 012, 053, 052, 057



Recording Requested By  
and When Recorded, Return to:

Mayer, Brown & Platt  
350 South Grand Avenue  
25th Floor  
Los Angeles, California 90071-1563  
Attention: Leslie T. Tedrow  
(213) 229-9500

=====

FOURTH AMENDMENT TO LAND LEASE

THIS FOURTH AMENDMENT TO LAND LEASE (this "Fourth Amendment")  
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is entered into as of November 10, 1995, between CIBC INC., a  
Delaware corporation ("Lessor"), and AMD INTERNATIONAL SALES &  
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SERVICE, LTD., a Delaware corporation ("Lessee").  
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RECITALS  
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A. For purposes of the financing by Lessor of the acquisition of  
the Land described in Appendix 1 attached hereto, Lessor and Lessee entered into  
a certain Land Lease, dated as of September 22, 1992, and recorded on  
September 22, 1992 as Instrument No. 11550953 in the Official Records of the  
Recorder of Santa Clara County, California, as amended by that certain First  
Amendment to Land Lease, dated as of December 22, 1992, and recorded on  
January 5, 1993 as Instrument No. 11720033 in Official Records of the Recorder  
of Santa Clara County, California (such Land Lease, as so amended, is referred  
to herein as the "First Amended Land Lease"), pursuant to which Lessor leases  
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the Land (as defined therein) to Lessee and Lessee leases the Land from Lessor.

B. The First Amended Land Lease was modified by a certain Second Amendment  
to Land Lease dated as of December 17, 1993, and recorded on December 20, 1993  
in the Official Records of Santa Clara County, California, as Document No.  
12271737 (the "Second Amendment to Land Lease"). The First Amended Land Lease,  
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as amended by the Second Amendment to Land Lease, is referred to herein as the  
"Second Amended Land Lease."  
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C. The Second Amended Land Lease was modified by a certain Third Amendment  
to Land Lease, dated as of August 21, 1995 and recorded on September 20, 1995 in  
the Official Records of Santa Clara County, California, as Document No. 13020000  
(the "Third Amendment to Land Lease"). The Second Amended Land Lease, as  
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amended by the Third Amendment to Land Lease, is referred to herein as the  
"Third Amended Land Lease."  
-----

D. Advanced Micro Devices, Inc., a Delaware corporation (the "Guarantor"),  
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executed and delivered to Lessor a Third Amended and Restated Guaranty, dated as  
of August 21, 1995 and accepted by Lessor as of August 21, 1995 (the "Third  
-----  
Restated Guaranty"), pursuant to which the Guarantor guaranteed to Lessor  
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the obligations of Lessee under the Third Amended Land Lease and under the Third  
Amended Building Lease (defined below).

E. The Third Restated Guaranty was modified by a certain  
First Amendment to Third Amended and Restated Guaranty (the "First  
-----  
Guaranty Amendment"), dated as of October, 20, 1995 (the Third  
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Restated Guaranty, as amended by the First Guaranty Amendment, is  
referred to herein as the "First Amended Guaranty")  
-----

F. Lessor and Lessee desire to amend the Third Amended Land Lease to (i)  
reflect that the Third Restated Guaranty was amended by the First Guaranty  
Amendment, and (ii) incorporate certain other changes and modifications that  
have been agreed to by Lessor and Lessee.

G. Concurrently herewith, Lessor and Lessee also are amending that  
certain Building Lease between Lessor and Lessee dated as of September 22, 1992,  
and recorded on September 22, 1992 as Instrument No. 11550954 in the Official  
Records of the Recorder of Santa Clara County, California, as amended by (i) a  
certain First Amendment to Building Lease, dated as of December 22, 1992, and  
recorded on January 5, 1993 in the Official Records of the Recorder of Santa  
Clara County, California as Document No. 11720034, (ii) a certain Second  
Amendment to Building Lease dated as of December 17, 1993, and recorded on  
December 20, 1993 in the Official Records of Santa Clara County, California, as  
Document No. 12271738, and (iii) a certain Third Amendment to Building Lease  
dated as of August 21, 1995, and recorded on September 20, 1995 in the Official  
Records of Santa Clara County, California, as Document No. 13020001 (as so  
amended, the "Third Amended Building Lease" ).  
-----

NOW, THEREFORE, in consideration of the foregoing and for other good and  
valuable consideration, the receipt and adequacy of which are hereby  
acknowledged, Lessor and Lessee hereby agree as follows (terms used but not  
expressly defined herein shall have the meaning provided in the Third Amended  
Land Lease):

A. MODIFICATIONS TO LAND LEASE

Lessor and Lessee hereby amend the Third Amended Land Lease as follows:

1. Definitions.  
-----

(a) All references in the Third Amended Land Lease to "this Lease" or "the Lease" will hereafter refer to the Third Amended Land Lease as amended by this Fourth Amendment.

(b) The definition of Building Lease is hereby deleted and replaced with the following:

Building Lease: that certain Building Lease entered into between  
-----  
Lessor and Lessee on September 22, 1992 and recorded September 22, 1992 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11550954, as amended by that certain First Amendment to Building Lease dated as of December 22, 1992, and recorded January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720034, and as further amended by a certain Second Amendment to Building Lease, dated as of December 17, 1993, and recorded on December 20, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 12271738, and as further amended by a certain Third Amendment to Building Lease, dated as of August 21, 1995 and recorded on September 20, 1995 in the Official Records of the Recorder of Santa Clara County, California as Document No. 13020001, and as further amended by a certain Fourth Amendment to Building Lease, dated as of November 10, 1995.

(c) The definition of Guaranty is hereby deleted and replaced with the following:

Guaranty: that certain Third Amended and Restated Guaranty,  
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dated as of August 21, 1995, made by Guarantor in favor of Lessor, as amended by that certain First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, and as the same may be further amended, modified, restated or supplemented from time to time.

B. AFFIRMATION OF STATUS OF LAND LEASE

Except as amended by this Fourth Amendment, the Third Amended Land Lease is unchanged; and, as amended by this Fourth Amendment, the Third Amended Land Lease is hereby ratified and affirmed, and remains in full force and effect.

IN WITNESS WHEREOF, all parties hereto have caused this Fourth Amendment to be duly executed as of the date first set forth above.

LESSOR: CIBC INC., a Delaware corporation

By /s/ Peter Tavlin

-----  
Name: Peter Tavlin  
Title: Vice President

LESSEE: AMD INTERNATIONAL SALES & SERVICE,  
LTD., a Delaware corporation

By /s/ Marvin D. Burkett

-----  
Name : Marvin D. Burkett  
Title: President

Guarantor hereby consents to the foregoing amendment, and acknowledges and agrees that all references in the First Amended Guaranty to the "Amended Land Lease" or to the "Amended Building Lease" will hereafter refer to such Amended Land Lease and Amended Building Lease, as the case may be, as respectively amended by this Fourth Amendment to Land Lease and by the Fourth Amendment to Building Lease, dated as of the date of the foregoing amendment, between Lessor and Lessee. Except as modified by this paragraph, the First Amended Guaranty is unmodified; and, as modified by this paragraph, the First Amended Guaranty remains in full force and effect and is hereby reaffirmed by the Guarantor.

Guarantor:

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

-----  
Name : Marvin D. Burkett  
Title: Sr. Vice President,  
Chief Financial and Administrative Officer  
Date: November 10, 1995

Reference is made to the Loan Agreement, dated as of December 17,  
1993 (the "Loan Agreement"), between CIBC INC., a Delaware  
-----  
corporation, and THE LONG-TERM CREDIT BANK OF JAPAN, LTD., LOS  
ANGELES AGENCY ("Lender"). In accordance with Section 8(b) of the  
-----  
Loan Agreement, Lender hereby consents to the foregoing Fourth  
Amendment to Land Lease.

THE LONG-TERM CREDIT BANK OF  
JAPAN, LOS ANGELES AGENCY

By: /s/ Motokazu Uematsu  
-----

Name: Motokazu Uematsu  
Title: Deputy General Manager  
Date: November 27, 1995

ACKNOWLEDGEMENT FOR CIBC INC.

STATE OF NEW YORK

COUNTY OF NEW YORK

On November 16, 1995, before me, Elvira A. D'Amore, personally appeared Peter Tavlin, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

[NOTARIAL SEAL OF  
ELVIRA A. D'AMORE  
STATE OF NEW YORK  
APPEARS HERE]

Signature: /s/ Elvira A. D'Amore  
-----

(Seal)

ACKNOWLEDGEMENT FOR AMD INTERNATIONAL SALES & SERVICE, LTD.

STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

On November 10, 1995, before me, Janis V. Cahill, personally appeared Marvin B. Burkett, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Janis V. Cahill  
-----

[NOTARIAL SEAL OF JANIS V. CAHILL  
STATE OF CALIFORNIA SANTA CLARA  
COUNTY APPEARS HERE]

(Seal)

ACKNOWLEDGEMENT FOR ADVANCED MICRO DEVICES, INC.

STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

On November 10, 1995, before me, Janis V. Cahill, personally appeared Marvin D. Burkett, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that, he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

[NOTARIAL SEAL OF  
JANIS V. CAHILL  
STATE OF CALIFORNIA  
SANTA CLARA COUNTY  
APPEARS HERE]

Signature: /s/ Janis V. Cahill  
-----

(Seal)

ACKNOWLEDGEMENT FOR  
THE LONG-TERM CREDIT BANK OF JAPAN, LOS ANGELES AGENCY

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On November 27, 1995, before me, Diane D. Fortney, personally appeared Motokazu Uematsu, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal

Signature: /s/ Diane D. Fortney  
-----

[NOTORIAL SEAL OF DIANE D. FORTNEY  
STATE OF CALIFORNIA LOS ANGELES  
COUNTY APPEARS HERE]

(Seal)

APPENDIX 1

Legal Description of Land

The land referred to herein is situated in the State of California, County of Santa Clara, City of Sunnyvale and is described as follows:

Parcel A as shown upon that certain Parcel Map filed for Record February 26, 1975 in the Office of the Recorder, County of Santa Clara, in Book 351 of Maps at Pages 54 and 55.

APN: 205-22-020, 021

ARB: 206-60-015, 018, 035, 042, 014, 013, 012, 053, 052, 057



AGREEMENT TO PRESERVE GOODWILL

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This Agreement To Preserve Goodwill (the "Agreement") is being entered into between Advanced Micro Devices, Inc. ("AMD") and Mr. S. Atiq Raza ("Raza").

WHEREAS NexGen, Inc. ("NexGen") entered into an Agreement and Plan of Merger ("Merger Agreement") on October 20, 1995 with AMD and AMD Merger Corporation, which agreement is incorporated herein by reference, whereby NexGen agreed to be merged with AMD at the Effective Time, as defined by Section 1.2 of the Merger Agreement;

WHEREAS NexGen is engaged in the business of designing, marketing and selling microprocessors compatible with the X86 instruction set and architecture and personal computer boards based on such microprocessors throughout the United States, Europe, Latin America and Asia;

WHEREAS Raza is currently the Chairman of the Board, President and Chief Executive Officer of NexGen and owns 750,485\* shares of NexGen Common Stock, as well as options to purchase 200,000 shares of NexGen Common Stock, which options shall be exercisable upon the Effective Time of the Merger;

WHEREAS pursuant to the Merger Agreement, Raza has agreed to sell for valuable consideration his entire interest in NexGen to AMD at the Effective Time of the Merger, including (1) the goodwill associated with the business conducted by NexGen and the right to use the trade name "NexGen, Inc.;" and (2) all of Raza's shares of stock in NexGen, which shares shall be converted into shares of AMD stock;

\*As of September 30, 1995

WHEREAS AMD carries on and intends to continue carrying on a like business to that carried on by NexGen throughout the United States, Europe, Latin America, Asia and elsewhere;

WHEREAS, following the merger, Raza will become a member of the Board of Directors of AMD as well as its Corporate Vice President and Chief Technical Officer;

WHEREAS, in order to induce AMD to enter into the Merger Agreement and to preserve the goodwill of NexGen transferred to AMD pursuant to the Merger Agreement, Raza has agreed to refrain from certain competition with AMD and its successors in interest;

IT IS HEREBY AGREED AS FOLLOWS:

1. Raza agrees not to use or cause to be used or grant to any person, firm or corporation, the right to use at any time the name "NexGen" or "NexGen, Inc." except in the normal course of business on behalf of AMD or its successors in interest or with the prior written consent of AMD.

2. In the event that Raza terminates his employment with AMD or AMD terminates Raza's employment with AMD, and for a 12 month period following such termination of employment, Raza hereby agrees to refrain from each and all of the following:

- (a) Establishing, owning, managing, operating, financing, or controlling a comparable business for a period of twelve months following the termination of his employment with AMD or its successors in interest, in the United States, Europe, Latin America or Asia;
- (b) Becoming a director, officer, employee, salesman, agent, representative, or consultant for a comparable business for a period of 12 months following the termination of his employment;
- (c) Soliciting any customer, prospect, supplier, employee, salesman, agent,

representative or consultant of AMD's business in any manner which interferes or is intended to interfere with such person's relationship with AMD, or in an effort to obtain such person as a customer, supplier, employee, salesman, agent or representative of, or a consultant to, any other person that conducts a business competitive with AMD's business; and

(d) Marketing or selling the products of a comparable business.

For purposes of this Paragraph 2 and each of its subsections, the term "comparable business" shall mean the business of designing, marketing and selling microprocessors compatible with the X86 instruction set and architecture and personal computer boards based on such microprocessors.

3. During the 12 month period following the termination of Raza's employment, AMD shall have the right to retain Raza as a consultant at a rate of compensation equal to his regular monthly salary in effect on the date his employment terminates. In the event that AMD terminates Raza without cause, AMD shall retain Raza as a consultant at a rate of compensation equal to his regular monthly salary in effect on the date his employment terminates for a period of 12 months or shall pay 12 months of salary in a lump sum upon termination. For purposes of this paragraph "cause" shall be defined as any one of the following:

(a) failure to perform to the expectations of the Chief Executive Officer, which failure shall be determined by AMD in its sole discretion;

(b) failure to abide by any of the policies and procedures, worldwide standards of business conduct or other employee conduct guidelines of the company, which failure shall be determined by AMD in its sole discretion;

(c) death of the employee;

(d) change in business focus away from development and/or manufacture of microprocessors compatible with the X86 instruction set and architecture;

(e) change in ownership or control of the corporation.

4. In the event of any breach by Raza of any provision of this Agreement, Raza agrees, in addition to any other remedy available at law or in equity, to consent to the entry of an order restraining and enjoining Raza from further violations of such provisions. Raza agrees that AMD may be irreparably injured if any provision in this Agreement is breached because money damages may not be adequate to make AMD whole. Therefore, if Raza breaches any provision of this Agreement and AMD is required to seek an order restraining and enjoining him from further violations, Raza agrees to pay any and all attorneys' and court fees incurred by AMD in obtaining the order. Alternatively, if Raza should prevail in any legal proceeding brought by AMD to obtain such an order, AMD agrees to pay any and all attorneys' and court fees incurred by Raza in responding to such AMD initiated legal proceedings. Raza further agrees that the period of time applicable to any such breached provisions shall be extended by one day for each day such violation continues.

5. In the event AMD is required to seek an order restraining and enjoining Raza from violating any provision of this Agreement, Raza consents to jurisdiction in Santa Clara County Superior Court.

6. In the event that any provision hereof shall be determined to be unenforceable or invalid, such unenforceability or invalidity shall not affect the validity or enforceability of the other provisions hereof. In the event that any geographic territory covered by the application of this agreement cannot legally be included in the scope of the restrictions set forth, such fact shall not affect the applicability of such restrictions for a reasonable geographic area. In the event that any of the restrictions set forth herein cannot legally be enforced for the period of time specified, such fact shall not affect the applicability of such restrictions for a reasonable period of time.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made in California.

8. This Agreement shall constitute the entire Agreement between both parties with respect to the terms and subject matter contained herein. No term of this Agreement may be altered except by express written consent of both AMD and Raza.

Executed on this 15th day of January, 1996.

ADVANCED MICRO DEVICES, INC.

By: /s/ S. Atiq Raza

-----  
S. Atiq Raza

By: /s/ Stanley Winvick

-----  
Stanley Winvick  
Senior Vice President  
Human Resources



CONFIDENTIAL PORTIONS OF THIS DOCUMENT  
HAVE BEEN DELETED AND FILED SEPARATELY AMD and Intel Confidential  
WITH THE SECURITIES AND EXCHANGE  
COMMISSION PURSUANT TO A REQUEST FOR  
CONFIDENTIAL TREATMENT.

CROSS LICENSE AGREEMENT

BETWEEN

ADVANCED MICRO DEVICES, INC., AND INTEL CORPORATION

This agreement ("Agreement") is made by and between ADVANCED MICRO DEVICES, INC., a Delaware corporation, having an office at One AMD Place, P.O. Box 3453, Sunnyvale, California 94088, (hereinafter collectively referred to as "AMD") and INTEL Corporation, a Delaware corporation, having an office at 2200 Mission College Blvd., Santa Clara, California 95052 ("INTEL").

WITNESSETH  
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WHEREAS, AMD and INTEL each own patents and patent applications covering inventions pertinent to the design and manufacture of semiconductor, integrated circuit, and computer related products; and

WHEREAS, AMD and INTEL are both engaged in their respective continuing programs of research and development of semiconductor, integrated circuit, and computer related technology, which will result in new discoveries and inventions many of which will become the subject of new patent applications and patents; and

WHEREAS, AMD and INTEL each want to respect the technology contributions of the other and want to increase their freedom to design and manufacture their own new products without infringing the rights of the other under any patent or patent application owned or controlled by the other;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

1.0 DEFINITIONS  
-----

1.1 "Subsidiary" shall mean any corporation, company or other entity with regard to which a) more than fifty percent (50%) of whose outstanding shares or stock entitled to vote for the election of directors or similar managing authority is directly or indirectly owned or controlled by a party hereto, or b) which does not have outstanding shares or securities but greater than fifty percent (50%) of whose ownership interest representing the right to make the decisions for such entity is, now or hereafter, owned or controlled, directly or indirectly, by a party hereto; provided, however, that in each case such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists and exceeds fifty percent (50%).

- 1.2 "Controlling Interest" shall mean an ownership interest by a third party in one party to this Agreement with regard to which more than thirty percent (30%) of the outstanding shares or stock entitled to vote for the election of directors or similar managing authority is directly or indirectly owned or controlled by the acquiring third party.
- 1.3 "Effective Date" shall mean January 1, 1996.
- 1.4 "Excluded AMD Product" shall mean any digital logic product that is object code compatible with a new instruction set first introduced in an AMD digital logic product having at least 64-bit internal processing.
- 1.5 "Excluded INTEL Product" shall mean any digital logic product, alone or in combination with software, having at least 32-bit internal processing that is object code compatible with the INTEL 80386, 80486, P5, or P6 microprocessor families or a microprocessor family later introduced by INTEL, and such digital logic product

Notwithstanding the foregoing, a microprocessor having less than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall not constitute an Excluded INTEL Product.

- 1.6 [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall mean [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] executed by [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] or a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and not described [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 1.7 [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall mean [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] having [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] set forth in [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and all derivatives of or additions thereto.
- 1.8 [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall mean [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] used by [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] by the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] These [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] will be defined, for the purposes of this definition, at a level of technical detail sufficient to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] For example, the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall contain sufficient detail to specify [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 1.9 [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall mean a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] comprising one or more Integrated Circuits having a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] substantially compatible with the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] or a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] that functions to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] to the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] The substantially compatible nature of a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall be determined in [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] A rebuttable presumption shall exist that a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] has a substantially compatible [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] in the event that such [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]



[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] functions substantially with [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] that also functions substantially with an [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] A [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] configured to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] configured to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] or [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall not be deemed to be [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] unless such [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] has a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] substantially compatible with an [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] or a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] The [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] as originally introduced, constitutes an example of a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] that is not compatible with the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

- 1.10 [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall mean a circuit that [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for connection with [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 1.11 "Semiconductor Material" shall mean any material whose conductivity is intermediate to that of metals and insulators at room temperature and whose conductivity, over some temperature range, increases with increases in temperature. Such materials shall include, but not be limited to, refined products, reaction products, reduced products, mixtures and compounds.
- 1.12 "Semiconductor Device" shall mean a device and any material therefor, comprising a body of one or more Semiconductor Materials and one or more electrodes associated therewith, and, if provided therewith, housing and/or supporting means therefor.
- 1.13 "Integrated Circuit" shall mean an integral unit comprising a plurality of active and/or passive circuit elements associated on one or more substrates, such unit forming, or contributing to the formation of, a circuit for performing electrical functions and, if provided therewith, housing and/or supporting means therefor.
- 1.14 "Circuit Assembly" shall mean (a) a circuit or a circuit system, including hardware and/or software, in which one or more Semiconductor Devices and/or one or more Integrated Circuits are interconnected in one or more paths (including passive circuit elements, if any), for performing electrical functions, and (b) a combination of such circuits or circuit systems and (c) if provided therewith, I/O devices or housing and/or supporting means therefor.
- 1.15 "AMD Patents" shall mean all classes or types of patents, utility models and design patents (including, without limitation, originals or divisions, continuations, continuations-in-part or reissues), and applications for these classes or types of all countries of the world owned or controlled by AMD or its Subsidiaries at any time during the term of this Agreement which (a) have a first effective filing date prior to the expiration or termination of this Agreement and (b) except for consideration paid to employees, have no requirement to pay consideration to another for the grant of a license under this Agreement.
- 1.16 "INTEL Patents" shall mean all classes or types of patents, utility models and design patents (including, without limitation, originals or divisions, continuations, continuations-

in-part or reissues), and applications for these classes or types of all countries of the world owned or controlled by INTEL or its Subsidiaries at any time during the term of this Agreement which (a) have a first effective filing date prior to the expiration or termination of this Agreement and (b) except for consideration paid to employees, have no requirement to pay consideration to another for the grant of a license under this Agreement.

- 1.17 "AMD Licensed Products" shall mean any AMD products constituting: (a) a Semiconductor Device, (b) an Integrated Circuit, or (c) a Circuit Assembly, all of the above excluding Excluded INTEL Products.
- 1.18 "INTEL Licensed Products" shall mean any INTEL products constituting: (a) a Semiconductor Device, (b) an Integrated Circuit, or (c) a Circuit Assembly, all of the above excluding Excluded AMD Product.
- 1.19 "AMD Facility" shall mean a manufacturing plant wholly owned and operated by AMD or a qualified Subsidiary of AMD.
- 1.20 "Net Revenue" shall mean the amount actually invoiced, less separately itemized charges for duty, freight and taxes, for product shipped to a third party less actual returns and price adjustments. Amounts reserved for accounting purposes but not actually incurred (such as a distributor reserve) shall not be deducted in the calculation of Net Revenue. Sales or transfers to a Subsidiary shall not be considered as Net Revenue until the product is sold or transferred to a third party. All currency transactions shall be translated to United States dollars using standard accounting practices.
- 1.21 "Original Royalty Product" shall mean an AMD Licensed Product that [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] an [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] but in no event shall include product that constitutes an [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] product.
- 1.22 "Continuing Royalty Product" shall mean Original Royalty Product other than any [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] that is [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] with an [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] in an [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 1.23 "Royalty Product" shall mean either Original Royalty Product or Continuing Royalty Product as appropriate.
- 2.0 MUTUAL RELEASES  
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- 2.1 AMD hereby releases, acquits and forever discharges INTEL and its Subsidiaries from any and all claims or liability for infringement of any AMD Patents arising prior to the Effective Date of this Agreement.

- 2.2 INTEL hereby releases, acquits and forever discharges AMD and its Subsidiaries from any and all claims or liability for infringement of any INTEL Patents arising prior to the Effective Date of this Agreement.
- 3.0 GRANT OF LICENSES AND COVENANT BY AMD  
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- 3.1 Subject to the terms and conditions of this Agreement, AMD hereby grants to INTEL non-exclusive, non-transferable, royalty-free, worldwide licenses without the right to sublicense, under AMD Patents, to make, to have made, to use, to import, to sell (either directly or indirectly) and offer to sell (either directly or indirectly), to lease and to otherwise dispose of INTEL Licensed Products, to do such other acts in regard to INTEL Licensed Products as may, during the term of such licenses, be within the scope of the patent grant and to have made and/or use any equipment, or practice any method or process for the manufacture and sale thereof of INTEL Licensed Products.
- 3.2 Subject to the terms and conditions of this Agreement, AMD grants a limited covenant not to sue any purchaser of an INTEL Licensed Product [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] This covenant shall not apply to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] Furthermore, this covenant shall apply only to the extent that [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] The covenant shall not apply in the event that a binding decision in a legal proceeding, including an arbitration, [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 3.3 With respect to the foundry activities of INTEL to manufacture products for a third party based on a design supplied by that third party, the licenses granted under AMD Patents shall not extend to those portions of the product provided to the third party that represent designs provided by such third party. The exclusion stated in this paragraph shall not apply to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 3.4 Except as provided in Paragraph 3.5, nothing in this grant to INTEL or otherwise contained in this Agreement shall give INTEL either the express or implied right to license AMD Patents to others. Nor shall sale of INTEL Integrated Circuits, Semiconductor Devices, and/or Circuit Assemblies subject to a license grant herein provide or give rise to an implied license, by estoppel or otherwise, in favor of third parties to any AMD Patents covering combinations of Integrated Circuits, Semiconductor Devices, and/or Circuit Assemblies or methods of using such combinations. Nothing contained in this Paragraph shall limit the covenant of Paragraph 3.2.

- 3.5 The licenses granted to INTEL under this Section 3 shall also extend to those qualified INTEL Subsidiaries in existence during the term of this Agreement upon the condition that such Subsidiaries are bound by the terms and conditions of this Agreement and that the patents of such Subsidiaries, covering both utility models and design patents, and applications therefore shall be included in INTEL Patents licensed in this Agreement. The extension to an INTEL Subsidiary shall apply only during the time period when the business entity meets all requirements of a Subsidiary, and the rights extended to AMD remain in effect. Upon written request by AMD, INTEL will give AMD written notice to identify any INTEL Subsidiary to which such a license has been extended.
- 3.6 Nothing in this Section 3 shall be deemed as an agreement or prohibition against the manufacture, use or sale of any product. However, the licenses granted to INTEL under this Section 3 do not include a license under AMD patents or other intellectual property to make, to have made, to use, to import, to sell, offer to sell (either directly or indirectly), to lease, or otherwise dispose of an Excluded AMD Product.
- 4.0 GRANT OF LICENSES AND COVENANT BY INTEL  
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- 4.1 Subject to the terms and conditions of this Agreement, INTEL hereby grants to AMD non-exclusive, non-transferable, royalty-free, worldwide licenses without the right to sublicense, under INTEL Patents, to make, to have made, to use, to import, to sell (either directly or indirectly), and offer to sell (either directly or indirectly), to lease and to otherwise dispose of AMD Licensed Products, to do such other acts in regard to AMD Licensed Products as may, during the term of such licenses, be within the scope of the patent grant and to have made and/or use any equipment, or practice any method or process for the manufacture or sale thereof of AMD Licensed Products.
- 4.2 Subject to the terms and conditions of this Agreement, INTEL grants a limited covenant not to sue any purchaser of an AMD Licensed Product [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] This covenant shall not apply to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] Furthermore, this covenant shall apply only to the extent that [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] The covenant shall not apply in the event that a binding decision in a legal proceeding, including an arbitration, [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 4.3 With respect to the foundry activities of AMD to manufacture products for a third party based on a product design supplied by that third party, the licenses granted under Intel

patents shall not extend to those portions of the product provided to the third party that represent designs provided by such third party. The exclusion stated in this paragraph shall not apply to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

- 4.4 Except as provided in Paragraph 4.5, nothing in this grant to AMD or otherwise contained in this Agreement shall give AMD either the express or implied right to license INTEL Patents to others. Nor shall sale of AMD Integrated Circuits, Semiconductor Devices, and/or Circuit Assemblies subject to a license grant herein provide or give rise to an implied license, by estoppel or otherwise, in favor of third parties to any INTEL Patents covering combinations of Integrated Circuits, Semiconductor Devices, and/or Circuit Assemblies or methods of using such combinations. Nothing contained in this Paragraph shall limit the covenant of Paragraph 4.2.
- 4.5 The licenses granted to AMD under this Section 4 shall also extend to those qualified AMD Subsidiaries in existence during the term of this Agreement, upon the condition that such Subsidiaries are bound by the terms and conditions of this Agreement and that the patents of such Subsidiaries, covering both utility models and design patents, and applications therefor, shall be included in the AMD Patents licensed by this Agreement. The extension to an AMD Subsidiary shall apply only during the time period when the business entity meets all requirements of a Subsidiary, and the rights extended to INTEL remain in effect. Upon written request by INTEL, AMD will give INTEL written notice to identify any AMD Subsidiary to which such a license has been extended.
- 4.6 Nothing in this Section 4 shall be deemed as an agreement or prohibition against the manufacture, use or sale of any product. However, the licenses granted to AMD under this Section 4 do not include a license under INTEL patents or other intellectual property to make, to have made, to use, to import, to sell, offer to sell (either directly or indirectly), to lease, or otherwise dispose of an Excluded INTEL Product.
- 4.7 Notwithstanding the limitations of this Section 4, the licenses granted under INTEL Patents shall, during the term of this Agreement, extend to Original Royalty Product made by AMD in an AMD Facility and to Original Royalty Product made for AMD only to the extent of no more than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the annual total units of Original Royalty Product shipped to a third party, upon payment by AMD of the royalties contained in Section 5.
- 4.8 Notwithstanding the limitations of this Section 4, the licenses granted under INTEL Patents shall, after the expiration of this Agreement under the provisions of Paragraph 8.1, extend to a Continuing Royalty Product made by AMD in an AMD Facility and to Continuing Royalty Product made for AMD only to the extent of no more than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the annual total units of Continuing Royalty Product shipped to a third party, upon payment by AMD of the royalties contained in Section 5. In the event that

AMD elects to pay the royalties contained in Section 5, [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

5.0 ROYALTY PAYMENTS BY AMD  
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- 5.1(a) AMD agrees to pay INTEL a royalty of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for all units of Royalty Products sold by AMD or its Subsidiaries to an unrelated party anywhere in the world. Notwithstanding the foregoing, the royalty rate for Royalty Products having [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 5.1(b) Intel represents that for the term of this agreement, [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] excluding, without limitation, [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] by the operation of law, [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] The parties agree that in no event shall INTEL's performance under the terms of this provision be a cause of legal action or termination for material breach.
- 5.2 AMD agrees to pay INTEL a minimum [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] royalty of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] upon execution of this Agreement and [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] per year during the years [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] payable in four equal quarterly installments with the Royalty Statement, and applied as a credit on an AMD accounting year basis against the percentage royalty due on Original Royalty Products in that accounting year. No minimum, annual royalty is due for any period [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 5.3 The sales price used to determine royalty due for units of Royalty Product transferred internally by AMD for use in construction of a combination for sale to another party shall be calculated using the average unit selling price, of units having similar specifications and sold during the royalty reporting period.
- 5.4 All royalties under this Section 5.0 will be payable in US dollars on a quarterly basis thirty (30) days after the close of the AMD accounting quarter commencing at the end of the first quarter of 1996. AMD shall deliver to INTEL a written Royalty Statement showing the royalty calculation. Royalty Statements shall be sent to Post Contract Management, SC4-210, 2200 Mission College Blvd., Santa Clara, California 95052. Royalty payments shall be made in US dollars by wire transfer to Citibank, New York, New York, for the account of INTEL Corporation General Account Number [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- 5.5 All payments shall be made free and clear without deduction for any and all present and future taxes imposed by any taxing authority. In the event that AMD is prohibited by law from making such payments unless such deductions are made or withheld therefrom, then AMD shall pay such additional amounts as are necessary in order that the net amounts

received by INTEL, after such deduction or withholding, equal the amounts which would have been received if such deduction or withholding had not occurred. AMD shall promptly furnish INTEL with a copy of an official tax receipt or other appropriate evidence of any taxes imposed on payments made under this Agreement, including taxes on any additional amounts paid. In cases other than taxes referred to above including but not limited to sales and use taxes, stamp taxes, value added taxes, property taxes and other taxes or duties imposed by any taxing authority on or with respect to the Agreement, the costs of such taxes or duties shall be borne by AMD. In the event that such taxes or duties are legally imposed initially on INTEL or INTEL is later assessed by any taxing authority, then INTEL will be promptly reimbursed by AMD for such taxes or duties together with any penalties, fines and interest thereon, except for interest, fines and/or penalties assessed due to the negligence, failure or fault of INTEL which interest, fines and/or penalties remain the sole obligation of INTEL. This clause shall survive the termination of the Agreement. Notwithstanding the foregoing, AMD shall not be responsible for taxes on or measured by INTEL's net income.

INTEL agrees to make every good faith effort to notify AMD's tax department within ten (10) days of any audit, notice, assessment or other action affecting sales, use, stamp, value added, property or other taxes to paid directly or indirectly by AMD. INTEL agrees to cooperate in a reasonable manner with AMD for the purpose of minimizing taxes, that pursuant to this section are to be paid directly or indirectly by AMD. INTEL grants AMD the right to pursue a separate action against any governmental unit that asserts such taxes against INTEL and INTEL agrees to cooperate in a reasonable manner with AMD if such action is taken.

- 5.6 AMD agrees that any payments required under the terms of this Agreement which are not paid when due will accrue interest at [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] commencing thirty (30) days after the due date as established by this Agreement. The right to collect interest on such late payments shall be in addition to any other rights that INTEL may have herein.
- 5.7 AMD agrees to maintain adequate accounting records of all production and sales of the products subject to a royalty sufficient to permit a confirmation of AMD's royalty obligations herein for a period of three (3) years after manufacture for purposes of audit.
- 5.8 The parties agree that INTEL shall have the right to conduct audits of AMD for the purpose of determining that the terms of this Agreement are being met. Such audit shall be held at any reasonable time during business hours but no more than once in each calendar year by an independent certified public accountant selected and paid by INTEL and reasonably satisfactory to AMD, to the extent necessary to verify that the terms of this Agreement are being met, including the Royalty Statements and payments provided herein. In this regard, AMD agrees to provide such certified public accountant with reasonable access to accounting records and information requested during an audit. The information will be made available to the independent accounting firm under conditions of

confidentiality and it will report to INTEL and to AMD only whether the terms of this Agreement are being met, including without limitation that payments have been properly reported on and paid or, if not, the amount of any overpayment or underpayment. This provision will survive the last payment of a royalty under this Agreement for a period of three (3) years.

6.0 COPYRIGHT LICENSES  
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6.1 Subject to the terms and conditions of this Agreement, INTEL grants to AMD licenses under INTEL copyrights in both [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] described in the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] to copy, have copied, import, prepare derivative works of, perform, display, and sell or otherwise distribute such mnemonics and the related opcodes in user manuals and other technical documentation.

6.2 Subject to the terms and conditions of this Agreement, AMD grants to INTEL licenses under AMD copyrights in [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for an [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] developed by AMD, including without limitation a derivative work of an [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] to copy, have copied, import, prepare derivative works of, perform, display, and sell or otherwise distribute such mnemonics and the related opcodes in user manuals and other technical documentation.

7.0 PRIOR LICENSE  
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7.1 This Agreement shall govern all patent license grants between INTEL and AMD for all patents having an issue date, in the country of issue, after December 31, 1995. The License Agreement dated September 21, 1976, between INTEL and AMD, and extensions thereof, as modified in Paragraph 7.2 of this Agreement shall govern all patent license grants between INTEL and AMD for all patents having an issue date in the country of issue on or before December 31, 1995. Notwithstanding the foregoing, specific and special purpose patent licenses such as those contained in the Settlement Agreement between INTEL and AMD dated January 11, 1995; the PCI Special Interest Group Agreement; or other such agreements shall control in addition to the provisions in this Paragraph 7.1 for the purpose of providing broader patent rights licensed in such agreements.

7.2 All prior licenses granted in the License Agreement date September 21, 1976, between INTEL and AMD, and extensions thereof, that apply to the foundry activities of AMD or INTEL to manufacture products for a third party based on a design supplied by that third party to AMD or INTEL are revoked for those portions of the product provided to the third party by AMD or INTEL that represent designs provided by such third party. The revocation stated in this paragraph shall not apply to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] or [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of

AMD or INTEL that either party incorporates into any [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] that AMD or INTEL manufactures for its customers.

8.0 EFFECTIVE DATE, TERM AND TERMINATION  
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8.1 This Agreement shall become effective on the Effective Date, and shall continue in effect, unless sooner terminated as elsewhere provided in this Agreement, through December 31, 2000, expiring at the end of such day.

8.2 If either party hereto commits a material breach of this Agreement and does not correct such breach within forty-five (45) days after written notice complaining thereof is given to such party, this Agreement may be terminated forthwith by written notice to that effect from the complaining party.

8.3 This Agreement is a license for "Intellectual Property" as that term is defined under Section 365(n) of the Bankruptcy Code.

8.4 If this Agreement is terminated pursuant to Paragraph 8.2, all licenses granted to the defaulting party and its Subsidiaries shall terminate forthwith, but the licenses granted to the party not in default and its Subsidiaries shall survive such termination of this Agreement for the life or lives of AMD Patents or INTEL Patents, as the case may be.

8.5 Upon the expiration of this Agreement, the licenses extended under Paragraph 4.7 shall end and the other licenses granted pursuant to this Agreement by one party hereto and its Subsidiaries, to the other party hereto and its Subsidiaries under AMD Patents or INTEL Patents, as the case may be, shall survive for the life or lives of AMD Patents or INTEL Patents, as the case may be. In addition, upon the expiration of this Agreement, the licenses granted pursuant to this Agreement by one party hereto and its Subsidiaries, to the other party hereto and its Subsidiaries under AMD copyrights or INTEL copyrights, as the case may be, shall survive for the life or lives of AMD copyrights or INTEL copyrights, as the case may be.

8.6 Upon expiration or termination of this Agreement the provisions of Sections 5, 7 and 9 shall survive.

9.0 MISCELLANEOUS PROVISIONS  
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9.1 Each of the parties hereto represents and warrants that it has the right to grant the other the licenses granted herein.

9.2 If AMD completes an acquisition of NexGen, Inc. (NexGen), then AMD shall take appropriate action to assure that all patents and patent applications owned by NexGen at any time prior to or after the acquisition shall be included as AMD Patents licensed to INTEL under this Agreement. AMD presently intends to acquire all such patents and patent applications owned by NexGen in the event of such acquisition. Prior to such

acquisition, AMD shall take no action to prevent all such patents and patent applications owned by NexGen from being included as AMD Patents licensed to Intel under this Agreement. If after AMD completes the acquisition of NexGen, such patents and patent applications owned by NexGen do not become AMD Patents under this Agreement within a reasonable time, then all AMD products based on designs provided by NexGen shall be excluded from the license grants and all other rights provided to AMD in this Agreement.

9.3 Nothing contained in this Agreement shall be construed as:

- (a) a warranty or representation by any of the parties to this Agreement as to the validity or scope of any class or type of patent, utility model and/or design patent; or
- (b) a warranty or representation that any manufacture, sale, lease, use or other disposition of Licensed Products herein will be free from infringement of patents, utility models and/or design patents other than those under which licenses have been granted; or
- (c) an agreement to bring or prosecute actions or suits against third parties for infringement or conferring any right to bring or prosecute actions or suits against third parties for infringement; or
- (d) conferring any right to use in advertising, publicity, or otherwise, any trademark, trade name or names, or any contraction, abbreviation or simulation thereof, of either party; or
- (e) conferring by implication, estoppel or otherwise, upon any party licensed herein, any license or other right under any class or type of patent, utility model or design patent except the licenses and rights expressly granted herein; or
- (f) conferring by implication, estoppel or otherwise, upon any party licensed herein, any license or other right under any copyright (except for the express grants contained in Section 6.0), maskwork, or trade secret right; or
- (g) an obligation to furnish any technical information or know-how.

9.4 This Agreement is personal to the parties, and the Agreement or any right or obligation herein, cannot be assigned, whether in conjunction with a change in ownership, or the sale or transfer of the whole or any part of a party's business or assets, either voluntarily, by operation of law, or otherwise, without the prior written consent of the other party. Any such purported assignment or transfer shall be null and void. In the event that a third party reaches an agreement to acquire a Controlling Interest in either party then the party being acquired shall deliver an acquisition agreement notice to the non-acquired party, providing the terms of the acquisition agreement and the identity of the acquiring third party in strict confidence to the executive management and legal counsel of the non-acquired party. The non-acquired party shall have the right to terminate this Agreement

by the delivery of written notice to the party being acquired within thirty (30) days after the non-acquired party receives the acquisition agreement notice from the party being acquired. Such termination by the non-acquired party shall be effective nine (9) months after the date of closing for the acquisition of the Controlling Interest in the party being acquired, with both parties to this Agreement retaining the license grants of a party not in default set forth in Paragraph 8.4 but not including the extensions of Paragraph 4.7 and 4.8. Assignment by either party of any of its patents, or the applications thereof, which qualify as Licensed Patents as defined herein, shall not affect the license rights acquired herein to such patent(s), and any such assignment shall be subject to the continuing license rights of the other party.

- 9.5 All notices required or permitted to be given herein shall be in writing and shall be valid and sufficient if dispatched by prepaid air express or by registered airmail, postage prepaid, addressed as follows:

<p>If to AMD: ----- General Counsel Advanced Micro Devices One AMD Place P.O. Box 3453, M/S 150 Sunnyvale, CA 94088-3453</p>	<p>If to INTEL: ----- General Counsel INTEL Corporation 2200 Mission College Blvd. Santa Clara, CA 95052 United States of America</p>
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Either party may give written notice of a change of address and, after notice of such change has been received, any notice or request shall thereafter be given to such party as above provided at such changed address.

- 9.6 This Agreement embodies the entire understanding of the parties with respect to the subject matter hereof, and merges all prior discussions between them, and neither of the parties shall be bound by any conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof other than as expressly provided herein. No oral explanation or oral information by either party hereto shall alter the meaning or interpretation of this Agreement. No modification, alteration, addition or change in the terms hereof shall be binding on either party unless reduced to writing and duly executed by the parties.
- 9.7 This Agreement and matters connected with the performance thereof shall be construed, interpreted, applied and governed in all respects in accordance with the laws of the United States of America and the State of Delaware.
- 9.8 The parties hereto shall keep the terms of this Agreement confidential and shall not now or hereafter divulge these terms to any third party except:
- (a) with the prior written consent of the other party; or

- (b) to any governmental body having jurisdiction to call therefor; or
- (c) as otherwise may be required by law or legal process; or
- (d) during the course of litigation so long as the disclosure of such terms and conditions are restricted in the same manner as is the confidential information of other parties and so long as (a) the restrictions are embodied in a court-entered Protective Order and (b) the disclosing party informs the other party in writing in advance of the disclosure.

The parties shall cooperate in preparing and releasing an announcement relating to this Agreement within fourteen (14) days after execution. The parties may disclose the existence of this Agreement to third parties, including whether a product is licensed herein, but not the details of this Agreement except as otherwise provided in this Paragraph 9.8.

- 9.9 Anything contained in this Agreement to the contrary notwithstanding, the obligations of the parties hereto and of their Subsidiaries shall be subject to all laws, present and future, of any government having jurisdiction over the parties hereto or their Subsidiaries, and to orders, regulations, directions or requests of any such government. The parties hereto shall be excused from any failure to perform any obligation herein to the extent such failure is caused by war, acts of public enemies, strikes or other labor disturbances, fires, floods, acts of God, or any causes of like or different kind beyond the control of the parties.
- 9.10 All disputes arising directly under the express terms of this Agreement shall be resolved as follows: First, the senior management of both parties shall meet within a reasonable time after a notice of dispute to attempt to resolve such disputes. If the disputes cannot be resolved by the senior management, either party may make a written demand for formal dispute resolution. Within thirty (30) days after such written notification, the parties shall meet for one (1) day with an impartial mediator and consider dispute resolution alternatives other than litigation. If an alternative method of dispute resolution is not agreed upon within thirty (30) days after the one (1) day mediation, either party may begin litigation proceedings.

9.11 The parties agree to begin negotiating in good faith after the fourth anniversary of this Agreement a patent cross license agreement to be effective January 1, 2001.

WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date below written.

INTEL CORPORATION

By: /s/ CRAIG R. BARRETT

-----  
Craig R. Barrett  
Executive Vice President,  
Chief Operating Officer

December 20, 1995

-----  
Date

ADVANCED MICRO DEVICES, INC.

By: /s/ RICHARD PREVITE

-----  
Richard Previte  
President,  
Chief Operating Officer

December 20, 1995

-----  
Date



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 Contract for Transfer of the Right to the Use of the Land in the Singapore Suzhou Township between China-Singapore Suzhou Industrial Park Development Co., Ltd. and Advanced Micro Devices (Suzhou) Limited.

WITNESS the signature of the undersigned this 5th day of March, 1996.

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/s/ Thomas M. McCoy

-----  
Thomas M. McCoy  
Secretary

Dated December 1995  
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CHINA-SINGAPORE SUZHOU INDUSTRIAL  
PARK DEVELOPMENT CO., LTD.

And

ADVANCED MICRO DEVICES (SUZHOU) LIMITED

-----  
CONTRACT FOR TRANSFER  
OF THE RIGHT TO THE USE OF THE LAND  
IN THE SINGAPORE-SUZHOU TOWNSHIP  
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Contract No: 1I0018

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ANNEXURE:

1	LAND SURVEY PLAN FOR THE LAND PARCEL	
2	CONTRACT FOR THE ASSIGNMENT OF THE RIGHT TO THE USE OF THE STATE- OWNED LAND IN THE SUZHOU INDUSTRIAL PARK	
3	LAND USE CERTIFICATE FOR THE RIGHT TO THE USE OF 2,927,777 SQUARE METRES OF LAND ISSUED BY THE LAND ADMINISTRATION BUREAU OF THE MUNICIPALITY OF SUZHOU, THE PROVINCE OF JIANGSU	
4	LAND USE CONDITIONS	
5	PAYMENT OF LAND PRICE	
6	GUARANTEE TO BE GIVEN BY ADVANCED MICRO DEVICES, INC.	
7	RESULTS OF SOIL TESTS CONDUCTED BY PARTY B	
8	DESIGN SPECIFICATIONS OF PUBLIC BASIC INFRASTRUCTURE	

THIS CONTRACT is made on

December 1995

BETWEEN:

The Transferor : China-Singapore Suzhou Industrial Park  
Development Co., Ltd. (hereinafter referred  
to as "Party A")

Place of Registration : the Municipality of Suzhou, the Province of  
Jiangsu, The People's Republic of China

Legal Address : Jin Ji Lake Holiday Resort, Sanxin Lu, Postal  
Code 215001, the Municipality of Suzhou, the  
Province of Jiangsu, The People's Republic of  
China

Legal Representative : Name : Lim Chee Onn  
Position : Chairman  
Nationality : Singapore

AND

The Transferee : Advanced Micro Devices (Suzhou) Limited  
(hereinafter referred to as "Party B")

Place of Registration : the Municipality of Suzhou, the Province of  
Jiangsu, The People's Republic of China

Legal Address : Suzhou Industrial Park Startup Area  
Advance Plot No, 21-19, the Municipality of  
Suzhou, the Province of Jiangsu, The People's  
Republic of China

Legal Representative : Name : Donald Matthew Brettner  
Position : Chairman  
Nationality : U.S.A.

WHEREAS:

- (1) Party A and Advanced Micro Devices, Inc. (hereinafter referred to as "AMD") had entered into a Memorandum of Understanding on 14 September 1994 and four Agreements for the Extension of the Memorandum of Understanding (hereinafter collectively referred to as "the Memorandum"). In consideration of the intention expressed by AMD in the Memorandum to invest in an industrial township developed or to be developed in the Municipality of Suzhou known as the Suzhou Industrial Park (hereinafter referred to as "the SIP"), Party A had agreed to reserve for AMD a parcel of land of approximately 5.9 hectares in the SIP.

- (2) Pursuant to the provisions of the Memorandum, the "Interim Regulations of The People's Republic of China Concerning the Assignment and Transfer of the Right to the Use of State-Owned Land in Urban Areas" hereinafter referred to as "the Interim Regulations"), the Interim Measures for the Administration of Foreign-Invested Development and Management of Tracts of Land" (hereinafter referred to as "the Interim Measures"), the "Law of The People's Republic of China on the Administration of Urban Real Property" (hereinafter referred to as "the Administration Law"), and the relevant national and local stipulations, Party A, AMD and Party B have entered into friendly negotiations and have reached a mutual understanding with regard to the transfer of the right to the use of the land situated in the SIP containing an area of 59,090.21 square metres and more particularly delineated and coloured red on the plan attached hereto as Annexure 1 (hereinafter referred to as "the Land Parcel") and Party A and Party B hereby agree to enter into this Contract.
- (3) At the request of AMD) and Party B, Party A hereby agrees to transfer to Party B the right to the use of the Land Parcel in accordance with the provisions of this Contract.

#### CHAPTER 1 GENERAL PRINCIPLES

- 1.1 Party A and the Land Administration Bureau of the Municipality of Suzhou, the Province of Jiangsu (hereinafter referred to as "SLAB") have, in accordance with the Interim Regulations, Interim Measures and the relevant national and local stipulations, entered into a "Contract for the Assignment of the Right to the Use of State-owned Land in the Suzhou Industrial Park" (Contract Reference Number: Suzhou Industrial Park Assignment No. 001; hereinafter referred to as "the Assignment Contract" as the same may be amended modified or supplemented from time to time) and SLAB has agreed to assign to Party A the right to the use of the land in the SIP of an area of approximately 8,000,000 square metres (a copy of the Assignment Contract is annexed hereto and marked as Annexure 2 of this Contract) and Party A has obtained the land use certificate (a copy of which is annexed hereto and marked as Annexure 3 of this Contract) for the right to the use of 2,927,777 square metres of the said area of which the Land Parcel forms part, and Party A is hereby permitted to transfer the right to the use of the Land Parcel to Party B.
- 1.2 Party A shall sell and transfer to Party B for valuable consideration the right to the use of the Land Parcel in accordance with the provisions of this Contract.
- 1.3 Party B shall purchase with valuable consideration and accept the transfer of the right to the use of the Land Parcel from Party A in accordance with the provisions of this Contract.

## CHAPTER 2 AREA, TENURE AND USE OF THE LAND PARCEL

- 2.1 The area of the Land Parcel is 59,090.21 square metres which said area has been duly surveyed by the competent authority and accepted by Party A and Party B as final and conclusive.
- 2.2 Party A shall use its best efforts in assisting Party B in its procurement of the issue or a Certificate for the right to the use of the Land Parcel hereinafter referred to as the "Title Documents") from the Suzhou Industrial Park (Township) Administrative Committee hereinafter referred to as "SIPAC") or the relevant authority of the SIP for a term of fifty (50) years commencing from 1 January 1997 up to and including 31 December 2046 (hereinafter referred to as the "Tenure"). Notwithstanding the date of commencement of the Tenure, Party B shall have the right to use the Land Parcel during the period commencing from the date of issue of the Title Documents and up to and including 31 December 1996.
- 2.3 The Assignment Contract shall form an integral part of this Contract and Party B hereby agrees to be bound by the terms and conditions of the Assignment Contract and to perform and observe all terms, conditions and covenants therein on the part of Party A and/or the Land User (as defined in the Assignment Contract) as limited herein and only so far as the same relates to the Land Parcel unless Party A has otherwise agreed in writing to assume such terms, conditions and covenants. Party B shall use the Land Parcel only in accordance with the Assignment Contract and the land use conditions (hereinafter referred to as "the Land Use Conditions") for the Land Parcel formulated by SIPAC as described in Annexure 4.
- 2.4 Notwithstanding the provisions of Clause 2.3 above but subject to the other provisions of this Contract, so long as Party B remains transferee of the right to the use of the Land Parcel or any portion thereof, Party B expressly does not assume any of the obligations set forth in the following clauses of the Assignment Contract:
- (a) Clause 8;
  - (b) Clause 9 except where the obligations relate to the Land Parcel;
  - (c) Clause 11 except where the obligations relate to the matters set out in Clause 4.4 hereof;
  - (d) Clause 13;
  - (e) Clause 14;
  - (f) Clause 17; and
  - (g) Clause 38 except where the obligations relate to the Land Use Conditions.
- 2.5 Except for obligations relating to the Land Parcel, Party B does not assume Party A's obligations under the Assignment Contract to develop other parts of the SIP.

- 2.6 Except for air and underground easements on the Land Parcel imposed by the relevant government agencies pursuant to legal procedures, any new obligations to be imposed on Party B and the Land Parcel pursuant to an annexure to the Assignment Contract shall, in order to be enforceable by Party A against Party B or the Land Parcel, require the prior written consent of Party B.
- 2.7 Party B shall use the Land Parcel for industrial purpose only. If Party B wishes to change the use of the Land Parcel during the Tenure, Party B shall obtain the prior approval of the planning and construction bureau and land administration bureau of SIP, and shall complete the formalities for examination and approval in accordance with the relevant stipulations.
- 2.8 Party B shall at its own cost and expense apply for the permits required for inter alia, the investment, development and construction of the Land Parcel. Prior to the signing of this Contract, Party B shall first submit to Party A for its approval and endorsement and then to SIPAC building plans and specifications and the construction schedule of the buildings proposed to be erected on the Land Parcel. Party A hereby agrees that its aforesaid approval will not be unreasonably withheld.

#### CHAPTER 3 LAND PRICE AND METHOD OF PAYMENT

- 3.1 Party A and Party B hereby agree that the purchase price for the right to the use of the Land Parcel shall be United States Dollars Two Million Eight Hundred Thirty Six Thousand Three Hundred and Thirty (US\$2,836,330) (hereinafter referred to as "the Land Price").
- 3.2 Party B shall pay the Land Price to Party A at the times and in the manner set out in the annexure hereto and marked as Annexure 5 of this Contract and accordingly shall within seven (7) days from the signing of this Contract pay a sum equal to 25% of the Land Price to Party A and procure and deliver to Party A a guarantee given by AMD for securing payment to Party A of the instalments for the Land Price together with penalty payable thereon, such guarantee to be in the form annexed hereto and marked as Annexure 6 of this Contract.
- 3.3 If Party B delays in paying any of the installments referred to in Annexure 5 of this Contract, penalty on any such unpaid instalment(s) shall commence to be payable on the day after the due date of such instalment and shall continue to be payable by Party B until:
- (a) such time as the unpaid instalment is paid; or
  - (b) the date of issue of the notice to terminate this Contract given by Party A pursuant to Clause 3.5.1(a)(i) or Clause 3.6(a).

- 3.4 The penalty payable under Clause 3.3 shall be calculated from day to day at the rate of 10% per annum.
- 3.5.1 Prior to the issue of the Title Documents, if any such unpaid instalment(s) or penalty shall remain unpaid for any period in excess of thirty (30) days after the due date of such instalment or penalty (including Saturdays, Sundays and public holidays) without prejudice to any other rights or remedies available to Party A:
- (a) Party A shall be entitled to:
    - (i) unilaterally terminate this Contract by giving notice in writing to Party B; and
    - (ii) resell or otherwise dispose of or deal with the right to the use of the Land Parcel in accordance with applicable law as it shall see fit; and
  - (b) Party B shall be liable to pay to Party A:
    - (i) a sum equal to fifteen per cent (15%) of the Land Price by way of compensation; and
    - (ii) all penalties calculated in accordance with Clause 3.3 owing and unpaid and all losses, damages, costs and expenses whatsoever resulting from any breach of any of the provisions of this Contract by Party B
- and Party A shall be entitled to deduct all or any of the aforesaid amounts from the instalments (excluding penalty) previously paid by Party B Provided That such deduction shall not prejudice Party A's rights to claim against Party B for any shortfall after such deduction.
- 3.5.2 The balance, if any, of the instalments previously paid by Party B after making deductions in accordance with Clause 3.5.1(b) shall be refunded to Party B.
- 3.5.3 In the event of any re-sale in accordance with Clause 3.5.1(a)(ii) Party A shall be entitled to retain any difference between the Land Price and the net proceeds of sale (after deducting all costs and expenses incurred in any such re-sale).
- 3.6 After the issue of the Title Documents, if any such unpaid instalment(s) or penalty shall remain unpaid for any period in excess of thirty (30) days after the due date of such instalment or penalty (including Saturdays, Sundays and public holidays) and thirty (30) days' notice in writing has been given to AMD and AMD had not made the required payment before the expiry of the said notice, without prejudice to any other rights or

remedies available to Party A:

- (a) Party A shall be entitled to unilaterally terminate this Contract by giving notice in writing to Party B but without prejudice to any remedy or right of action of Party A in respect of any antecedent breach of any of the provisions of this Contract by Party B; and
- (b) Party B shall be liable to Party A for all penalties calculated in accordance with Clause 3.3 owing and unpaid and all losses, damages, expenses and costs whatsoever resulting from any breach of this Contract by Party B.

3.7 Party B shall make payment to SIPAC of the fee for the use of the Land Parcel at the rate as stipulated by SIPAC from time to time. Party B shall make a one time payment of this fee.

CHAPTER 4 MATTERS RELATING TO TRANSFER AND  
REGISTRATION

- 4.1 Party A shall deliver vacant possession of the levelled and compacted Land Parcel to Party B upon receipt of the sum referred to in paragraph 1(a) of Annexure 5 provided always that Party A reserves the right before the date of issue of the Title Documents to enter upon the Land Parcel upon giving reasonable notice to Party B. As used herein, "vacant possession" shall mean that the Land Parcel is delivered by Party A to Party B free from all occupants and structures.
- 4.2 Subject to Party B observing and performing the several covenants and stipulations herein contained, Party A shall assist Party B in:
  - (i) its submission for examination and notarization of this Contract; and
  - (ii) its procurement of the issue of the Title Documents.
- 4.3 With the exception of the land appreciation tax applicable to the Land Parcel (if any) and business tax payable by Party A for the transfer of the right to the use of the Land Parcel, Party B shall pay all relevant taxes, fees and charges relating to the transfer of the right to the use of the Land Parcel, including but not limited to pegging and survey fees, valuation charges, stamp duty, notarization fees and documentation fees.
- 4.4 Party A and Party B hereby acknowledge and agree that upon the date of delivery of vacant possession the rights, interests and obligations set out in the Assignment Contract and the Land Use Conditions insofar as they relate to the Land Parcel shall be transferred to Party B together with the right to the use of the Land Parcel subject always to Clause 2.3. Party B shall bear all taxes, outgoings and penalties relating to the Land Parcel as

from the date of delivery or vacant possession and shall on demand reimburse Party A for such taxes, outgoings and penalties as may have been paid by Party A with Party B's prior consent on Party B's behalf upon showing of an appropriate receipt or other evidence of such payments.

- 4.5 In the event that Party B fails to perform any of the obligations which have been transferred to it or any of the obligations imposed on it by this Contract, or is in breach of any of the provisions of this Contract, Party B shall indemnify Party A from and against all losses, damages, expenses, penalties, costs, claims or liabilities whatsoever which Party A may sustain suffer or incur as a result thereof:
- 4.6 Party B has carried out topographical survey and soil tests on the Land Parcel before the signing of this Contract and the results of the survey and tests are annexed hereto and marked as Annexure 7 of this Contract for record purposes only. Party B hereby confirms that it has no claims whatsoever against Party A in respect of the location, state, condition, access and all other respects of the Land Parcel, including but not limited to its ground levels, topography and soil conditions. Party B shall not be entitled to raise any objection against Party A with regard to the same.

#### CHAPTER 5 LAND CONDITION AND INFRASTRUCTURE

- 5.1 Party A will at its own cost and expense level and compact the Land Parcel.
- 5.2 Party B will at its own cost and expense :-
- (a) engage a professional engineer to carry out soil investigations to advise on the soil conditions of the Land Parcel and to design structurally sound buildings proposed to be erected thereon, taking into consideration the condition of the Land Parcel;
  - (b) execute such work as may be required to be done in respect of the state and condition of the Land Parcel.
- 5.3 Party A shall cause to be constructed up to the boundary of the Land Parcel electrical power supply cable, town gas pipe, sewer pipe, water pipe and access road in accordance to the specifications more particularly detailed in Annexure 8 of this Contract (hereinafter referred to as "the Public Basic Infrastructure").
- 5.4 Party A shall complete the construction of the Public Basic Infrastructure not later than 30 September 1996. In the event that the Public Basic Infrastructure is not completed by the aforesaid date, Party B shall be entitled, after giving to Party A three (3) months' notice in writing, to carry out any necessary works to complete the Public Basic Infrastructure, the cost of which shall be borne by Party A.

- 5.5 Party B shall at its own cost and expense apply, with the reasonable assistance of Party A, to the relevant authorities and comply with all conditions set by such authorities for the supply of electricity, town gas, water and other utility supplies (hereinafter referred to as "Utilities") it needs for the Land Parcel.
- 5.6 Party B agrees that if its requirements for the supply of the Utilities exceed the capacity which the Public Basic Infrastructure is designed to meet, it shall notify Party A of such requirements and submit to Party A for its approval its proposal in respect of the additional works or infrastructure facilities which it intends to undertake to meet such requirements, such approval shall not be unreasonably withheld. Party B shall not carry out any such additional works unless they have been approved by Party A and the relevant authorities.
- 5.7 Party B shall be liable for the costs of the construction or installation of such works or facilities referred to in Clause 5.6 hereof and shall pay for all fees, including but not limited to turning on fees, engineering fees, increased capacity fees and all such other fees payable for the supply of all such electricity, town gas, water and other utility supplies to the Land Parcel.
- 5.8 Party A shall use reasonable efforts in assisting Party B in its application to the relevant authorities for the aforesaid matters and for the connection of telecommunication lines up to the boundary of the Land Parcel.

#### CHAPTER 6 FORCE MAJEURE

- 6.1 No Party shall be liable for any loss or damage caused by delay in the performance or non-performance of any of its obligations under this Contract when the same is occasioned by an "Event or Force Majeure" -- that is to say any circumstances whatsoever beyond the reasonable control or the affected Party which directly or indirectly prevent or impede the due performance of this Contract, including but not to be limited to the following matters:
- (a) war or hostilities: and/or
  - (b) earthquake, flood, typhoon, fire or other natural physical disaster.
- 6.2 A certificate or confirmation issued by the relevant administrative department or the Suzhou Municipal Government or non-governmental authoritative organization in the People's Republic of China shall be accepted by the Parties as final and conclusive proof that the said Event of Force Majeure has occurred.
- 6.2 Should any such Event or Force Majeure occur the affected Party shall notify the other Party in writing within fifteen (15) days and shall use its

reasonable endeavours to resume prompt performance as soon as such Event of Force Majeure shall have ceased, and the time for any such Party's performance shall be extended for a period equal to the time lost by reason of the delay which shall be remedied with all due despatch in the circumstances. A Party shall not be considered to be in breach of an obligation under this Contract if prevented from performing such obligation due to an Event of Force Majeure.

#### Chapter 7 NOTICE

7.1 Notices to Party A and Party B shall be issued to their respective addresses or fax numbers as follows:

##### Party A

To : China-Singapore Suzhou Industrial Park  
Development Co., Ltd.

Recipient : Chief Executive Officer

Correspondent : 128 Zhu Hui Lu, the Municipality of Suzhou,  
Address the Province of Jiangsu, The People's Republic  
of China, Postal Code 215006

Facsimile Number : 512-529 7941

##### Party B

To : Advanced Micro Devices (Suzhou) Limited

Recipient : Chairman

Legal Representative: Donald Matthew Brettner

Legal Address : Suzhou Industrial Park Startup Area  
Advance Plot No. 21-19, the Municipality of  
Suzhou, the Province of Jiangsu, The People's  
Republic of China

with copy to : Advanced Micro Devices, Inc.  
One AMD Place  
P.O. Box 3453, Mail Stop 68  
Sunnyvale, CA 94088-3453, U.S.A.  
Attention: Thomas Michael McCoy, Secretary  
Facsimile Number: (408) 774 7002

And

Howard Chao  
Suite 2501, Shartex Plaza  
88 Zun Yi Nan Road, Shanghai 200335  
Facsimile Number: (86-21) 275 4949

- 7.2 If Party A or Party B wishes to change the abovementioned correspondence address or fax number, it shall inform the other Party of the new correspondence address or fax number 15 days before such change.
- 7.3 If the notice is sent out by facsimile, it shall be deemed to be received on the date of transmission; if the notice is sent out by hand, it shall be deemed to be received on the date of delivery to the address stipulated; if the notice is sent out by registered post, it shall be deemed to be received on the fourteenth (14th) day after the date of posting. In each case, if the notice is received on a Saturday, Sunday or public holiday, it shall be deemed to have been received on the next following working day.

#### CHAPTER 8 APPLICABLE LAW AND DISPUTE RESOLUTION

- 8.1 The execution, validity, interpretation and performance of this Contract and the resolution of any dispute arising from or in relation to this Contract shall be governed by the law of the People's Republic of China.
- 8.2 Any questions, dispute or difference between Party A and Party B arising from the execution, performance or otherwise in connection with the Contract shall first be resolved through amicable negotiation and friendly consultation between Party A and Party B. If no resolution is reached within ninety (90) days of the notice by any Party requesting for resolution through negotiation and consultation, the question, dispute or difference shall be submitted to the China International Economic and Trade Arbitration Commission (hereinafter referred to as "CIETAC") in Shanghai for final resolution by arbitration in accordance with the rules and procedures or CIETAC for the time being in force, which rules are deemed to be incorporated by reference into this Clause. The CIETAC tribunal shall consist of three (3) arbitrators. Party A and Party B shall at all times comply with and observe all requirements and rulings of CIETAC made in relation to any question, dispute or difference submitted to CIETAC for resolution.

Any award or determination by the CIETAC tribunal is final and binding on both Party A and Party B. The arbitration proceedings shall be conducted in the English language. During the course of arbitration, this Contract shall continue to be performed in all respects except for the relevant provision affected by the question, dispute or difference submitted to CIETAC for arbitration.

CHAPTER 9 REPRESENTATIONS AND WARRANTIES  
OF THE PARTIES

- 9.1 Party A hereby covenants, warrants and undertakes with Party B that:
- (i) this Contract does not contravene any laws and regulations of the People's Republic of China or the provisions of the Assignment Contract;
  - (ii) as of the effective date of this Contract and the date of delivery of vacant possession, there are no mortgages existing on the right to the use of the Land Parcel; and
  - (iii) any other provisions of this Contract notwithstanding, Party A shall continue to perform in accordance with the terms of the Assignment Contract those obligations thereof which have not been assumed by Party B or any other party obliged to perform those obligations.
- 9.2 Party B hereby covenants, warrants and undertakes with Party A that in the event that the Title Documents are not issued to Party B for any reason whatsoever on or before 31 December 1996, or such later date as the Parties may agree in writing, Party A and Party B shall negotiate in good faith as to Party B's use of the Land Parcel and Party B shall have the option to vacate the Land Parcel, and if Party B so decides to vacate the Land Parcel it shall reinstate the Land Parcel to its original state and condition unless Party A otherwise requires and make good any damage caused to the Land Parcel to the satisfaction of Party A within such time as Party A may specify and Party A shall refund to Party B all instalments of the Land Price without any interest) which Party B had previously paid to it under this Contract.

CHAPTER 10 ASSIGNMENT AND LETTING

Subject to Party B observing and performing the several covenants and stipulations herein contained, Party A hereby agrees that it shall not:-

- (a) raise any objection to Party B transferring and/or assigning its rights and obligations under this Contract or letting all, a portion or portions of the right to use the Land Parcel, subject only to the provisions of applicable law and of the Assignment Contract; and
- (b) require any mortgagee or sublessee of the Land Parcel or any other third party who replaces Party B under this Contract to acquire or assume any rights, interests or obligations other than those expressly assigned to and assumed by Party B under the terms of this Contract or those as required by law.

CHAPTER 11 VALIDITY OF CONTRACT AND OTHER MATTERS

- 11.1 This Contract shall come into effect after signing by Party A and Party B and notarised.
- 11.2 This Contract is written in the Chinese and English languages and both languages shall have equal validity. If there is any conflict or inconsistency between the Chinese text and the English text, Party A and Party B shall negotiate in good faith to reconcile the conflict or inconsistency. In the event that the conflict or inconsistency cannot be resolved within sixty (60) days of the notice by any Party requesting resolution through negotiation, the Chinese text shall be the governing and prevailing version. Party A and Party B shall, as required by SIPAC, submit the Chinese text for registration. There shall be 5 original sets of the Chinese texts and 7 original sets of the English texts. Party A and Party B shall retain 1 set each comprising both the English and Chinese texts of this Contract, SIPAC shall retain 1 set of the Chinese text, and the Notary Public before whom this Contract was notarised shall retain 1 set of the Chinese text.
- 11.3 The headings in this Contract are for convenient reference only and shall not be used to construe or interpret this Contract.
- 11.4 In the event that any provision of this Contract is deemed invalid, unlawful or unenforceable under any applicable law, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or impaired but this Contract shall be construed as if such invalid, unlawful or unenforceable provision had never been contained in this Contract.
- 11.5 Party A and Party B hereby represent and warrant that each of them shall carry out their respective obligations under this Contract from the date on which this Contract comes into effect until the full performance thereof.
- 11.6 Save that it is not inconsistent or in conflict with the provisions of this Contract and the Assignment Contract, and any law and regulation, Party A and Party B may enter into any supplemental contract in respect of any matter for which no provision or adequate provision has been made in this Contract, which shall have equal force and effect in law as this Contract. The annexures of this Contract shall form part of this Contract and shall have equal force and effect in law as this Contract.
- 11.7 Party A and Party B agree that upon the occurrence of any of the following events which directly or indirectly impedes the due performance of this Contract, namely :
- (a) riot or civil commotion:
  - (b) strike or lockout or any other industrial action by workers or employees;

- (c) damage to or destruction of the Land Parcel and/or the Public Basic Infrastructure or any part thereof, caused by a third party; and/or
- (d) refusal or delay or any competent regulatory authority to approve Party A's right to construct the Public Basic Infrastructure or any part thereof

the respective obligations of the parties hereto under this Contract shall be suspended during the continuance or any of the aforesaid events and neither party shall claim from the other party any damages, compensation or for loss of any kind whatsoever arising from or attributable whether directly or indirectly to the occurrence or any of the aforesaid events provided the parties hereto shall negotiate in good faith as to their rights and obligations inter se under this Contract, if any of the aforesaid events shall continue beyond a period of ninety (90) days.

- 11.8 This Contract constitutes the entire rights and obligations between Party A and Party B and shall supersede any prior expression of intent, understanding, discussion, representation, warranty, undertaking or promise (whether express or implied, oral or written) made by one Party or its agent to the other Party or its agent with respect to this transaction. Notwithstanding any provision to the contrary contained in the Memorandum and for the avoidance of doubt, Party A and Party B hereby declare that the Memorandum does not and shall not hereafter have any effect.

IN WITNESS WHEREOF the legal/authorised representatives of Party A and Party B have executed this Contract on the date first above written.

SIGNED by Chan Soo Sen	)	
the authorised representative	)	[LOGO OF CHINA-SINGAPORE
and Chief Executive Officer of	)	SUZHOU INDUSTRIAL PARK
CHINA-SINGAPORE SUZHOU	)	DEVELOPMENT CO., LTD.
INDUSTRIAL PARK	)	APPEARS HERE]
DEVELOPMENT CO., LTD.	)	
for and on behalf of	)	
CHINA-SINGAPORE SUZHOU	)	/S/ SIGNATURE APPEARS HERE
INDUSTRIAL PARK	)	
DEVELOPMENT CO., LTD.	)	
in the presence of:-	)	
/S/ SIGNATURE APPEARS HERE	)	/S/ SIGNATURE APPEARS HERE

SIGNED by Clyde Charles Stiteler:	)	/S/ SIGNATURE APPEARS HERE
the authorised representative of	)	
ADVANCED MICRO DEVICES	)	[LOGO OF ADVANCED MICRO DEVICES
(SUZHOU) LIMITED	)	(SUZHOU) LIMITED APPEARS HERE]
for and on behalf of	)	
ADVANCED MICRO DEVICES	)	
(SUZHOU) LIMITED	)	
in the presence of:-	)	

Annexure 1

LAND SURVEY PLAN FOR THE LAND PARCEL

Urban Survey Data

Urban Survey Team, Suzhou City

Table of the Border Point Survey

Lot Name: SuperMicro Semiconductor (Suzhou) Co., Ltd. 07/07/1995

Border Point Number	X	Y	S
1	44050.51	58511.46	116.36
2	44051.41	58531.41	28.32
3	44047.97	55651.44	57.68
4	44048.41	58709.12	3.99
5	44047.51	58713.86	3.99
6	44045.40	58718.74	3.98
7	44043.97	58719.39	3.99
8	44040.80	58722.29	3.99
9	44037.11	58723.77	3.98
10	44033.15	58726.23	49.38
11	43983.79	58723.41	25.24
12	43856.73	55725.45	107.32
13	43851.42	58721.71	30.20
14	43621.49	58720.71	56.42
15	43755.07	58718.55	56.42
16	43749.97	58718.55	5.16
17	43745.23	58715.83	5.16
18	43741.17	58713.59	5.16
19	43739.05	58709.96	5.16
20	43736.09	55724.79	5.16
21	43735.40	59699.59	

Table of the Border Point Survey

Lot Name: SuperMicro Semiconductor (Suzhou) Co., Ltd. 07/07/1995

Border Point Number	X	Y	S
21	43735.41	58699.69	40.30
22	43735.27	59659.38	15.40
23	43731.72	58644.40	85.93
24	43732.44	58558.45	322.09
25	44030.51	58314.46	

Surface Area: 59090.21 Square Meters

Map showing parcel of land in Suzhou, China has been omitted.

ANNEXURE 2

CONTRACT FOR THE ASSIGNMENT OF THE RIGHT TO THE USE  
OF THE STATE-OWNED LAND IN THE SUZHOU INDUSTRIAL PARK

DATED THIS 6th DAY OF DECEMBER 1994

BETWEEN

THE LAND ADMINISTRATION BUREAU  
OF THE MUNICIPALITY OF SUZHOU  
THE PROVINCE OF JIANGSU,  
THE PEOPLE'S REPUBLIC OF CHINA

AND

CHINA-SINGAPORE SUZHOU INDUSTRIAL  
PARK DEVELOPMENT CO., LTD.

-----  
CONTRACT FOR THE ASSIGNMENT OF THE RIGHT  
TO THE USE OF THE STATE-OWNED LAND  
IN THE SUZHOU INDUSTRIAL PARK  
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CONTRACT FOR THE ASSIGNMENT OF THE RIGHT  
TO THE USE OF STATE-OWNED LAND  
IN THE SUZHOU INDUSTRIAL PARK

Suzhou Industrial Park Assignment No. 001

CHAPTER 1 GENERAL PRINCIPLES

Clause 1 The Parties to this Contract are as follows :

Assignor : The Land Administration Bureau of the  
Municipality of Suzhou, the Province of  
Jiangsu, The People's Republic of China  
(hereinafter referred to as "Party A"); and

Assignee : China-Singapore Suzhou Industrial Park Development  
Co., Ltd. (hereinafter referred to as "Party B")

The Parties have, in accordance with the "Interim Regulations of  
The People's Republic of China Concerning the Assignment and  
Transfer of the Right to the Use of State-Owned Land in Urban  
Areas", "Interim Measures for the Administration of Foreign-  
Invested Development and Management of Tracts of Land" and the  
relevant State and local stipulations, entered into this Contract  
after friendly negotiations based on the principles of equality  
and voluntariness, and assignment for value.

Clause 2 Party A shall assign the right to the use of the land in accordance  
with the law and the provisions of this Contract. The ownership of  
the land belongs to The People's Republic of China. The  
underground resources, objects buried underground

and public works shall not be within the scope of such assignment of the right to the use of the land.

Clause 3 Party B may during the tenure of use of the land, transfer, lease out, mortgage or use in other economic activities, the right to the use of the land assigned under this Contract. The lawful rights and interests of Party B shall be protected by the laws of the State. Party B shall not engage in any activity which is not permitted under the laws of The People's Republic of China. Party B shall be responsible for the reasonable development, use and protection of the land in accordance with the law.

#### CHAPTER 2 DEFINITIONS

Clause 4 The definitions of the special terms used in this Contract shall be as follows:

1. "Land Parcel" means the scope of the right to the use of the land assigned by Party A to Party B under this Contract, the boundaries of such land are more particularly defined in Clause 5 of this Contract.
2. "Land Plot" means the land within the Land Parcel which has been sub-divided in accordance with planning and delineated by the boundaries demarcating the entitlement to the right to the use of the land.
3. "Masterplan" means the masterplan on the use of the land, and the development and construction within the first phase of development of the Suzhou Industrial Park as approved by the government of China.

4. "Detailed Plan" means the exact arrangement made for each development and construction within the scope of the right to the use of the land, and the proposal for the use of the land after development, which are formulated in accordance with the Masterplan and approved by the government of China.
5. "Public Basic Infrastructure" means the basic infrastructure for the use of the public and which provide inter alia power, water, drainage, sewerage, heating, road networks, navigation channels, revetments, postal facilities and telecommunications which are completed through comprehensive development and construction of the Land Parcel in accordance with the Masterplan and the Detailed Plan.
6. "Public and Social Amenities" means the amenities for serving residential districts including inter alia creches, nurseries, schools and amenities for health, environmental protection and landscaping: large scale amenities for servicing the entire Suzhou Industrial Park for inter alia culture, education, health, fire prevention and environmental protection; large areas of greenery: and other relevant amenities for serving the Suzhou Industrial Park and the residents.
7. "Leasing Out of the Right to the Use of the Land" means the leasing out of the right to the use of the land together with the above ground buildings and other attached objects thereon by the user of the land as a lessor for the use of the lessee upon the payment of rental by the lessee to the lessor.

8. "State" means The People's Republic of China.

CHAPTER 3 BOUNDARIES, AREA AND TENURE OF USE OF THE ASSIGNED LAND PARCEL

Clause 5 The Land Parcel assigned by Party A to Party B is located at the east of the city of Suzhou, on the western side of Jin Ji Lake. The boundaries of the Land Parcel are particularly set out in Plan 2: "Plan of the Geographical Location of the Land Parcel" annexed hereto.

Party A and Party B have confirmed inter alia the plan of the boundaries demarcating the entitlement to the right to the use of the land, the boundary lines and the boundary points which are more particularly set out in Plan 1: "Plan of the Boundaries Demarcating the Entitlement to the Right to the Use of the Land" annexed hereto.

Clause 6 The total area of the Land Parcel which Party A is assigning to Party B shall be Eight Million (8,000,000) square metres.

Party A shall, in accordance with the development and construction plan of Party B as approved by the government, deliver the land in stages to Party B. In the event that Party A is unable, due to special circumstances, to deliver the land to Party B in accordance with the stipulated time, Party B hereby agrees to reach a proper resolution by negotiations with Party A.

Clause 7 The tenure of assignment of the right to the use of the land of the Land Parcel under this Contract shall be determined in accordance with the different uses of the land specified in the Masterplan and the Detailed Plan as follows:

70 years for residential purposes;  
50 years for the purposes of industry, education, science and technology, culture, health and physical education;  
40 years for financial, insurance, commercial, tourist, entertainment and recreational purposes; and  
50 years for mixed and other purposes.

The abovementioned tenure of assignment of the right to the use of the land shall commence on 1 January 1997.

#### CHAPTER 4 USE OF THE LAND

Clause 8 The assigned Land Parcel under this Contract shall be used for projects which are specified to be implemented in accordance with the Masterplan and the Detailed Plan for the construction of inter alia Public Basic Infrastructure, industrial, commercial, tourist, financial, entertainment, recreational and residential facilities, and Public and Social Amenities.

Clause 9 The annexes to this Contract shall form part of this Contract and have equal force and effect as this Contract. Party B hereby agrees to use the land in accordance with the "Terms and Conditions of the Right to the Use of the Land".

Clause 10 In the event that the user of the land desires to change the use of the land stipulated in Clause 8 of this Contract and the "Terms and Conditions of the Right to the Use of the Land"

upon the execution and coming into effect of this Contract, the user of the land shall obtain the agreement of Party A, to complete, in accordance with the relevant stipulations, the formalities for examination and approval, to enter into a new contract for the assignment of the right to the use of the land, to adjust the fee for the assignment of the right to the use of the land, and to complete the formalities for registration of the change in the right to the use of the land.

CHAPTER 5 FEES AND CHARGES IN RELATION TO LAND AND THE PAYMENT THEREOF

Clause 11 Party B hereby agrees to pay to Party A, in accordance with the stipulations of this Contract, the fee for the assignment of the right to the use of the land and the fee for the use of the land. Party B shall, in accordance with the relevant stipulations of the State, also pay tax for any appreciation in value of the land and other relevant taxes, fees and charges in relation to the land. In the event that there is any new stipulation henceforth promulgated by the State, the payment of the aforesaid taxes, fees and charges shall be in accordance with such new stipulations.

Clause 12 The fee for the assignment of the right to the use of the land in the Land Parcel under this Contract shall be United States Dollars Eleven and Cents Fifty (US\$11.50) per square metre and the total amount of such fee shall be United States Dollars Ninety-Two Million (US\$92,000,000).

Clause 13 Upon the signing of this Contract by the Parties, Party B shall, within 7 days thereof, pay to Party A 15% of the total fee for the assignment of the right to the use of the land calculated at

United States Dollars Eleven Million Ninety-Two Thousand Six Hundred and Five (US\$11,092,605) as deposit for the performance of this Contract.

Within 30 days of the granting of approval of this Contract by the State, Party B shall pay to Party A 50% of the total fee for the assignment of the right to the use of the land calculated at United States Dollars Thirty-Six Million Nine Hundred Seventy-Five Thousand Three Hundred and Fifty (US\$36,975,350). (The sum of US\$11,092,605 which has been paid by Party B to Party A as a deposit shall be used to set off part of the fee for the assignment of the right to the use of the land.)

Within 60 days of the granting of approval of this Contract by the State, Party B shall pay to Party A another 30% of the total fee for the assignment of the right to the use of the land calculated at United States Dollars Twenty-Two Million One Hundred Eighty-Five Thousand Two Hundred and Ten (US\$22,185,210).

In consideration of the payment prior to the date of this Contract by Party B to Party A of a sum of United States Dollars Eighteen Million Forty-Nine Thousand and Three Hundred (US\$18,049,300) rebates of corresponding sums have been deducted from each of the abovementioned installment payments.

Upon the delivery of any Land Plot within the assigned Land Parcel by Party A to Party B, Party B shall forthwith pay the balance of the fee for the assignment of the right to the use of land in such Land Plot.

- Clause 14 Within 15 days of the completion of payment of the fee for the assignment of the right to the use of the land by Party B to Party A, Party B shall, in accordance with the stipulations, complete the formalities for the registration of the land, collect the "Certificate for the Use of State-Owned Land in The People's Republic of China" and obtain the right to the use of the land.
- Clause 15 Party B shall, commencing in the year of 1997, make a one-time payment to Party A of the fee for the use of the land. The standard of such fee for the year of 1994 shall be United States Dollars Seven and Cents Twenty (US\$7.20) per square metre and such standard shall, commencing in the year of 1995, increase at a yearly progressive rate of 12%.
- In the event that such fee is paid yearly, Party B shall pay to Party A such fee before the 30th day of June every year. The standard of such fee for the year of 1994 shall be United States Cents Fifty (US\$0.50) per square metre and such standard shall, commencing in the year of 1995, increase at a yearly progressive rate of 12%.
- Clause 16 Party B hereby agrees to pay to Party A the fee for the assignment of the right to the use of the land and the fee for the use of the land in United States Dollars in cash or by way of cash cheque.
- Clause 17 Save and except for provisions in this Contract which stipulate otherwise, Party B shall, on or before the dates of payment provided in this Contract, remit to the bank account of Party A the amounts specified in this Contract, the particulars of such bank account being as follows :

Name of Bank : Suzhou Branch of the Bank of China  
Account Number : 14833004000

In the event that there is any change in the name of the bank or the account number of Party A, Party A shall, within 10 days thereof, give notice in writing of such change to Party B. In the event that there is any charge or fee incurred for late payment owing to the delay in payment caused by the failure of Party A to give timely notice of such change, Party B shall not be liable for any breach of contract.

CHAPTER 6 TRANSFER OF THE RIGHT  
TO THE USE OF THE LAND

Clause 18 Upon the investment, development and completion of the Public Basic Infrastructure, such as providing road networks, supplying power and water, by Party B, in accordance with the Masterplan, Party B may have the right to transfer the balance of the tenure of the right to the use of the land in a Land Plot within the Land Parcel under this Contract (including the sale, exchange or gift thereof). In the event that the fee for the use of the land is paid by Party B yearly, Party B may only transfer the balance of the tenure of the right to the use of the land in each Land Plot within the Land Parcel under this Contract (including the sale, exchange or gift thereof) upon the approval of Party A.

Land which, in accordance with the Masterplan approved by the government, is specified for the use of Public Basic Infrastructure and Public and Social Amenities shall not be transferable. Land which is used for Public Basic Infrastructure and Public and Social Amenities which are

operated for business purposes shall only be transferrable upon the approval of Party A.

Clause 19 A user of the land which obtains the right to the use of the land by transfer (hereinafter referred to as "Land User") may, save and except for stipulations in the law which provide otherwise, be a company, enterprise, other economic organisation or individual within or outside The People's Republic of China. In the event that the price for the transfer of the right to the use of the land is patently lower than the market price thereof, Party A shall have preemptive right in the purchase of such land. A contract for the transfer of the right to the use of the land shall be entered into for such transfer and such contract shall not contravene the laws and regulations of the State and the provisions of this Contract.

Clause 20 Party B shall, 10 days before the transfer of the right to the use of the land, give notice to Party A of such transfer. The parties to the transfer shall, within 15 days of the execution of the contract for such transfer, forward to Party A the notarised original copies of the contract for such transfer and the relevant annexes thereto, complete the formalities in accordance with the stipulations for the registration of the change in the right to the use of the land and collect the certificate for the use of the land, and Party B shall, in accordance with the relevant stipulations of the State, pay tax for any appreciation in value of such land.

Clause 21 Upon the transfer of the right to the use of the land and the coming into effect of the contract for such transfer, the rights, interests and obligations which are set out in this Contract and

the documents of registration shall also be transferred to the Land User.

Clause 22 Any sub-division and transfer of the right to the use of the land and the ownership of the above ground buildings and other attached objects thereon shall be subject to the approval of Party A and the formalities for the registration of the transfer of rights shall be completed in accordance with the stipulations.

CHAPTER 7 LEASING OUT OF THE RIGHT  
TO THE USE OF THE LAND

Clause 23 Upon the implementation by Party B of the Masterplan and the Detailed Plan and the creation by Party B of the conditions for the land to be used for construction, Party B shall be entitled to lease out for the use of the lessee the balance of the tenure of the right to the use of the land in a Land Plot under this Contract together with the above ground buildings and other attached objects thereon.

Clause 24 The contract for the Leasing Out of the Right to the Use of the Land entered between Party B and the lessee shall not contravene the laws and regulations of the State and the provisions of this Contract.

Clause 25 In the event that the right to the use of the land together with the above ground buildings and other attached objects thereon are leased out, the parties to the lease shall, within 15 days of the execution of such contract for lease, jointly complete the formalities for the relevant registration with Party A. and the lessee receives a "Certificate for the Leasing Out of the Right

to the Use of the Land". Upon the termination or expiration of the lease, the parties to the lease shall complete the formalities for de-registration with the original registration department.

Clause 26 Upon the Leasing Out of the Right to the Use of the Land in a Land Plot under this Contract, Party B shall continue to perform this Contract.

CHAPTER 8 MORTGAGE OF THE RIGHT  
TO THE USE OF THE LAND

Clause 27 Party B shall be entitled to subject the balance of the tenure of the right to the use of the land of any Land Plot under this Contract to one or more mortgages to one or more mortgagees. The contract for mortgage of the right to the use of the land entered between Party B and a mortgagee shall not contravene the laws and regulations of the State and the provisions of this Contract. All loans secured by the mortgage shall first be used by Party B for the development of the Land Parcel under this Contract.

Clause 28 Party B shall, 10 days before the mortgage of the right to the use of the land, give notice to Party A of such mortgage. Party B and the mortgagee shall, within 15 days of the execution of such contract for mortgage, forward to Party A the notarised original copies of such contract for mortgage and the promissory note or loan agreement in relation to the mortgage, and the relevant annexes, and complete the formalities for the registration of the mortgage of the right to the use of the land, and the mortgagee shall collect a "Certificate for the Mortgage of the Right to the Use of the Land". Upon the termination of a mortgage, the formalities for

de-registration shall be completed with the original registration department.

A mortgagee or any third party which, in accordance with the relevant stipulations, obtains as a result of the disposal of the mortgaged properties the right to the use of the land which is mortgaged, and Party B shall, within 15 days of the realisation of the mortgage rights, jointly complete with Party A the formalities for registration of the change in the right to the use of the land.

Clause 29 Any mortgagee or third party which replaces Party B in accordance with Clause 28 of this Contract shall enjoy the rights and interests and be bound by the obligations provided in this Contract.

#### CHAPTER 9 EXPIRATION OF THE TENURE

Clause 30 Upon the expiration of the tenure of use of the land provided in this Contract, Party A shall be entitled to withdraw, without providing any compensation, the right to the use of the land, and obtain, without providing any compensation, the ownership of the above ground buildings and other attached objects thereon. The Land User shall surrender the certificate for the use of the land and shall in accordance with the stipulations, complete the formalities for the de-registration of the right to the use of the land. In the event that the formalities for such de-registration are not commenced within 30 days of the expiration of the tenure of use of the land, Party A shall, in accordance with the stipulations, de-register the right to the use of the land.

Clause 31 In the event that Party B desires to continue the use of the Land Parcel upon the expiration of the tenure of use of the land provided in this Contract, Party B shall, no later than 6 months before the expiration of such tenure, submit to Party A an application for the extension of such tenure. Upon the agreement by Party A of the new tenure of assignment of the right to the use of the land, the new fee for the assignment of the right to the use of the land and other terms and conditions, Party B shall also enter into a contract for the extension of the tenure of assignment of the right to the use of the land and again complete the formalities for the registration of the right to the use of the land.

Clause 32 Under special circumstances during the term of this Contract, Party A may, in the public interests, withdraw, in accordance with legal procedures, the right to the use of part of the land in a Land Plot of the Land Parcel and provide compensation which corresponds to the actual tenure of use of the land by the Land User and the actual state of development and use of the land.

#### CHAPTER 10 FORCE MAJEURE

Clause 33 Party A and Party B shall not be liable for any failure to perform all or any part of this Contract owing to the occurrence of any of the following events of force majeure: serious fires, floods, earthquakes, or wars; and where the conditions permit, shall adopt all necessary remedial measures to reduce any loss caused by the occurrence of such event of force majeure.

Clause 34 A Party which encounters an event of force majeure shall, within 48 hours of the occurrence of such event, give notice to the other Party in writing by inter alia post or telegram of the circumstances of such event and shall, within 15 days of the occurrence of such event, submit to the other Party a report of the reasons for the failure to perform all or any part of this Contract and for any extension of time to perform this Contract.

#### CHAPTER 11 LIABILITY FOR BREACH

Clause 35 A Party which is unable to perform any of the obligations provided in this Contract shall be liable for breach of contract.

Clause 36 In the event that Party B is unable to exercise its right of possession over all or any part of the right to the use of the land for a period of 60 days owing to any fault of Party A, the tenure of assignment of the right to the use of the land under this Contract shall be correspondingly extended. Party B shall also be entitled to terminate this Contract and Party A shall make timely refund of the fee for the assignment of the right to the use of the land. Party A shall also pay to Party B damages for breach of contract calculated at 8% of the total fee for the assignment of the right to the use of the land.

Clause 37 Party B shall, in accordance with this Contract, pay the fee for the assignment of the right to the use of the land. In the event that Party B fails to pay the fee for the assignment of the right to the use of the land as provided in this Contract for a period of 60 days, Party A shall be entitled to terminate this Contract and withdraw all or any part of the right to the use of the land in the assigned Land Parcel. Any payment of the fee for the

assignment of the right to the use of the land shall not be refunded and Party B shall pay to Party A damages for breach of contract calculated at 8% of the total fee for the assignment of the right to the use of the land.

Clause 38 In the event that Party B fails to commence construction for a period of more than half a year commencing on the delivery of the land, Party B shall pay to Party A a fee for the non-development of the land. The standard of such fee shall be United States Dollar One and Cents Fifty (US\$1.50) per square metre for the first half a year to the first year of such non-development and United States Dollars Two and Cents Thirty (US\$2.30) per square metre for the first year to the second year of such non-development. In the event that Party B fails to carry out development in accordance with the tract development plan upon the delivery of land by Party A or for a continuous period of 2 years fails to commence construction, Party A shall withdraw, without providing compensation, all or any part of the right to the use of the land in the Land Parcel.

Clause 39 In the event that Party B fails to carry out and complete construction on the Land Parcel in accordance with the approved development and construction plan and the stipulated time limit upon the formal delivery of the land by Party A to Party B, Party B shall, 1 month before such time limit, submit an application supported by sufficient reasons to Party A for extension of such time limit. Upon the agreement of Party A, the time limit for construction stipulated by this Contract may, in accordance with the circumstances, be appropriately extended. In the event that Party A disagrees with such extension or where Party B fails, within the stipulated time. To submit to Party A the application for such extension and

exceeds the approved time limit for the completion of construction, Party B shall, commencing on the date on which such time limit is exceeded, pay to Party A damages for breach of contract to be calculated on a yearly basis. The damages for the first year in which such breach occurs shall be calculated at 1% of the total fee for the assignment of the right to the use at the land. In the event that such breach continues for a period of more than 1 year but less than 2 years the damages for such breach shall be calculated at 3% of the total fee for the assignment of the right to the use of the land. In the event that such breach continues for a period of more than 2 years and the amount of capital invested for construction (excluding the fee for the assignment of the right to the use of the land) is less than 20% of the total cost of the project, Party A shall withdraw, without providing compensation, part of the right to the use of the land. The quantum of such part of the right to the use of the land to be withdrawn shall be determined based on the proportion of the amount of capital invested for construction to the total cost of the project.

Clause 40 In the event that Party B is unable to pay any sum of money (excluding the fee for the assignment of the right to the use of the land) in accordance with the stipulated time, Party A shall issue to Party B a notice for payment. In the event that Party B fails to pay such sum within the period stipulated by such notice, Party B shall, commencing on the date on which such payment should have been made, pay a penalty for late payment per day which shall be calculated as follows :

If the failure by Party B to pay such sum continues for a period of 30 days or less, the penalty shall be calculated at 0.1%.

If the failure by Party B to pay such sum continues for a period of more than 30 days but less than 60 days, the penalty shall be calculated at 0.2%.

If the failure by Party B to pay such sum continues for a period of more than 60 days, the penalty shall be calculated at 0.3%.

Clause 41 In any transfer, leasing out or mortgage of the right to the use of the land, in the event that the parties concerned fail to register with Party A such transfer, leasing out or mortgage upon the execution of the contract for such transfer, leasing out or mortgage of the right to the use of the land, such contract shall be void and shall not be protected by the law. In addition to being dealt with as unlawful occupation of the land, the land may be de-registered and the certification for the land may be cancelled upon the approval of the people's government in accordance with the seriousness of each case.

#### CHAPTER 12 NOTICE

Clause 42 Any notice or mode of correspondence specified or permitted in this Contract howsoever transmitted shall come into effect upon the actual receipt thereof. The correspondence addresses of the Parties are as follows :

Assignor  
Address of Legal Representative: 116 Zhu Hui Road,  
the Municipality of Suzhou,  
the Province of Jiangsu  
Postal Code : 215006  
Telephone Number : 529 3875  
Telegram Registered Number :

Assignee  
Address of Legal Representative: 128 Zhu Hui Road,  
the Municipality of Suzhou,  
the Province of Jiangsu  
Postal Code : 215006  
Telephone Number : 520 2030  
Telegram Registered Number :

Any Party may amend the abovementioned notice or correspondence address and shall, within 10 days of such amendment, give notice of the new address to the other Party.

#### CHAPTER 13 APPLICABLE LAW AND RESOLUTION OF DISPUTE

Clause 43 The execution, validity, interpretation and performance of this Contract and the resolution of any dispute arising from or in relation to this Contract shall be protected and governed by the law of The People's Republic of China.

Clause 44 In the event that any dispute arises from the performance of this Contract, the Parties shall attempt to resolve such dispute by negotiations. In the event that such dispute is not resolved by negotiations, the Parties in dispute may refer such dispute for arbitration by the local arbitration agency for economic contracts.

#### CHAPTER 14 SUPPLEMENTAL PROVISIONS

Clause 45 Upon the execution by the legal representatives (or authorised representatives) of the Parties and the approval of the State Council of The People's Republic of China, this Contract shall come into effect.

Clause 46 This Contract is written in the Chinese and English languages and the texts written in both languages shall have equal force and effect. In the event of any inconsistency between the two texts, the text written in the Chinese language shall prevail. There shall be 4 originals of this Contract in each language and the Parties shall each retain 2 originals of this Contract in each language.

Clause 47 In respect of any matter for which no provision has been made in this Contract, such matter shall, upon the agreement of the Parties, be an annex to this Contract. An annex to this Contract shall have equal force and effect as this Contract.

Party A:  
The Land Administration Bureau  
of the Municipality of Suzhou,  
the Province of Jiangsu,  
The People's Republic of China  
Legal Representative;

Party B:  
China-Singapore Suzhou Industrial  
Park Development Co., Ltd.

Legal Representative:

6th December 1994

ANNEX

TERMS AND CONDITIONS OF THE  
RIGHT TO THE USE OF THE LAND

PLAN 1

PLAN OF THE BOUNDARIES DEMARCATING

THE ENTITLEMENT TO THE RIGHT TO THE USE OF THE LAND

3 SPECIFICATIONS FOR THE USE OF THE LAND

1. The use of the land in the assigned Land Parcel shall comply with the uses of the land stipulated in this Contract.
2. The Development Company shall formulate the Detailed Plan of the Land Parcel to be developed and implement the Detailed Plan upon the approval of the Detailed Plan by the State government.
3. The construction designs in the Land Parcel to be developed and the use of the Land Parcel for construction shall comply with the masterplan of the Suzhou Industrial Park, the masterplan of the first phase of development, the Detailed Plan and the specifications for the use of the land as defined in this Contract.
4. Public right of way shall be retained in Fengmentang which is located in the assigned Land Parcel. The original river courses in the Land Parcel shall be dealt with in accordance with the Masterplan.
5. Ports and harbours shall not, in general, be constructed in Fengmentang which is located in the assigned Land Parcel and Loujiang which is located at the northern side of the assigned Land Parcel. In the event that it is confirmed that the construction of any port or harbour is required, such construction shall be submitted for the approval of the local department for the administration of navigation.

4 PUBLIC BASIC INFRASTRUCTURE AND PUBLIC AND SOCIAL AMENITIES

1. Public Basic Infrastructure  
The Development Company shall be responsible for the construction of the Public Basic Infrastructure in the assigned Land Parcel in relation to road networks, pipelines for water, gas, sewage and heating, navigation

channels, revetments, and cables, wires and lines for inter alia telecommunications and the supply of power and electricity. The construction of Public Basic Infrastructure for serving the industrial land and for overall service shall be completed by the end of the year of 1996 and such Public Basic Infrastructure shall comply with the existing designs in China and regulated standards for construction. The business operations of such Public Basic Infrastructure shall be conducted in accordance with the stipulations of the State.

2. Public and Social Amenities

The construction of the relevant Public and Social Amenities in the Land Parcel shall be carried out in accordance with the approved masterplan of the Suzhou Industrial Park and the Detailed Plan. The land used for the construction of such Public and Social Amenities shall be provided without any payment by the Development Company.

The Development Company shall assist in the construction and provision of complementary Public and Social Amenities for the residential districts. The local government shall be responsible for the management and operation of the Public and Social Amenities located in the land.

5 INTRODUCTION OF PROJECTS

1. The Development Company shall be responsible for the attraction of investors to invest in the Land Parcel and the strict implementation of the approved development and construction plan. In the event that there are special circumstances which require any change in the progress of construction, the Development Company and SLAB shall, after friendly negotiations, make proper arrangements therefor.

2. The construction projects which are introduced into the Land Parcel shall, in accordance with the relevant stipulations for the examination, approval and management of such projects, be submitted for the approval of the relevant departments of the government of China.

6 SUPERVISION AND INSPECTION

During the tenure of the use of the land, SLAB shall supervise and inspect the use of the land in the assigned Land Parcel:

2. The Development Company shall not for any reason occupy any land outside the assigned Land Parcel (including using such land for the storage and accumulation of inter alia any objects or appliances) without the prior approval of Party A. Any breach of this provision shall be dealt with as an unlawful use of the land.
3. The Development Company shall comply with the stipulated uses of the land and the specifications of the engineering design drawings in carrying out construction, failing which SLAB shall be entitled to order the stopping of such construction and to mete out punishment in accordance with the relevant stipulations.
4. The formalities for the submission for approval shall, in accordance with the stipulations, be completed in inter alia any demolition, modification or reconstruction of the buildings or structures in the Land Parcel, failing which the relevant law enforcement departments shall be entitled to order the restoration of the previous state-of-affairs or the demolition of such buildings or structures. Any refusal to execute such order may result in the compulsory enforcement in accordance with the law and the expenses incurred for such enforcement shall be paid by the offender concerned.

ANNEX: TERMS AND CONDITIONS OF THE RIGHT  
TO THE USE OF THE LAND

1 DEVELOPMENT ENTERPRISE

The Land Parcel which is assigned under this Contract shall undergo tract development by China-Singapore Suzhou Industrial Park Development Co., Ltd. (hereinafter referred to as "Development Company") in accordance with the Masterplan and the Detailed Plan. The Development Company shall, in accordance with the law, be autonomous in its business operations and management in the Land Parcel but shall not have any administrative and judicial powers. The relationship between the Development Company and other enterprises shall be commercial.

2 ESTABLISHMENT OF BOUNDARY MARKERS

Upon the formal execution of this Contract, the formalities for the delivery of the land in stages and in separate lots shall be carried out in accordance with the development and construction plan as approved by the government. The Land Administration Bureau of the Municipality of Suzhou (hereinafter referred to as "SLAB") and the Development Company shall, in accordance with the plan of a Land Plot, examine the boundary marker located at each corner of the co-ordinates as indicated on the boundaries, verify the accuracy of the area of such Land Plot, upon which the Parties shall sign on the plan of such Land Plot as confirmation of such examination and verification. The boundary markers shall be properly protected by the Development Company and shall not be moved without permission. In the event that any boundary marker is damaged or moved, SLAB shall be notified in time for the re-establishment of such boundary marker. Any expense incurred in relation to such re-establishment shall be paid by the Development Company.

PLAN 2

PLAN OF THE GEOGRAPHICAL

LOCATION OF THE LAND PARCEL

DATED THIS 6th DAY OF DECEMBER

1994

BETWEEN

THE LAND ADMINISTRATION

BUREAU

OF THE MUNICIPALITY OF

SUZHOU

THE PROVINCE OF JIANGSU,

THE PEOPLE'S REPUBLIC OF

CHINA

AND

CHINA-SINGAPORE SUZHOU

INDUSTRIAL

PARK DEVELOPMENT CO.

LTD.

-----  
CONTRACT FOR THE  
ASSIGNMENT OF THE RIGHT  
TO THE USE OF THE STATE-  
OWNED LAND  
IN THE SUZHOU INDUSTRIAL  
PARK  
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ANNEXURE 3

LAND USE CERTIFICATE FOR THE RIGHT TO THE USE OF  
2,927,777 SQUARE METRES OF LAND ISSUED BY  
THE LAND ADMINISTRATION BUREAU OF  
THE MUNICIPALITY OF SUZHOU, THE PROVINCE OF JIANGSU

## ANNEXURE 4

LAND USE CONDITIONS  
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## 1. BOUNDARY

- 1.1 Before the execution of the "Contract for the Transfer of the Right to Use State-Owned Land" (hereinafter referred to as "the Contract"), the Land Administration Bureau of the Suzhou Industrial Park (hereinafter referred to as "Land Bureau") together with the transferor and the transferee shall verify each of the boundary markings as marked in the red-line map. All the parties will signify their verification that the land area is correct by endorsing on the map of the Land Parcel. The boundary signs must be protected by the land user and shall not be privately removed. In the event that the boundary signs are removed or damaged, the land user shall immediately inform the Land Bureau to reinstate the boundary signs and the expenses shall be borne by the land user.

## 2. CONDITIONS FOR USE OF LAND

- 2.1 The land user shall comply with the following conditions in its use of any part of the land within the Land Parcel. A Planning Permit shall also be obtained:-
- (1) The land shall be used for factory purpose and the built-in area for such use shall not be less than 50% of the total built-in area;
  - (2) Annex : Administration office  
with a built-in area of not more than 25% of the total built-in area;
  - (3) The maximum plot ratio is 2.5,  
the minimum plot ratio is 0.3;
  - (4) Density of the Building is \_\_\_\_\_ (Not Applicable)
  - (5) Height of the Building: Maximum/Average \_\_\_\_\_ (Not Applicable)  
floors;
  - (6) Green Belt rate of \_\_\_\_\_ (Not Applicable) %
  - (7) The construction and design applied within the Land Parcel shall comply with the existing standards of construction and design stipulated by the PRC.

## 3. PUBLIC PROJECT

## 3.1 Water supply and electricity supply

The land user shall bear the cost of water and electricity connections and that for road construction.

## 4. DESIGN, CONSTRUCTION AND COMPLETION

4.1 The building design and purpose within the Land Parcel shall comply with the requirements of the land use. Matters pertaining to transportation, laying of pipelines, fire safety, civil defence, environmental protection, and waterway shall be submitted to the relevant departments for approval before construction and such matters shall be managed by an agency appointed by the government. All expenses thereby incurred shall be borne by the land user.

4.2 The land user shall complete construction in three (3) phases and each phase shall be completed in accordance with the applicable Planning Permit within a period of less than two (2) years, the first phase of which shall be completed by 31 December 1997. The land user may, six (6) months before the expiration of the stipulated period, apply to the Land Bureau for an extension of time in the event of force majeure or other exceptional circumstances.

4.3 If the land user fails to comply with the completion period as stipulated in Clause 4.2 and is unable to obtain approval for an extension in accordance with Clause 4.2, the land department shall be entitled to exercise governmental rights empowered by the regulations against the land user or towards the Land Parcel.

## 5. CONSTRUCTION AND MAINTENANCE

5.1 The responsibilities to be borne by the land user with regard to the surrounding environment and facilities when carrying out construction and maintenance within the Land Parcel includes:

- (1) Not to occupy or damage the land and facilities beyond the Land Parcel with construction materials or discarded articles (sand, broken stones, construction debris). Approval from the government shall be obtained for any temporary use of municipal roads.

The land user shall discuss with the land user concerned for any temporary use of land beyond the Land Parcel; if the land concerned is land not yet approved by the government, the land user shall apply to the land management department for approval and shall pay the requisite land use fees.

- (2) Not to dump, store or deposit any materials, debris or carry out any construction activities in the common areas without the approval of the relevant departments.
  - (3) To ensure the proper discharge of sewage, waste, foul-smelling items or any waste which pollutes the environment and not to cause any damage to the surrounding environment.
  - (4) To safeguard the municipality facilities within the Land Parcel during the period of the land use right to prevent damage thereto. Failing which, the land user shall be liable for all repair and reinstatement costs and any other damages arising therefrom.
- 5.2 The land user shall not develop, destroy or excavate neighbouring or other land.
- 5.3 Before construction or maintenance, the land user shall familiarise itself with the drains, water ways (including hose reel), cables, wires and the location of other facilities on the Land Parcel and those of the neighbouring land, and shall submit the plan relating thereto to the relevant departments. The land user shall not commence work before obtaining approval. The land user shall bear all cost of rerouting, re-construction or re-installation.

6. SUPERVISION AND INSPECTION

- 6.1 During the period of the land use right, the Land Bureau is entitled to inspect and supervise the use of Land Parcel by the land user. The land user shall not object to and cause any obstruction thereto.
- 6.2 The land user shall not occupy land not part of the Land Parcel for whatsoever reasons (including the deposit of articles or appliances) without any approval, otherwise, the land user shall be dealt with as an unlawful occupant of the land.

- 6.3 The land user shall carry out the construction within the Land Parcel in accordance with the stipulated land purpose and the approved project design plans.
- 6.4 The land user shall not wilfully demolish, alter or reconstruct the buildings within the Land Parcel without approval from the Planning Department. The relevant department shall have the right to instruct the land user to reinstate or demolish the demolished, altered or reconstructed building (as the case may be). In the event of non-compliance to reinstate or demolish the building, the relevant department shall have the right to enforce its order. All expenses shall be borne by the land user.

## ANNEXURE 5

PAYMENT OF LAND PRICE  
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- (1) The Land Price shall be paid by Party B to Party A by instalments at the following times and in the manner set out in paragraph (3) of this Annexure:
  - (a) within seven (7) days after the signing of this Contract, a sum equal to 25% of the Land Price;
  - (b) within fourteen (14) days after receipt by Party B of the notification issued by the Land Administration Bureau of SIP to Party B for collection of the Title Documents, a sum equal to 50% of the Land Price;
  - (c) within fourteen (14) days after the date of issue of Party A's notice notifying Party B that the installation of electrical power supply cable, town gas pipe, sewer pipe and water pipe in accordance with the terms of this Contract has been completed, a sum equal to 15% of the Land Price;
  - (d) within fourteen (14) days after the date of issue of Party A's notice notifying Party B that the construction of access road up to the boundary of the Land Parcel has been completed, a sum equal to 10% of the Land Price.
- (2) The aforesaid notices issued by Party A informing Party B of the completion of the abovementioned Public Basic Infrastructure may be given in any order and, for the purpose of payment, shall be accepted by Party B that the said Public Basic Infrastructure has been completed on the date stated therein.
- (3) The instalments referred to in paragraph (1) shall be paid to Party A by way of electronic transfer of funds to the Bank of China Industrial Park Sub-Branch of 88 Donghuan Road, Suzhou, 215001 People's Republic of China for the US\$ A/c No 412-148-250-000-188 and payment shall be deemed to be received by Party A only upon the payment being received by Party A's aforesaid Bank and credited into Party A's aforesaid account.



NOW THIS DEED WITNESSETH as follows:--

1. DEFINITIONS

In this Guarantee, except where the context otherwise requires:-

"United States Dollar(s)" and "US \$" mean the lawful currency of the United States of America;

"Business Day" means in relation to United States Dollars, a day (other than Saturday or Sunday) on which commercial banks are open for dealings in deposits of United States Dollars in both Suzhou, The People's Republic of China and New York;

"Guarantee" means this Guarantee as from time to time amended, modified or supplemented (and any document which amends, modifies or supplements this Guarantee);

Words (including words defined herein) denoting the singular number only shall include the plural and vice versa.

The words "written" and "in writing" include any means of visible reproduction.

References to "Clauses" are to be construed as references to clauses of this Guarantee. Any reference to a sub-Clause or a paragraph is to a sub-Clause or paragraph of the Clause in which such reference appears.

2. GUARANTEE

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- 2.1 In consideration of CSSD agreeing at the request of the Company and the Guarantor to enter into the Contract with the Company and to the Company paying the Land Price by way of instalments in accordance with the terms of the Contract and in consideration of the sum of US\$10/- paid by CSSD (the receipt and sufficiency of which is hereby acknowledged by the Guarantor), the Guarantor hereby irrevocably and unconditionally guarantees to CSSD as principal obligor and not merely as surety, that if for any reason the Company does not pay all or any part of the Secured Sum by the time, on the date and in the manner specified in the Contract, the Guarantor will pay that sum, in the currency in which that sum is payable by the Company under the Contract.
- 2.2 The Guarantor shall make payment to CSSD immediately upon first demand given by CSSD to the Guarantor without requiring CSSD to take any further step in relation to the Company except that CSSD agrees to give the Guarantor written notice that the Company has failed to pay any

part of the Secured Sum on the date or in the manner specified in the Contract and to allow the Guarantor 14 days to make such payment. The Guarantor hereby waives any right it may have of first requiring CSSD to proceed against, or enforce any other rights or security of the Company or any other person before claiming from the Guarantor hereunder.

- 2.3 As between the Guarantor and CSSD but without affecting the Company's obligations, the Guarantor shall be liable under this Guarantee as if it were the sole principal debtor and not merely a surety. Accordingly, the Guarantor shall not be discharged, nor shall its liability be affected, by anything which would not discharge it or affect its liability if it were the sole principal debtor (including (1) any time, indulgence, waiver or consent at any time given to the Company or any other person, (2) any amendment to any other provision of this Guarantee or its related security document or any security or other guarantee or indemnity, (3) the making or absence of any demand on the Company or any other person for payment, (4) the enforcement or absence of enforcement of the Contract or of any security or other guarantee or indemnity, (5) the release of any security or other guarantee or indemnity, (6) the insolvency, dissolution, reconstruction or reorganisation of the Company or any other person, (7) the illegality, invalidity or unenforceability of or any defect in any provision of this Guarantee or any of the Company's obligations under the Contract or (8) any other matter or thing whatsoever).
- 2.4 This Guarantee shall be a continuing guarantee and shall extend to the ultimate balance of the Secured Sum payable by the Company under the Contract notwithstanding any change in the names, style or constitution of the Company.
- 2.5 The obligations of the Guarantor under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable under this Guarantee and no part of the Secured Sum remains payable under the Contract. Furthermore, those obligations of the Guarantor are additional to, and not instead of; any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise.
- 2.6 So long as any sum remains payable under this Guarantee:-
- (a) any right of the Guarantor, by reason of performance of any of its obligations under this Clause 2, to be indemnified by the Company or to take the benefit of or enforce any security or other guarantee or indemnity shall be exercised and enforced by the Guarantor only in such manner and on such terms as CSSD may require; and
  - (b) any amount received or recovered by the Guarantor as a result of any exercise of any such right in contravention of the provisions of paragraph (a) above up to the amount of the Secured Sum shall be held in trust for CSSD and immediately paid to CSSD.

- 2.7 Any amount received or recovered by CSSD (otherwise than as a result of a payment by the Company to CSSD) in respect of any sum payable by the Guarantor under this Guarantee may be placed in an interest bearing suspense account and kept there for so long as any sum then due and payable under this Guarantee remains payable to CSSD under this Guarantee.
- 2.8 As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any part of the Secured Sum expressed to be payable by the Company to CSSD under the Contract but which is for any reason (whether or not now existing and whether or not now known or becoming known to any party to the Contract or this Guarantee) not recoverable from the Guarantor on the basis of a guarantee shall nevertheless be recoverable from it as if it were the sole principal debtor and shall be paid by it to CSSD on first demand.

3. PAYMENTS

-----

- 3.1 Unless otherwise provided by this Guarantee, all payments of any amounts due from the Guarantor under this Guarantee to CSSD shall be made (1) if due in United States Dollars, in United States Dollars in immediately available and freely transferable funds, not later than 10 a.m. (Suzhou time) on the due date, by crediting such account of CSSD as CSSD may from time to time designate, and (2) if due in any other currency, in that currency in same day funds by 10 a.m. (of the time of the country of that currency) on the due date, by crediting such account of CSSD with such bank as CSSD may from time to time designate.
- 3.2 Whenever any payment under this Guarantee would but for sub-Clause 3.1 fall due on a day which is not a Business Day, then the due date for payment thereof shall be postponed to the next succeeding day which is a Business Day.
- 3.3 If the amount received by CSSD from the Guarantor on any date is less than the total sum remaining or becoming due under this Guarantee on that date, then regardless of any appropriation of all or part of that amount by the Guarantor, CSSD shall apply that amount in payment of whichever part(s) of that sum it determines to be most appropriate.

4. CURRENCY INDEMNITY

-----

- 4.1 Any amount received or recovered by CSSD in respect of any sum expressed to be due to it from the Guarantor under or in connection with this Guarantee in a currency (such currency being referred to as the "Relevant Currency") other than the currency in which such sum is expressed to be due under this Guarantee (such currency being referred to as the "Currency of Account") whether as a result of, or of the enforcement of, a judgment or order of a court or tribunal of any jurisdiction, in the dissolution of the

Guarantor or otherwise, shall only constitute a discharge to the Guarantor to the extent of the amount in the Currency of Account which CSSD is able, in accordance with its usual practice, to purchase with the amount of the Relevant Currency so received or recovered in such other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

- 4.2 If that amount in the Currency of Account is less than the amount of the Currency of Account due to CSSD under or in connection with this Guarantee, the Guarantor shall indemnify it against any loss sustained by it as a result. In any event, the Guarantor shall indemnify CSSD against the cost of making any such purchase.
- 4.3 The indemnities contained in this Clause 4 constitute a separate and independent obligation from the other obligations in this Guarantee, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by CSSD and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Guarantee or any judgment or order. No proof or evidence of any actual loss may be required.

5. TAXES  
-----

- 5.1 All sums payable by the Guarantor under this Guarantee shall be paid (1) free of any restriction or condition, (2) free and clear of and (except to the extent required by law) without any deduction or withholding on account of any taxes and (3) without deduction or withholding (except to the extent required by law) on account of any other amount, whether by way of set-off or otherwise.
- 5.2 If the Guarantor (or any person on its behalf) is required by law to make any deduction or withholding on account of any such tax or other amount from any sum paid or payable by the Guarantor to CSSD under this Guarantee:-
- (a) the Guarantor shall notify CSSD of any such requirement or any change in such requirement as soon as it becomes aware of it;
  - (b) the Guarantor shall pay any such tax or other amount before the date on which penalties attach thereto;
  - (c) the sum payable by the Guarantor in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, CSSD receives on the due date and retains (free from any liability in respect of any such deduction, withholding or payment) a net sum equal to what it would have received and so retained had no such deduction, withholding or

payment been required or made; and

- (d) within 14 days after paying any sum from which it is required by law to make any deduction or withholding, and within 14 days after the due date of payment of any tax or other amount which it is required by paragraph (b) to pay, the Guarantor shall deliver to CSSD evidence satisfactory to CSSD of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority.

6. REPRESENTATIONS AND WARRANTIES  
-----

6.1 The Guarantor represents and warrants to and for the benefit of CSSD that:-

- (1) it has the power to enter into and perform this Guarantee and has taken all necessary action to authorise the execution, delivery and performance of this Guarantee and the transactions contemplated hereby in accordance with the terms hereof;
- (2) this Guarantee constitutes the legal, valid and binding obligations of the Guarantor, enforceable in accordance with the terms hereof for so long as the Company has any liability under the Contract to pay the Secured Sum or any part thereof and its obligations hereunder will constitute direct, unconditional and general obligations of the Guarantor;
- (3) the execution, delivery and performance by it of this Guarantee and the transactions contemplated hereby will not exceed any power granted to it by or violate in any material respect any provision of (i) any law or regulation or any order or decree of any governmental authority, agency or court to which it is subject, or (ii) any provision of its constitutive documents, or (iii) any contract or other undertaking, agreement or instrument to which it is a party or which is binding upon it or any of its assets, and does not and will not result in the creation or imposition of any charge, pledge, hypothecation, preferential right, lien, encumbrance or security interest on any of its assets pursuant to the provisions of any such contract or other undertaking or instrument; and
- (4) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) in order (a) to enable it lawfully to enter into and perform and comply with its obligations under this Guarantee, and (b) to ensure that those obligations are legally binding and enforceable, have been taken, fulfilled and done.

- 6.2 The Guarantor warrants to and for the benefit of CSSD that each of the above representations and warranties will be correct and complied with in all material respects so long as any sum remains payable under this Guarantee or so long as any part of the Secured Sum remains payable under the Contract.

7. COSTS AND EXPENSES  
-----

The Guarantor shall pay to CSSD on demand all costs and expenses (including legal fees) incurred by CSSD in protecting or enforcing any rights against the Guarantor under this Guarantee.

8. CALCULATIONS AND EVIDENCE  
-----

The entries made in the accounts maintained by CSSD in accordance with its usual practice shall be prima facie evidence of the existence and amounts of the obligations of the Guarantor recorded in them.

9. ASSIGNMENT  
-----

- 9.1 This Guarantee shall benefit and be binding on the parties, their respective successors and any permitted assignee or transferee of some or all of a party's rights or obligations under this Guarantee. Any reference in this Guarantee to any party shall be construed accordingly.
- 9.2 The Guarantor shall not assign or transfer all or part of its rights or obligations under this Guarantee.
- 9.3 CSSD may assign all or part of its rights under this Guarantee without the consent of the Guarantor. Any such assignee shall be entitled to the full benefit of this Guarantee to the same extent as if it were an original party in respect of the rights assigned to it.
- 9.4 CSSD may disclose to a potential assignee or any other persons proposing to enter into contractual arrangements with CSSD in relation to the Contract or this Guarantee such information about the Guarantor as it may think fit.

10. REMEDIES AND WAIVERS  
-----

Save as otherwise provided in this Guarantee, time shall be of the essence of this Guarantee but no failure on the part of CSSD to exercise, and no delay on its part in exercising, any right or remedy under this Guarantee will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the

exercise of any other right or remedy. The rights and remedies provided in this Guarantee are cumulative and not exclusive of any rights or remedies provided by law.

11. NOTICES  
-----

11.1 Any demand, consent, notice or other communication ("notice") authorized or required to be made hereunder shall be in writing and may be given by facsimile, telex, cable, post or hand to a party addressed as follows:-

To the Guarantor: Advanced Micro Devices, Inc.  
One AMD Place  
P.O. Box 3453, Mail Stop 68  
Sunnyvale, CA 94088-3453, U.S. A.  
Attention: Thomas Michael McCoy, Secretary  
Facsimile: (408) 774 7002

To CSSD: China-Singapore Suzhou Industrial Park  
Development Co., Ltd.  
128 Zhu Hui Lu, the Municipality of Suzhou,  
the Province of Jiangsu,  
The People's Republic of China,  
Postal Code 215006  
Attention : Chief Executive Officer  
Facsimile: 512-529 7941

11.2 A notice:

- (a) if sent by telex shall be deemed to be received upon receipt by the sender of the answerback code and the number of the recipient at the conclusion of the transmission;
- (b) if delivered by facsimile transmission shall be deemed to be received on the date of transmission;
- (c) if sent by prepaid registered or certified post (airmail, if appropriate) shall be deemed to have been given two (2) business days after the day on which it was posted;
- (d) if delivered by hand during normal business hours on a business day shall be deemed to have been given on that day, or in any other case of hand delivery shall be deemed to have been given on the business day following the date of delivery.

## 12. PARTIAL INVALIDITY

-----  
 The illegality, invalidity or unenforceability of any provision of this Guarantee under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

## 13. GOVERNING LAW AND JURISDICTION

- 
- 13.1 This Guarantee shall be governed by, and construed in accordance with, the laws of Singapore.
- 13.2 In relation to any legal action or proceedings arising out of or in connection with this Guarantee ("Proceedings"), the Guarantor hereby irrevocably submits to the jurisdiction of the courts of Singapore and waives any objection to Proceedings in any such courts on the grounds of venue or on the grounds that the Proceedings have been brought in an inconvenient forum.
- 13.3 Those submissions shall not affect the right of CSSD to take Proceedings in any other jurisdiction nor shall the taking of Proceedings in any jurisdiction preclude CSSD from taking Proceedings in any other jurisdiction.
- 13.4 The Guarantor hereby irrevocably appoints AMD Holdings (Singapore) Pte Ltd whose present address is at 24 Raffles Place #26-05 Clifford Centre Singapore (or, such other person in Singapore as the Guarantor may propose to and agreed by CSSD in writing from time to time) to receive, for the Guarantor and on its behalf, service of process in any Proceedings in Singapore. Such service shall be deemed completed on delivery to the process agent (whether or not it is forwarded to and received by the Guarantor). However, nothing shall affect CSSD's right to serve process in any other manner permitted by law.

IN WITNESS WHEREOF this Guarantee has been executed as a Deed the day and year first above written.

Signed, sealed and delivered by

for and on behalf of  
 ADVANCED MICRO DEVICES, INC.  
 in the presence of:-

(Notary Public)

ANNEXURE 7

RESULTS OF SOIL TESTS CONDUCTED BY PARTY B  
-----

## Sheet 1

AMD Suznou  
Sail Analysis Summary

from Keller & Gannon Final Report dated May 1995  
Units = mg/kg

Sample Location

Compound	Sample Location							DET. Limits (mg/kg)
	K1	K2	K3	G3	G7	G4	G6	
Methamidophos	ND	ND	ND					0.05
Dimethoate	ND	ND	ND					0.01
Parathion-meth	ND	ND	ND					0.02
Nitrofen	ND	ND	ND					0.00005
Cypermethrin	ND	ND	ND					0.001
alpha -HCH	ND	0.00010	ND					0.00005
gamma -HCH	ND	ND	ND					0.00002
pp'-DDE	ND	ND	ND					0,00008
Org. C(%)	2.00	2.76	2.23					
Zn	88.90	85.00	78.90					
Ni	40.90	35.90	39.60					
Cu	49.80	51.10	54.30					
Pb	29.70	41.40	46.11					
Cr	53.00	48.90	50.20					
Cd	0.13	0.12	0.10					
As	8.00	5.90	4.60					
Hg	0.22	0.16	0.29					
Co	13.70	14.00	12.70					
Ag	0.13	0.12	0.52					
Mo	11.90	12.50	9.40					
TPH				206.00	154.00	101.00	183.00	

Map accompanying annexure 7 of the property in Suzhou, China has been omitted.

## ANNEXURE 8

DESIGN SPECIFICATIONS OF  
PUBLIC BASIC INFRASTRUCTURE  
-----WATER PIPE:  
-----

The water pipe serving the Land Parcel shall have a capability of delivering 965 cu metres of water per day.

ELECTRICITY SUPPLY CABLE:  
-----

The electrical power supply cable serving the Land Parcel shall have a capability of delivering 8,000 kilowatts.

SEWERAGE PIPE:  
-----

The sewer system serving the Land Parcel shall have a capability of disposing of 965 cu metres of sewage per day.

TOWN GAS PIPE:  
-----

The town gas pipe serving the Land Parcel shall have a capability of delivering 2,724 cu metres of gas per day.



Exhibit 11  
ADVANCED MICRO DEVICES, INC.

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

Three Years Ended December 31, 1995  
(Thousands except per share)

PRIMARY	1993 -----	1994 -----	1995 -----
Weighted average number of common shares outstanding during the year.....	90,660	93,914	102,279
Incremental common shares attributable to shares issuable under employee stock plans (assuming proceeds would be used to purchase treasury stock).....	4,448 -----	3,596 -----	3,296 -----
Total shares.....	95,108 =====	97,510 =====	105,575 =====
Net Income:			
Amount applicable to common shares.....	\$218,431	\$294,916	\$300,511
Per Share.....	\$2.30	\$3.02	\$2.85
FULLY DILUTED			
Weighted average number of common shares outstanding during the year.....	90,660	93,914	102,279
Incremental common shares attributable to shares issuable under employee stock plans (assuming proceeds would be used to purchase treasury stock).....	4,547	3,802	3,413
Preferred stock.....	6,856 -----	6,854 -----	1,343 -----
Total shares.....	102,063 =====	104,570 =====	107,035 =====
Net income:			
Amount applicable to common shares.....	\$218,431	\$294,916	\$300,511
Preferred stock dividends.....	10,350	10,350	10
Net adjusted income.....	\$228,781	\$305,266	\$300,521
Per share.....	\$2.24	\$2.92	\$2.81



[LOGO OF AMD APPEARS HERE]

1995  
ANNUAL  
REPORT

CORPORATE  
profile

As the front cover indicates, Advanced Micro Devices Inc. (AMD) recently changed its logo. The new "AMD" logo more accurately reflects the way shareholders, customers and employees refer to the company.

AMD, which focuses on the personal and networked computing and communications markets, produces microprocessors and related peripherals, flash memories, programmable logic devices, and circuits for telecommunications and networking applications. AMD has sales offices worldwide and has manufacturing facilities in Sunnyvale, California; Austin, Texas; Bangkok, Thailand; Penang, Malaysia; Singapore; and Aizu-Wakamatsu, Japan.

AMD was founded in 1969. The company is headquartered in Sunnyvale, California and employs approximately 12,700 people worldwide. AMD became a publicly held company in 1972 and since 1979 has been listed on the New York Stock Exchange with the trading symbol of AMD for its common shares.

FINANCIAL  
highlights

Five Years Ended December 31, 1995  
(Dollars in thousands except per share amounts, ratios, and  
employment figures)

	91	92	93	94	95
Net sales	\$1,226,649	\$1,514,489	\$1,648,280	\$2,134,659	\$2,429,724
Operating income	109,160	269,945	305,053	513,139	348,277
Net income	145,287	245,011	228,781	305,266	300,521
Net income per common share:					
Primary	1.53	2.57	2.30	3.02	2.85
Fully diluted	1.52	2.49	2.24	2.92	2.81
Working capital	170,862	385,114	509,567	394,452	475,032
Stockholders' equity	783,356	1,046,740	1,352,271	1,735,265	2,100,128
Capital additions	137,202	222,064	388,181	582,944	645,237
Depreciation and amortization	155,935	152,313	175,275	215,984	262,501
Research and development	213,765	227,860	262,802	279,984	397,555
Research and development as a percentage of sales	17.4%	15.0%	15.9%	13.1%	16.4%
Return on equity	20.5	26.8	19.1	19.8	15.7
Debt as a percentage of capital	21.0%	6.0%	9.1%	7.5%	11.5%
Worldwide employment	11,254	11,554	12,065	11,793	12,730

[BAR CHARTS APPEAR HERE]

TO OUR FELLOW  
shareholders

In 1995 the worldwide semiconductor industry experienced a remarkable 42 percent growth in revenues. Robust unit demand from a strong and increasingly memory-hungry personal computer market led to shortages and uncharacteristically stable prices for DRAMs (dynamic random-access memories). Led by 70 percent growth in the DRAM sector, the semiconductor industry had a strong wind at its back.

AMD developed a rip in its mainsail, and we didn't catch the wind. Our revenue growth was an unremarkable 14 percent.

The rip in our mainsail was our tardiness in bringing to market our fifth-generation, AMD-K5(TM) microprocessor, the first member of our K86 RISC SUPERSCALAR(TM) family. In the first half of the year, sales of Am486(R) microprocessors were robust and made substantial contributions to earnings. In the second half, as demand shifted rapidly to the fifth-generation Pentium processor, prices for 486 devices declined sharply, and more importantly, unit demand dropped. Our difficulties in the microprocessor arena masked the outstanding success we achieved in the remainder of our businesses, which, in the aggregate, achieved a 36 percent growth rate over the prior year.

Revenues of \$2,429,724,000 resulted in net income of \$300,521,000, or \$2.81 per share on a fully diluted basis for 1995. For the prior year, AMD reported revenues of \$2,134,659,000 and net income of \$305,266,000, or \$2.92 per share fully diluted.

Personal computers, with worldwide sales in excess of 65 million units in 1995 and projected to reach 100 million units in 1998, represent AMD's greatest opportunity. Microsoft(R) Windows(R)-compatible microprocessors are our strategic thrust in this market.

AMD has a singular opportunity in the PC market, where intellectual property requirements impose high barriers to market entry and limit the number of major

participants. In January of 1995, AMD and Intel concluded a landmark agreement settling all outstanding legal disputes. In December, we concluded a second landmark agreement with Intel when we negotiated a new, five-year cross-license agreement. This agreement assures that AMD has legal rights to all the enabling intellectual property necessary to continue providing our customers with competitive products that are fully software compatible with the Intel instruction set.

Success in the microprocessor arena, however, requires more than compatibility. Customers want a high-volume supplier. If customers are to reap the benefits of competition, an alternate source must be capable of manufacturing its products in sufficient volume to affect supplies, prices, and the pace of technological advances. Critical success factors include core competence in advanced microprocessor design, leading-edge process technology, and manufacturing capacity to capture a significant market share.

During the past year we took action on all fronts to fortify our position as the only credible challenger to Intel in Windows-compatible microprocessors. We achieved a successful startup at our new megafab for microprocessors and advanced logic products -- Fab 25 in Austin, Texas -- and commenced volume production. Today, we are producing all of our microprocessors in Fab 25 on sixth-generation CS34 0.35-micron technology.

We plan to break ground in Dresden, Germany, by the end of 1996 for our next megafab for future generations of Windows-compatible microprocessors and other high-volume logic products. This facility, to be known as Fab 30, is scheduled to commence production by the end of 1998 on 0.25-micron technology, and subsequently migrate to 0.18-micron technology.

In January of this year we completed our acquisition of NexGen, Inc., significantly enhancing our core competency in advanced microprocessor design and acquiring a sixth-generation microprocessor design in an advanced stage of development.

With this design, the AMD-K6(TM) microprocessor, we expect to have--for the first time in our history--microprocessor products competitive with Intel's latest mainstream products in a contemporaneous time frame in 1997. The key to achieving success, of course, is flawless execution.

We believe the future of computation is increasingly being driven by convergence with communications. Communications networks, including the public and private infrastructure and wireless technologies, present great opportunities for AMD.

AMD is now the world's number one supplier of integrated circuits for local area network applications. In 1996 we expect to supply more than 10 million networking devices to the manufacturers of adapter cards, backbones, routers, and other devices. AMD is a leading supplier to industry leaders such as Cisco Systems, whose products supply more than 80 percent of the backbone of the Internet -- and virtually every Cisco product contains an AMD chip. Indeed, the path to the Internet is paved with AMD silicon!

AMD's SLIC (subscriber line interface circuit) and SLAC(TM) (subscriber line audio-processing circuit) products have made AMD the world's leading supplier of circuits for linecards for the public communications infrastructure. We have a similar credential in the private infrastructure (i.e., enterprise networks) as well, where we are the leading supplier of Ethernet hubs and FDDI (Fiber Distributed Data Interface) circuits.

Over the longer term, we expect that wireless networks will drive growth in the communications sector. We are positioning ourselves to capitalize on this opportunity.

In 1995 even a 70 percent year-to-year growth rate in revenues from our AMD MACH(R) family of complex programmable logic devices (CPLDs) was insufficient to keep pace with our principal competitors. We are looking to our new MACH 5 CPLD products to reverse this trend. With densities as high as 20,000 gates, architectural superiority and industry-leading speeds as fast as 7.5 nanoseconds, MACH 5 products have won high praise from beta site customers. Volume production has commenced, and members of the product family will be introduced throughout the year.

Our progress in flash memories has rewarded our commitment. Flash memory sales exceeded \$500 million--a year-to-year increase of more than 150 percent--as our 5-volt-only architecture continued to win customer acceptance. We successfully started production at our Fujitsu AMD Semiconductor Limited (FASL) joint-venture megafab at Aizu-Wakamatsu, Japan, and rapidly ramped production. By year-end AMD had achieved a 30 percent market share with demand outstripping capacity. We have just begun volume shipments of our industry-leading 2.7-volt-only flash products, which we believe are essential to mobile computation and communications.

Flash memory has proved to be an ideal solution for a broad array of applications. AMD has achieved leadership in flash process technology and products. Our near-term challenge is to add capacity to capitalize on the expanding market opportunities. Consistent with our intention to be the lowest-cost producer of flash memories, we are moving to 0.35-micron technology and proceeding with construction of a second FASL megafab for flash memories in Aizu-Wakamatsu. Early in 1996 we broke

ground at Suzhou, China, for an assembly and test facility for high-volume, cost-sensitive products, including flash memories.

While the successes we have achieved across virtually all of our product lines are gratifying, they are currently overshadowed by the absence of our competitive response to the Pentium in the PC marketplace. For many, AMD is defined by its microprocessor business, which in turn drives our participation in the PC market. Our opportunity is enormous. The stakes are high. Our commitment is total and irrevocable. The planned introduction of the first of our K86 SUPERSCALAR microprocessors in the second quarter of this year, with higher-performance versions expected in the second half of the year in volume production, should enable us to achieve acceptable overall growth and post improved operating results.

1996 will be a challenging year for us. We plan to meet the challenge.

Thank you for your continuing support

/s/ W.J.Sanders III

/s/ Richard Previte

W.J.Sanders III

Richard Previte

Chairman and  
Chief Executive Officer

President and  
Chief Operating Officer

February 22, 1996

-----  
The forward looking statements contained in the above letter are subject to risks and uncertainties, including those discussed in the Company's Form 10-K for the fiscal year ended December 31, 1995, as filed with the Securities and Exchange Commission, that could cause actual results to differ materially from those projected.  
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MANAGEMENT'S  
discussion and analysis  
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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RESULTS OF OPERATIONS

Net sales of \$2.4 billion in 1995 rose by approximately 14 percent from 1994. This increase was primarily attributable to substantial growth in Flash memory sales and secondarily due to an increase in sales of communication products, the combination of which more than offset a decline in microprocessor sales. Net sales in 1994 increased by approximately 30 percent from 1993 due to substantial growth in microprocessor sales.

Sales of Flash memory devices increased in 1995 from 1994 primarily due to growth in unit shipments and secondarily due to a change in product mix resulting in higher average selling prices. Prices may decline in 1996 due to increased competition. The company plans to continue to meet projected long-term demand for Flash memory devices primarily through its manufacturing joint venture, Fujitsu AMD Semiconductor Limited (FASL), in which AMD has a 49.95 percent equity interest. During 1995, Flash memory devices contributed, and are expected to continue to contribute in 1996, a significant and increased portion of the company's revenues and profits.

Revenues from communication products rose from 1994 to 1995 primarily due to growth in the Ethernet family of products. Sales of CMOS programmable logic devices increased from 1994 to 1995 primarily due to increased unit shipments. In 1995, EPROM sales decreased as compared to 1994 due to comparable declines in both unit shipments and average selling prices.

In 1995, Am486(R) microprocessor sales decreased slightly primarily due to average selling price declines, partially offset by increases in unit sales. Am486 microprocessor products contributed a significant portion of the company's revenues and profits in 1994 and 1995. Price declines are anticipated to continue in 1996 while unit shipments may be flat to down depending on market demand. The company, therefore, expects Am486 microprocessor revenues and profits in 1996 to be below those of 1995 as the product life cycle of the fourth-generation x86 products draws to a close.

On January 17, 1996, NexGen, Inc. (NexGen) merged with and into AMD. The company plans to bring to production status NexGen's sixth-generation design as the AMD-K6(TM) microprocessor. The company does not expect any sales of AMD-K6 in 1996.

Gross margin was 47 percent in 1995 as compared to 54 percent in 1994 and 52 percent in 1993. The three main factors contributing to the decrease in gross margin in 1995, in order of significance, were first, Am486 price declines; second, purchase prices of FASL products, which are higher than the costs of similar products manufactured internally; and third, the transition of Fab 25 costs from research and development to cost of sales when production commenced in September 1995. The impact of gross margin declines caused by purchase of FASL products during 1995 was mostly offset by the company's share of FASL income. The increase in gross margin from 1993 to 1994 was primarily attributable to increased sales from higher margin Am486 products during 1994.

Gross margin is anticipated to decline further in 1996 due to continuing pricing pressures on Am486 microprocessors, increasing purchases from FASL, and higher expenses and continuing transition of Fab 25 costs from research and development to cost of sales as production volume increases.

Research and development expenses for 1995 increased to \$398 million from \$280 million in 1994, and \$263 million in 1993. These increases were primarily due to higher Fab 25 expenses and secondarily due to increased microprocessor development costs.

Marketing, general, and administrative expenses were \$385 million for 1995, \$359 million for 1994, and \$291 million for 1993. The increase from 1994 to 1995 was primarily attributable to higher advertising expenses. The incremental change from 1993 to 1994 was mainly due to increased legal and microprocessor advertising expenses. The company expects to incur transaction fees and other costs incidental to the NexGen merger in the first quarter of 1996 estimated to be approximately \$10 million.

Interest income and other, net rose from 1994 to 1995 primarily due to higher interest rates during 1995 and secondarily due to a realized gain of approximately \$3 million from equity securities sold during 1995. In 1994, interest income and other, net included a net charge of approximately \$5 million resulting from the security class action lawsuit and stockholders' derivative action settlements, and a gain from the damages award in an arbitration proceeding with Intel Corporation. Interest expense decreased from 1993 through 1995. These decreases resulted from higher capitalized interest mainly related to the construction of Fab 25.

The income tax rate was approximately 30, 33, and 28 percent in 1995, 1994, and 1993, respectively. The lower tax rate in 1995 resulted from lower state taxes and increased benefits from low taxed foreign income. The lower tax rate in 1993 was primarily due to available tax credit carryforwards.

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MANAGEMENT'S  
discussion and analysis  
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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International sales were 56, 55, and 54 percent of total sales in 1995, 1994, and 1993, respectively. During 1995, approximately 17 percent of the company's net sales were denominated in foreign currencies. The company does not have sales denominated in local currencies in those countries which have highly inflationary economies. (A highly inflationary economy is defined in accordance with the Statement of Financial Accounting Standard No. 52 as one in which the cumulative inflation over a three-year consecutive period approximates 100 percent.) 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 1995, these hedging transactions were denominated in lira, yen, French franc, deutsche mark, and pound sterling. The maturities of these contracts are generally short-term in nature. The company believes its foreign exchange contracts do not subject the company to material risk from exchange rate movements because gains and losses on these contracts are designed to offset losses and gains on the net monetary asset position being hedged. Net foreign currency gains and losses have not been material. As of December 31, 1995, the company had approximately \$37 million (notional amount) of foreign exchange forward contracts (see Notes 2, 3, and 4 to the Consolidated Financial Statements).

The company has engaged in interest rate swaps primarily to reduce its interest rate exposure by changing a portion of the company's interest rate obligation from a floating rate to a fixed rate basis. At the end of 1995, the net outstanding notional amount of interest rate swaps was \$190 million, of which \$150 million will mature in 1996 and \$40 million will mature in 1997. Gains and losses related to these interest rate swaps have been immaterial (see Notes 2, 3, and 4 to the Consolidated Financial Statements).

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

In 1995, the Financial Accounting Standards Board released the Statement of Financial Accounting Standard No. 121 (SFAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets. SFAS 121 is effective for fiscal years beginning after December 15, 1995. Adoption of SFAS 121 is not expected to have a material impact on the company's financial condition or results of operations.

The company accounts for its stock option plans and its employee stock purchase plan in accordance with provisions of the Accounting Principles Board's Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees." In 1995, the Financial Accounting Standards Board released the Statement of Financial Accounting Standard No. 123 (SFAS 123), "Accounting for Stock Based Compensation." SFAS 123 provides an alternative to APB 25 and is effective for fiscal years beginning after December 15, 1995. The company expects to continue to account for its employee stock plans in accordance with the provisions of APB 25. Accordingly, SFAS 123 is not expected to have any material impact on the company's financial condition or results of operations.

#### FINANCIAL CONDITION

Cash, cash equivalents, and short-term investments increased by \$113 million from 1994 to 1995. This increase was primarily attributable to a \$150 million term loan obtained in January of 1995. The \$612 million of cash generated from operating activities in 1995 was used to fund investments in property, plant, and equipment to expand manufacturing capacity primarily related to Fab 25.

Working capital increased by \$81 million from \$394 million at the end of 1994 to \$475 million at the end of 1995. This increase was primarily due to higher cash, cash equivalents, and short-term investments.

At the end of 1995, the company's total cash investment in FASL was \$160 million as compared to \$142 million at the end of 1994. No additional cash investment is currently planned for 1996. In 1995, FASL approved construction of a second Flash memory fab, FASL II, at a site contiguous to the existing FASL facility in Aizu-Wakamatsu, Japan. Groundbreaking on FASL II occurred in the first quarter of 1996. The planned \$1.1 billion in capital expenditures for FASL II construction is expected to be



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funded by the cash anticipated to be generated from FASL operations and, if necessary, bank borrowings by FASL. However, in the event that FASL is unable to secure the necessary funds for FASL II, AMD is required to contribute cash or guarantee third-party loans in proportion to its percentage of interest in FASL. The planned FASL II costs are denominated in yen and, therefore, are subject to change due to foreign exchange rate fluctuations.

On January 11, 1995, the company and Intel Corporation reached an agreement to settle all previously outstanding legal disputes between the two companies. As part of the settlement, in December 1995, the company signed a five-year, comprehensive patent cross-license agreement with Intel which expires on December 31, 2000. The agreement provides that after December 31, 1999, the parties will negotiate in good faith a patent cross-license agreement to be effective January 1, 2001. Effective January 1, 1996, the new agreement gives the company and Intel the rights to use each others' patents and certain copyrights, exclusive of microprocessor microcode copyrights. The cross-license is royalty-bearing for the company's products that use certain Intel technologies. The company is required to pay Intel minimum non-refundable royalties during the years 1997 through 2000.

As of the end of 1995, the company had the following financing arrangements: unsecured committed bank lines of credit of \$250 million, unutilized; long-term secured equipment lease lines of \$132 million, which were fully utilized; short-term, unsecured uncommitted bank credit in the amount of \$96 million, of which \$27 million was utilized; and an outstanding \$150 million four-year term loan.

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

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

The company is currently planning to build a submicron wafer fabrication facility in Dresden, Germany, at an estimated cost of approximately \$1.5 billion over the next 5 years before German government financing. The company plans to make capital investments estimated at \$700 million throughout 1996, including \$350 million for Fab 25 and \$75 million for the new facility in Dresden. The company presently anticipates that it will augment its working capital and fund a portion of its 1996 capital expenditures through external debt financing.

The company believes that cash flows from operations and current cash balances, together with current and anticipated external financing, will be sufficient to fund operations and capital investments currently planned for 1996.

CAUTIONARY STATEMENT

The statements in this Management's Discussion and Analysis that are forward looking, for example, estimates of 1996 gross margin, microprocessor and Flash memory business and prospects, capital spending, impact of the NexGen merger, external financing plans, financial instruments, and FASL II, are based on current expectations and actual results may differ materially. Forward looking statements contained in this Management's Discussion and Analysis involve numerous risks and uncertainties that could cause actual results to differ materially, including but not limited to the timely development of and market acceptance of new products, the impact of competitive products and pricing, the timely development of wafer fabrication process technologies, the effect of changing economic conditions, business conditions and growth in the personal computer market, continued demand for the company's microprocessor and Flash memory products, the company's ability to access external sources of capital, and such risks and uncertainties detailed from time to time in the company's SEC reports and filings, including the Form 10-K for the 1995 fiscal year and the Registration Statement on Form S-4 (Registration Statement No. 33-64911) filed by the company in connection with its acquisition of NexGen. Certain of these risks and uncertainties are discussed below.

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#### RISK FACTORS

The semiconductor industry is generally characterized by a highly competitive and rapidly changing environment in which operating results are subject to the effects of new product introductions, manufacturing technology innovations, rapid fluctuations in product demand, the availability of manufacturing capacity, and the ability to secure and maintain intellectual property rights. While the company attempts to identify and respond to rapidly changing events and conditions as soon as possible, the anticipation of and reaction to such events are an ongoing challenge. The company's future results of operations and financial condition may be adversely impacted by various factors. Certain of these risk factors are detailed in the description of the company's business in the company's Form 10-K for the fiscal year ended December 31, 1995 under the caption "Business." In addition to those factors, the following risk factors should be considered by holders of AMD common stock.

The company expects that its operating results will be subject to potentially substantial quarterly and other fluctuations due to a variety of factors, including competitive pricing pressures, anticipated decreases in unit average selling prices of the company's products, fluctuations in manufacturing yields, availability and cost of products from suppliers, the gain or loss of significant customers, new product introductions by the company 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 affecting the timing of customer orders and capital spending, a downturn in the market for PCs, and order cancellations or rescheduling. Customers may change delivery schedules or cancel orders without significant penalty. Many of the factors listed above are outside of the control of the company. These factors are difficult to forecast, and these or other factors could materially adversely affect quarterly or annual operating results.

A significant portion of the company's revenues and profits in 1995 have been derived from Am486 products. The company expects Am486 microprocessor revenues and profits in 1996 to be below those of 1995. As the product life cycle of fourth-generation x86 products draws to a close, the company anticipates that its ability to maintain or expand its current levels of revenues and profits in the future will depend upon its success in developing and marketing in a timely manner its next generation of microprocessor products, the K86 RISC SUPERSCALAR(TM) products. The company expects 1996 to be a transitional year in the development of its next generation of microprocessor products and believes that the acquisition of NexGen is important to the development and introduction of K86(TM) products. Future generations of K86 products will face competition not only from x86 products manufactured by Intel and others, but also from products based upon an increasing number of different architectures which have been developed or are under development by Hewlett-Packard Company, IBM, Motorola, Inc., Sun Microsystems, Inc., and other manufacturers of integrated circuits. No assurance can be given that the K86 products will achieve market acceptance or be introduced before the average selling prices of comparable products have materially declined from their initial levels. The company has an agreement with Compaq Computer Corporation (Compaq) under which it supplies Compaq with microprocessor products, primarily Am486 products; however, the agreement does not require Compaq to purchase microprocessor products from the company. The company believes that Compaq will consider the purchase of K86 microprocessors when they become available. No assurance can be given that any purchases will be made or, if they are, that they will not be terminated by Compaq due to the availability of competing microprocessor products.

Numerous firms compete with the company in the manufacture and sale of integrated circuits. Some of these firms have resources greater than those of the company and do not depend upon integrated circuits as their principal source of revenues. There is also significant captive production by certain large users of integrated circuits, such as manufacturers of computers, telecommunications equipment, and consumer electronics. The company competes for integrated circuit market share with, among others, Intel, Texas Instruments, Motorola, IBM, National Semiconductor Corporation, Philips, Nippon Electric Co., SGS-Thomson, Hitachi, Toshiba, Fujitsu Ltd., Matsushita, Mitsubishi, Samsung, Hyundai, and Siemens, all of whom are actively attempting to increase their respective and collective worldwide market shares. Intel, in particular, has long held a dominant position in the market for microprocessors used in PCs. Intel's dominant market position has to date allowed it to set x86 microprocessor standards and thus dictate the type of product that the market requires of Intel's competitors. In addition, Intel's financial

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MANAGEMENT'S  
discussion and analysis  
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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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 who are forced to reduce prices to maintain competitiveness. The company expects Intel to continue to spend substantial sums on research and development, on new manufacturing facilities, and to maintain its dominant position through advertising campaigns designed to engender brand loyalty to Intel among PC purchasers. As long as Intel remains in this dominant position, its product introduction schedule and product pricing strategy may adversely and materially affect AMD's business, operating results, and financial condition.

The substantial resources which the company has devoted to the development of the AMD-K5(TM) microprocessor, the first member of the K86 family, in 1995 has impacted the company's efforts to develop successive generation products, such as those designed to compete with the Pentium Pro and Intel's subsequent generation products. To the extent that the introduction of each generation of K86 products is delayed, the company's revenues and profits will be materially adversely affected.

On January 17, 1996, the company acquired NexGen in a tax-free reorganization in which NexGen was merged directly into the company. The merger will be accounted for under the pooling-of-interests method. The shareholders of NexGen receive eight-tenths (0.8) of a share of the common stock of AMD for each outstanding share of the common stock of NexGen. The company expects to issue approximately 33.6 million shares of its common stock to the holders of NexGen common stock, options, rights to purchase under the employee stock purchase plan and warrants.

The dilution resulting from the merger could reduce the earnings per share of common stock unless and until earnings growth or other business benefits sufficient to offset the effect of the issuance can be achieved. There can be no assurance that such benefits will be achieved. Achieving the anticipated benefits of the merger will depend in part upon whether the integration of the two companies' businesses is accomplished in an efficient and effective manner, and there can be no assurance that this will occur. The inability of management to integrate the operations of the two companies successfully could have a material adverse effect on the business and results of operations of the company. As commonly occurs with mergers of technology companies, aggressive competitors may undertake formal initiatives during the integration phase to attract customers and to recruit key employees through various incentives.

Prior to the merger, NexGen granted limited manufacturing rights regarding certain of its current and future products, including the Nx586(R) and Nx686(TM), to IBM and Compaq. The rights of IBM and Compaq to produce NexGen products for their own use and the rights of IBM to produce limited volumes of NexGen products for sale to third parties could reduce the potential market for NexGen products produced by the company, the profit margin achievable with respect to such products, or both.

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

Due to the factors noted above, the company's future operations, financial condition, and stock price may be subject to volatility. Based on the trading history of its stock, the company believes that factors such as quarterly fluctuations in the company's financial results, announcements of new products by the company 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 AMD common stock. In addition, an actual or anticipated shortfall in revenue, gross margin, or earnings from securities analysts' expectations could have an immediate effect on the trading price of the company's common stock in any given period.

Am486, MACH, and Nx586 are registered trademarks of AMD.  
K86, K86 RISC SUPERSCALAR, AMD-K5, AMD-K6, SLAC and Nx686  
are trademarks of AMD.  
Microsoft and Windows are registered trademarks of Microsoft Corporation.

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CONSOLIDATED  
statements of income

Three Years Ended December 31, 1995 (Thousands except per share amounts)	95	94	93
Net sales	\$2,429,724	\$2,134,659	\$1,648,280
Expenses:			
Cost of sales	1,298,876	982,306	789,564
Research and development	397,555	279,984	262,802
Marketing, general, and administrative	385,016	359,230	290,861
	2,081,447	1,621,520	1,343,227
Operating income	348,277	513,139	305,053
Litigation settlement	--	(58,000)	--
Interest income and other, net	30,763	16,259	16,490
Interest expense	(707)	(1,844)	(2,910)
Income before income taxes and equity in joint venture	378,333	469,554	318,633
Provision for income taxes	112,738	153,703	89,218
Income before equity in joint venture Equity in net income (loss) of joint venture	265,595	315,851	229,415
	34,926	(10,585)	(634)
Net income	300,521	305,266	228,781
Preferred stock dividends	10	10,350	10,350
Net income applicable to common stockholders	\$ 300,511	\$ 294,916	\$ 218,431
Net income per common share:			
Primary	\$2.85	\$3.02	\$2.30
Fully diluted	\$2.81	\$2.92	\$2.24
Shares used in per share calculation:			
Primary	105,575	97,510	95,108
Fully diluted	107,035	104,570	102,063

See accompanying notes

CONSOLIDATED  
balance sheets

December 31, 1995, and December 25, 1994  
(Thousands except share and per share amounts)

95

94

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Assets		
Current assets:		
Cash and cash equivalents	\$ 113,354	\$ 84,643
Short-term investments	377,293	293,211
	-----	-----
Total cash, cash equivalents, and short-term investments	490,647	377,854
Accounts receivable, net of allowance for doubtful accounts of \$10,159 in 1995 and \$10,319 in 1994	275,733	337,107
Inventories:		
Raw materials	29,272	21,604
Work-in-process	68,827	72,632
Finished goods	56,571	34,454
	-----	-----
Total inventories	154,670	128,690
Deferred income taxes	108,989	98,675
Prepaid expenses and other current assets	66,729	44,293
	-----	-----
Total current assets	1,096,768	986,619
Property, plant, and equipment:		
Land	28,851	28,820
Buildings and leasehold improvements	893,321	500,530
Equipment	1,828,059	1,442,787
Construction in progress	180,742	492,792
	-----	-----
Total property, plant, and equipment	2,930,973	2,464,929
Accumulated depreciation and amortization	(1,294,881)	(1,200,718)
	-----	-----
Property, plant, and equipment, net	1,636,092	1,264,211
Investment in joint venture	176,821	124,588
Other assets	121,587	70,284
	-----	-----
	\$3,031,268	\$ 2,445,702
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable to banks	\$ 27,070	\$ 32,459
Accounts payable	223,708	149,122
Accrued compensation and benefits	105,651	104,526
Accrued liabilities	79,092	82,570
Litigation settlement	--	58,000
Income tax payable	56,297	53,795
Deferred income on shipments to distributors	100,057	83,800
Current portion of long-term debt and capital lease obligations	29,861	27,895
	-----	-----
Total current liabilities	621,736	592,167
Deferred income taxes	94,439	42,518
Long-term debt and capital lease obligations, less current portion	214,965	75,752
Commitments and contingencies	--	--
Stockholders' equity:		
Capital stock:		
Serial preferred stock (redeemed March 13, 1995), par value \$.10; 1,000,000 shares authorized; 345,000 shares issued and 344,862 shares outstanding in 1994	--	34
Common stock, par value \$.01; 250,000,000 shares authorized; 104,519,457 shares issued and outstanding in 1995 and 95,417,383 in 1994	1,047	956
Capital in excess of par value	735,825	698,673
Retained earnings	1,363,256	1,035,602
	-----	-----
Total stockholders' equity	2,100,128	1,735,265
	-----	-----
	\$3,031,268	\$ 2,445,702
	=====	=====

See accompanying notes

CONSOLIDATED  
statements of cash flows

Three Years Ended December 31, 1995  
(Thousands)

	95	94	93
<hr/>			
Cash flows from operating activities:			
Net income	\$ 300,521	\$ 305,266	\$ 228,781
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	262,501	215,984	175,275
Accrual for litigation settlement	--	58,000	--
Net (gain) loss on sale of property, plant, and equipment	2,152	276	(2,943)
Write-down of property, plant, and equipment	611	2,230	366
Gain realized on sale of available-for-sale securities	(2,707)	--	--
Compensation recognized under employee stock plans	2,483	1,971	1,313
Undistributed (income) loss of joint venture	(34,926)	10,585	634
Changes in operating assets and liabilities:			
Net increase in receivables, inventories, prepaid expenses, and other assets	(2,606)	(114,566)	(57,269)
Payment of litigation settlement	(58,000)	--	--
Net (increase) decrease in deferred income taxes	41,607	(21,072)	(27,021)
Increase in income tax payable	11,772	61,910	70,502
Net increase in payables and accrued liabilities	88,490	52,589	69,750
Net cash provided by operating activities	611,898	573,173	459,388
<hr/>			
Cash flows from investing activities:			
Purchase of property, plant, and equipment	(620,815)	(548,742)	(323,669)
Proceeds from sale of property, plant, and equipment	4,834	2,058	4,648
Purchase of available-for-sale securities	(678,071)	(36,700)	--
Proceeds from sale of available-for-sale securities	603,772	--	--
Purchase of held-to-maturity debt securities	(648,012)	(1,245,167)	(715,487)
Proceeds from maturities of held-to-maturity debt securities	642,229	1,416,431	566,773
Investment in joint venture	(18,019)	(139,175)	(3,160)
Net cash used in investing activities	(714,082)	(551,295)	(470,895)
<hr/>			
Cash flows from financing activities:			
Proceeds from borrowings	236,982	42,025	10,238
Payments on capital lease obligations and other debt	(125,614)	(68,898)	(22,386)
Proceeds from issuance of stock	23,073	39,565	42,401
Redemption of preferred stock and stockholder rights	(3,536)	--	--
Payments of preferred stock dividends	(10)	(10,350)	(10,350)
Net cash provided by financing activities	130,895	2,342	19,903
<hr/>			
Net increase in cash and cash equivalents	28,711	24,220	8,396
Cash and cash equivalents at beginning of year	84,643	60,423	52,027
Cash and cash equivalents at end of year	\$ 113,354	\$ 84,643	\$ 60,423
<hr/>			
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest (net of amounts capitalized)	\$ --	\$ 977	\$ 2,123
Income taxes	\$ 60,329	\$ 111,704	\$ 44,433
Non-cash financing activities:			
Equipment capital leases	\$ 24,422	\$ 34,202	\$ 64,512
Conversion of preferred stock to common stock	\$ 164,127	\$ --	\$ --
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See accompanying notes

notes

TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1995, December 25, 1994, and December 26, 1993

NOTE 1 NATURE OF OPERATIONS

AMD is a semiconductor manufacturer with manufacturing facilities in the U.S. and Asia, and sales offices throughout the world. Focusing on the personal and networked computing and communications markets, AMD is a global company that derives more than half of its revenues from international sales, mainly in Europe and Asia. The company provides programmable products in concert with applications solutions to the manufacturers of equipment for personal and networked computation and communications.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal year. The company uses a 52- to 53-week fiscal year ending on the last Sunday in December, which resulted in a 53-week year ended December 31, 1995. This compares with a 52-week fiscal year for 1994 and 1993, which ended on December 25 and 26, respectively.

Principles of consolidation. The consolidated financial statements include the accounts of the company and its subsidiaries. Upon consolidation, all significant intercompany accounts and transactions are eliminated. Also included in the financial statements of the company, under the equity method of accounting, is the company's 49.95 percent investment in Fujitsu AMD Semiconductor Limited (FASL).

Foreign currency translation. The U.S. dollar is the functional currency for the company's wholly-owned foreign subsidiaries. Translation adjustments, resulting from the process of translating foreign currency financial statements into U.S. dollars, are included in operations. The functional currency of the company's unconsolidated joint venture is the Japanese yen. Translation adjustments relating to the translation of these statements have not been material, and therefore, are not disclosed as a separate component of stockholders' equity.

Cash equivalents. Cash equivalents consist of financial instruments which are readily convertible to cash and have original maturities of three months or less at the time of acquisition.

Investments. The company classifies its marketable debt and equity securities into held-to-maturity and available-for-sale categories in accordance with the provisions of the Statement of Financial Accounting Standard No. 115 (SFAS No. 115), "Accounting for Certain Instruments in Debt and Equity Securities." In accordance with the FASB staff Special Report, "A Guide to Implementation of Statement 115 on Accounting for Certain Investments in Debt and Equity Securities," the company chose to reclassify, as of December 31, 1995, cash equivalents and short-term investments from held-to-maturity to available-for-sale. Securities classified as available-for-sale are reported at fair market value with the related unrealized gains and losses included in retained earnings. Realized gains and losses and declines in value of securities judged to be other than temporary are included in interest income and other, net. Interest and dividends on all securities are included in interest income and other, net.

Investments with maturities between three and twelve months are considered short-term investments. Short-term investments consist of money market auction preferred stocks and debt securities such as commercial paper, time deposits, certificates of deposit, bankers' acceptances, and marketable direct obligations of the United States Treasury.

Foreign exchange forward contracts. Foreign exchange forward contracts are used to hedge the company's net monetary asset positions in its foreign subsidiaries and the company's liabilities for products purchased from FASL. Realized gains and losses from these hedges are included in operations. Premiums and discounts, if any, are amortized over the life of the contract and included in operations.

Foreign currency options. Foreign currency options are used to hedge firm commitments with respect to the company's joint venture (FASL) investment. Realized gains and losses from these hedges are deferred and included in other assets or accrued liabilities, respectively. They are recognized in operations in the same period as the hedged transactions. Premiums and discounts, if any, are amortized over the life of the contract and included in operations.

Interest rate swaps. The company enters into interest rate swaps primarily to reduce its interest rate exposure by changing a portion of the company's interest rate exposure from a floating rate to a fixed rate basis. The differential between fixed and floating rates to be paid or received is accrued and recognized as an adjustment to interest expense. Accordingly, the related amount payable to or receivable from counterparties is included in other current assets or accrued liabilities.

notes

TO CONSOLIDATED FINANCIAL STATEMENTS

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Inventories. Inventories are stated principally at standard cost adjusted to approximate the lower of cost (first-in, first-out method) or market (net realizable value).

Property, plant, and equipment. Property, plant, and equipment is stated at cost. Depreciation and amortization are provided principally on the straight-line basis over the estimated useful lives of the assets for financial reporting purposes and on accelerated methods for tax purposes. Estimated useful lives for financial reporting purposes are as follows: machinery and equipment 3 to 5 years; buildings up to 26 years; and leasehold improvements are the shorter of the remaining terms of the leases or the estimated economic useful lives of the improvements.

In 1995, the Financial Accounting Standards Board released the Statement of Financial Accounting Standard No. 121 (SFAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets. SFAS 121 is effective for fiscal years beginning after December 15, 1995. Adoption of SFAS 121 is not expected to have a material impact on the company's financial position or results of operations.

Deferred income on shipments to distributors. A portion of sales is made to distributors under terms allowing certain rights of return and price protection on unsold merchandise held by the distributors. These agreements can be canceled by either party upon written notice, at which time the company generally repurchases unsold inventory. Accordingly, recognition of sales to distributors and related gross profits are deferred until the merchandise is resold by the distributors.

Advertising expenses. The company accounts for advertising costs as expense in the period in which they are incurred. Advertising expense for 1995, 1994, and 1993 was approximately \$40 million, \$31 million, and \$22 million, respectively.

Net income per common share. Primary net income per common share is based upon weighted average common and dilutive common equivalent shares outstanding using the treasury stock method. Dilutive common equivalent shares include stock options and restricted stock. Fully diluted net income per common share is computed using the weighted average common and dilutive common equivalent shares outstanding, plus other dilutive shares outstanding which are not common equivalent shares. Other dilutive shares which are not common equivalent shares include convertible preferred stock.

Employee stock plans. The company accounts for its stock option plans and its employee stock purchase plan in accordance with provisions of the Accounting Principles Board's Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees." In 1995, the Financial Accounting Standards Board released the Statement of Financial Accounting Standard No. 123 (SFAS 123), "Accounting for Stock Based Compensation." SFAS 123 provides an alternative to APB 25 and is effective for fiscal years beginning after December 15, 1995. The company expects to continue to account for its employee stock plans in accordance with the provisions of APB 25. Accordingly, SFAS 123 is not expected to have any material impact on the company's financial position or results of operations.

Use of estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements.

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

NOTE 3 FINANCIAL INSTRUMENTS

Financial instruments with off-balance-sheet risk.

As part of the company's asset and liability management, the company enters into various types of transactions that involve financial instruments with off-balance-sheet risk. These instruments are entered into in order to manage financial market risk, including interest rate and foreign exchange risk. The notional values, carrying amounts, and fair values are tabled below.

Foreign exchange forward contracts. The company enters into foreign exchange forward contracts to buy and sell currencies as economic hedges of its net monetary asset positions in its foreign subsidiaries and liabilities for products purchased from FASL. The hedging transactions in 1995 were denominated in lira, yen, French franc, deutsche mark, and pound sterling. The maturities of these contracts are generally less than six months.

notes

TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign currency options. The joint venture (FASL) investments are denominated in yen, and therefore, are subject to exposure due to fluctuations in yen exchange rates. Thus, the company hedges its exposures on certain firm commitments relating to the FASL investment with foreign currency options denominated in yen. The maturities of these options are generally less than six months. No foreign currency options were outstanding as of December 31, 1995.

Interest rate swaps. The company engaged in interest rate swaps primarily to reduce its interest rate exposure on its term loan and on a building lease obligation by changing a portion of the company's interest rate obligation from a floating rate to a fixed rate basis without exchanges of the underlying notional amounts. The fixed interest rates are based on one to five year swap rates, and the floating interest rates are based on three or six month LIBOR. These interest rate swaps will mature in 1996 and 1997.

Fair value of financial instruments with off-balance-sheet risk. The estimates of fair value were obtained using prevailing financial market information as of December 31, 1995. In certain instances where judgment is required in estimating fair value, price quotes were obtained from certain of the company's counterparty financial institutions.

(Thousands)	95			94		
	Notional Amount	Carrying Amount	Fair Value	Notional Amount	Carrying Amount	Fair Value
Interest rate instruments:						
Swaps	\$190,000	\$(518)	\$(1,694)	\$40,000	\$(518)	\$ 228
Foreign exchange instruments:						
Foreign exchange forward contracts	36,670	(102)	(102)	32,651	536	536
Foreign currency options	-	-	-	12,662	-	(200)

Fair value of other financial instruments.

The carrying value of short-term debt approximates fair value due to its short-term maturity. The fair value for long-term debt was estimated using discounted cash flow analysis based on estimated interest rates for similar types of borrowing arrangements.

The carrying amounts and estimated fair values of the company's other financial instruments are as follows:

(Thousands)	95		94	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term debt:				
Notes payable	\$ 27,070	\$ 27,070	\$32,459	\$32,459
Long-term debt (excluding capital leases)	167,527	169,146	20,933	20,255

Securities held-to-maturity and available-for-sale.

The following is a summary of held-to-maturity and available-for-sale securities included in cash and cash equivalents and short-term investments as of December 31, 1995 and December 25, 1994.

(Thousands)	Available-for-sale	Held-to-maturity
Certificates of deposit	\$ 15,002	\$ 4,997
Treasury notes	10,437	-
Federal agency notes	9,202	-
Security repurchase agreements	53,370	50,800
Commercial paper	14,914	24,760
Other debt securities	434	1,672
	-----	-----
Total cash equivalents	\$103,359	\$ 82,229
	=====	=====
Certificates of deposit	\$ 70,551	\$ 95,342
Municipal notes and bonds	52,256	-
Corporate notes	37,898	101,850
Treasury notes	54,933	44,877
Commercial paper	46,656	14,442
Money market auction preferred stocks	114,999	36,700
	-----	-----
Total short-term investments	\$377,293	\$293,211
	=====	=====

notes

TO CONSOLIDATED FINANCIAL STATEMENTS

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On November 15, 1995, the FASB staff issued the Special Report, "A Guide to Implementation of Statement 115 on Accounting for Certain Investments in Debt and Equity Securities." In accordance with provisions in that Special Report, the company chose to reclassify cash equivalents and short-term investments from held-to-maturity to available-for-sale. At the date of the transfer, the amortized cost of those securities was approximately \$480.7 million. Since the securities transferred on December 31, 1995 are short-term in nature, changes in market interest rates did not have a significant impact on the fair value of these securities. The net unrealized gain on these securities was immaterial.

The available-for-sale equity securities that the company held, included in other assets, had a cost and fair value of \$14.5 million and \$75.1 million, respectively, as of December 31, 1995, and a cost and fair value of \$9.4 million and \$18.5 million, respectively as of December 25, 1994. At December 31, 1995, the total net unrealized holding gain on these equity securities, net of tax, was approximately \$42.5 million, of which \$33.4 million was recorded in 1995. The entire, net of tax, unrealized holding gain is included in retained earnings.

As of December 31, 1995, the company did not own any securities classified as trading.

NOTE 4 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the company to concentrations of credit risk consist primarily of cash equivalents, short-term investments, trade receivables, and financial instruments used in hedging activities.

The company places its cash equivalents and short-term investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure with any one financial institution. Investments in time deposits and certificates of deposit are acquired from banks having combined capital, surplus and undistributed profits of not less than \$200 million. Investments in commercial paper and money market auction preferred stocks of industrial firms and financial institutions are rated A1, P1 or better, investments in tax-exempt securities including municipal notes and bonds are rated AA, Aa or better, and investments in repurchase agreements must have securities of the type and quality listed above as collateral.

Concentrations of credit risk with respect to trade receivables are limited because a large number of geographically diverse customers make up the company's customer base, thus spreading the trade credit risk. The company controls credit risk through credit approvals, credit limits, and monitoring procedures. The company performs in-depth credit evaluations of all new customers and requires letters of credit, bank guarantees and advance payments, if deemed necessary. Bad debt expenses have not been material.

The counterparties to the agreements relating to the company's foreign exchange and interest rate instruments 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 the credit ratings of such counterparties, and limits the financial exposure and the amount of agreements entered into with any one financial institution. While the notional amounts of financial instruments are often used to express the volume of these transactions, the potential accounting loss on these transactions if all counterparties failed to perform is limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the obligations of the company to the counterparties.

NOTE 5 CONCENTRATIONS OF OTHER RISKS

Products. Microprocessor products and Flash memory devices contributed a significant portion of the company's revenues and profits in 1995. The company expects that its ability to maintain or expand its current levels of revenues and profits in the future will depend upon, among other things, its success in developing and marketing, in a timely manner, its next generation of microprocessor products, the K86 RISC SUPERSCALAR products, and future generations of Flash memory devices.

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Markets. The markets for the company's products are characterized by rapid technological developments, evolving industry standards, changes in customer requirements, frequent new product introductions and enhancements, and short product life cycles. The market for microprocessors and Flash memory devices is primarily dependent upon the market for personal computers. From time to time, the PC industry has experienced significant downturns, often in connection with, or in anticipation of, declines in general economic conditions. These downturns have been characterized by diminished product demand, production overcapacity, and resultant accelerated erosion of average selling prices. The company's business could be materially and adversely affected by industry-wide fluctuations in the PC marketplace in the future.

Inventories. Given the volatility of the market, the company makes inventory provisions for potentially excess and obsolete inventory based on backlog and forecasted demand. However, such backlog demand is subject to revisions, cancellations, and rescheduling. Actual demand will inevitably differ from such anticipated demand, and such differences may have a material effect on the financial statements.

Customers. The company markets and sells its products primarily to a broad base of customers comprised of Distributors and Original Equipment Manufacturers (OEMs) of computation and communication equipment. One of the company's distributors, Arrow Electronics, Inc., accounted for approximately 12 percent of 1995 net sales. No other Distributor or OEM customer constituted 10 percent or more of net sales in 1995.

International operations. The company derives more than half of its revenues from international sales. However, only a portion of the company's international sales were denominated in foreign currencies. Further, the company does not have any sales denominated in the local currencies of those countries which have highly inflationary economies.

Nearly all product assembly and final testing of the company's products are performed at its manufacturing facilities in Penang, Malaysia; Singapore; and Bangkok, Thailand; or by subcontractors in Asia. Wafer fabrication of certain products is performed at foundries in Asia. FASL wafer fabrication facilities are located in Aizu-Wakamatsu, Japan. Foreign manufacturing entails political and economic risks, including political instability, expropriation, currency controls and fluctuations, changes in freight and interest rates, and exemptions for taxes and tariffs. For example, if the company were unable to assemble and test its products abroad, or if air transportation between the United States, the company's overseas facilities and customers worldwide were disrupted, there could be a material adverse effect on the company's operations.

Materials. Certain of the 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 integrated circuit packages purchased by the company, 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 the company were unable to procure certain of such materials, it would be required to reduce its manufacturing operations, which could have a material adverse effect upon its results of operations.

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NOTE 6 STOCKHOLDERS' EQUITY

The following is a summary of the changes in the components of consolidated stockholders' equity for the three years ended December 31, 1995.

(Thousands)	Preferred Stock		Common Stock		Capital in Excess of Par Value	Retained Earnings	Total Stockholders' Equity
	Number of Shares	Amount	Number of Shares	Amount			
December 27, 1992	345	\$ 35	88,226	\$ 885	\$532,674	\$ 513,146	\$1,046,740
Issuance of shares:							
Employee stock plans	-	-	3,218	31	19,408	-	19,439
Fujitsu Limited	-	-	1,000	10	22,952	-	22,962
Compensation recognized under employee stock plans	-	-	-	-	1,313	-	1,313
Income tax benefits realized from employee stock option exercises	-	-	-	-	43,386	-	43,386
Preferred stock dividends	-	-	-	-	-	(10,350)	(10,350)
Net income	-	-	-	-	-	228,781	228,781
December 26, 1993	345	35	92,444	926	619,733	731,577	1,352,271
Issuance of shares:							
Employee stock plans	-	-	1,970	19	16,911	-	16,930
Fujitsu Limited	-	-	1,000	10	22,625	-	22,635
Compensation recognized under employee stock plans	-	-	-	-	1,971	-	1,971
Conversion of preferred stock to common stock	-	(1)	3	1	-	-	-
Income tax benefits realized from employee stock option exercises	-	-	-	-	37,433	-	37,433
Preferred stock dividends	-	-	-	-	-	(10,350)	(10,350)
Net income	-	-	-	-	-	305,266	305,266
Unrealized gain from available-for-sale investments	-	-	-	-	-	9,109	9,109
December 25, 1994	345	34	95,417	956	698,673	1,035,602	1,735,265
Issuance of shares:							
Employee stock plans	-	-	2,249	22	23,051	-	23,073
Compensation recognized under employee stock plans	-	-	-	-	2,483	-	2,483
Conversion of preferred stock to common stock	(345)	(34)	6,853	69	(2,536)	-	(2,501)
Income tax benefits realized from employee stock option exercises	-	-	-	-	15,189	-	15,189
Preferred stock dividends	-	-	-	-	-	(10)	(10)
Redemption of stockholder rights plan	-	-	-	-	(1,035)	-	(1,035)
Net income	-	-	-	-	-	300,521	300,521
Unrealized gain from available-for-sale investments and translation adjustment for joint venture	-	-	-	-	-	27,143	27,143
December 31, 1995	-	\$ -	104,519	\$1,047	\$735,825	\$1,363,256	\$2,100,128

NOTE 7 SERIAL PREFERRED STOCK

In March 1987, the company sold 345,000 shares of Convertible Exchangeable Preferred Stock, \$.10 par value. Dividends were payable quarterly in arrears at an annual rate of \$30 per share (6 percent) cumulative from the date of original issue. The preferred stock was redeemable for cash at any time at the option of the company, in whole or in part, at prices declining to \$500 per share at March 15, 1997, plus unpaid dividends. The preferred stock was convertible at any time at the option of the holder into common stock at the initial conversion rate of 19.873 common shares for each preferred share.

On February 10, 1995, the company called all outstanding shares of its preferred stock for redemption on March 13, 1995, at a redemption price of \$509.00 per share, plus \$7.30 of accrued and unpaid dividends. Prior to the redemption date, 343,427 shares of preferred stock

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TO CONSOLIDATED FINANCIAL STATEMENTS

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 were surrendered for conversion which resulted in the issuance of 6,824,694 shares of the company's common stock. Pursuant to previous arrangements, on March 14, 1995, the company sold 28,518 shares of its common stock to certain institutions and used the proceeds to fund the redemption of 1,435 shares of preferred stock which were not converted.

NOTE 8 STOCKHOLDER RIGHTS PLAN

In February 1990, the company adopted a stockholder rights plan and declared a dividend distribution of preferred stock purchase rights at the rate of one right for each share of common stock held as of the close of business on February 20, 1990. The rights were not exercisable, or transferable apart from the common stock, until certain events occurred. The rights were redeemable at any time at the option of the company.

On May 3, 1995, the company redeemed all its preferred stock purchase rights for a redemption price of \$.01 per right (approximately \$1 million) paid on May 24, 1995, to the holders of the company's common stock as of the redemption date.

NOTE 9 INCOME TAXES

Provision for income taxes consists of:

(Thousands)	95	94	93
Current:			
U.S. Federal	\$ 58,683	\$154,425	\$83,598
U.S. State and Local	1,855	13,001	3,640
Foreign National and Local	10,594	7,350	2,332
Deferred:			
U.S. Federal	43,827	(18,239)	(1,947)
U.S. State and Local	(3,167)	(2,820)	1,798
Foreign National and Local	946	(14)	(203)
Provision for income taxes	\$112,738	\$153,703	\$89,218

Tax benefits resulting from the exercise of nonqualified stock options and the disqualifying disposition of shares acquired under the company's incentive stock option and stock purchase plans reduced taxes currently payable as shown above by \$15.2 million, \$37.4 million, and \$43.4 million in 1995, 1994, and 1993, respectively. Such benefits were credited to capital in excess of par value when realized.

Under SFAS No. 109, deferred income taxes reflect the net tax effects of tax carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the company's deferred tax assets and liabilities as of December 31, 1995, December 25, 1994, and December 26, 1993 are as follows:

(Thousands)	95	94	93
Deferred tax assets:			
Deferred distributor income	\$ 40,583	\$ 31,396	\$ 31,349
Inventory reserves	29,665	18,809	14,935
Accrued expenses not currently deductible	16,717	39,467	21,799
Federal and state tax credit carryovers	6,249	2,873	30,888
Other	49,850	39,081	27,569
Total deferred tax assets	143,064	131,626	126,540
Less: valuation allowance	--	--	(26,415)
Net deferred tax assets	143,064	131,626	100,125
Deferred tax liabilities:			
Depreciation	(109,141)	(59,614)	(44,886)

Other	(19,373)	(15,855)	(20,154)
	-----	-----	-----
Total deferred tax liabilities	(128,514)	(75,469)	(65,040)
	-----	-----	-----
Net deferred tax assets	\$ 14,550	\$ 56,157	\$ 35,085
	=====	=====	=====

The 1993 valuation allowance for deferred tax assets, attributable to stock option deductions, were credited to equity upon realization in 1994.

Pretax income from foreign operations was \$60.6 million in 1995, \$45.7 million in 1994, and \$40.0 million in 1993.

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TO CONSOLIDATED FINANCIAL STATEMENTS

The following is a reconciliation between statutory federal income taxes and the total provision for income taxes:

(Thousands except percent)	95		94		93	
	Tax	Rate	Tax	Rate	Tax	Rate
Statutory federal income tax provision	\$132,417	35.0%	\$164,344	35.0%	\$111,522	35.0%
State taxes net of federal benefit	216	0.1	6,601	1.4	3,535	1.1
Tax exempt Foreign Sales Corporation income	(6,848)	(1.8)	(8,955)	(1.9)	(7,236)	(2.3)
Tax credits utilized	--	--	--	--	(5,004)	(1.5)
Foreign income at other than U.S. rates	(11,503)	(3.1)	(9,633)	(2.1)	(10,398)	(3.3)
Other	(1,544)	(0.4)	1,346	0.3	(3,201)	(1.0)
	\$112,738	29.8%	\$153,703	32.7%	\$ 89,218	28.0%
	=====	=====	=====	=====	=====	=====

No provision has been made for income taxes on approximately \$264.6 million of cumulative undistributed earnings of certain foreign subsidiaries because it is the company's intention to permanently invest such earnings. If such earnings were distributed, additional taxes of \$92.6 million would accrue.

The company's Far East assembly and test plants in Singapore and Thailand are operated under various tax holidays which expire in whole or in part during 1996 and 1998. Possible extensions of the holiday period, as well as other tax incentives, are anticipated to result in minimal tax liabilities in these countries through 1998. The net impact of these tax holidays was an increase in net income of approximately \$6.2 million (\$0.06 per share) in 1995.

NOTE 10 DEBT

The company has certain debt agreements that contain provisions regarding restrictions on cash dividends, maintenance of specified working capital and net worth levels, and specific financial ratio requirements. At December 31, 1995, the company was in compliance with all restrictive covenants of such debt agreements and all retained earnings were restricted as to payments of cash dividends on common stock.

Significant elements of uncommitted, unsecured revolving lines of credit are:

(Thousands except percent)	95	94
Total lines of credit	\$345,801	\$378,182
Portion of lines of credit available to foreign subsidiaries	95,801	128,182
Amounts outstanding at year-end:		
Short-term	27,070	32,459
Short-term borrowings:		
Average daily borrowings	29,666	33,449
Maximum amount outstanding at any month-end	36,105	35,384
Weighted monthly average interest rate	4.19%	4.32%
Average interest rate on amounts outstanding at year-end	4.41%	4.42%

Interest on foreign and short-term domestic borrowings is negotiated at the time of the borrowing.

Information with respect to the company's long-term debt and capital lease obligations at year-end is:

(Thousands)	95	94
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Term loan with variable interest at 7.06% at December 31, 1995 payable quarterly

through 1998	\$150,000	\$ --
Promissory notes with principal and 6.88% interest payable annually through January 2000, secured by a partnership interest	10,276	11,946
Mortgage with principal and 9.88% interest payable in monthly installments through April 2007	2,167	2,382
Obligations under capital leases	77,299	82,714
Obligations secured by equipment	4,990	6,482
Other	94	123
	-----	-----
	244,826	103,647
Less: current portion	(29,861)	(27,895)
	-----	-----
Long-term debt and capital lease obligations, less current portion	\$214,965	\$ 75,752
	=====	=====

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On January 5, 1995, the company obtained a \$150 million four-year term loan with a consortium of eight commercial banks. The loan has a floating interest rate that resets on the one, two, three, or six month LIBOR and requires quarterly interest payments with the principal to be paid at the end of the term in 1998. The interest rate on the loan at December 31, 1995 was 7.06 percent.

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For each of the next five years and beyond, long-term debt and capital lease obligations are:

(Thousands)	Long-term Debt (Principal only)	Capital Leases
1996	\$ 3,646	\$27,297
1997	3,802	26,255
1998	154,033	21,532
1999	2,326	6,949
2000	2,493	1,182
Beyond 2000	1,227	-
Total	167,527	83,215
Less: Amount representing interest	-	5,916
Total at present value	\$167,527	\$77,299

Obligations under the lease agreements are collateralized by the assets leased. Total assets leased were approximately \$141.5 million and \$131.3 million at December 31, 1995 and December 25, 1994, respectively. Accumulated amortization of these leased assets was approximately \$95.3 million and \$60.2 million at December 31, 1995 and December 25, 1994, respectively.

NOTE 11 INTEREST EXPENSE & INTEREST INCOME AND OTHER, NET

Interest expense

(Thousands)	95	94	93
Interest expense	\$ 18,750	\$10,138	\$ 9,994
Interest capitalized	(18,043)	(8,294)	(7,084)
	\$ 707	\$ 1,844	\$ 2,910

In 1995, interest expense primarily consisted of interest payments on the \$150 million four-year term loan the company entered into on January 5, 1995; and interest capitalized primarily related to the construction of Fab 25.

Interest income and other, net

(Thousands)	95	94	93
Interest income	\$27,816	\$22,456	\$15,990
Other income (loss)	2,947	(6,197)	500
	\$30,763	\$16,259	\$16,490

In 1995, other income (loss) primarily consisted of the \$2.7 million realized gain on an equity investment in Seeq Corporation. In 1994, other income (loss) primarily consisted of the \$33 million settlement cost related to the class action lawsuits and stockholders' derivative action offset by an \$18 million gain resulting from an award of damages in the arbitration proceedings with Intel. Also included in other income (loss) for all years presented is the net gain (loss) on the sale of assets.

NOTE 12 FOREIGN AND DOMESTIC OPERATIONS

The company is currently engaged in a single line of business: The design, development, manufacture, and sale of programmable products in concert with applications solutions to the manufacturers of equipment for personal and networked computation and communications.

Operations outside the United States include both manufacturing and sales. Manufacturing subsidiaries are located in Malaysia, Singapore, and Thailand. Sales subsidiaries are in Europe and Asia.

The following is a summary of operations by entities within geographic areas for the three years ended December 31, 1995:

(Thousands)	95	94	93
-----			
Sales to unaffiliated customers:			
North America	\$1,741,585	\$1,524,050	\$1,174,410
Europe	491,293	483,632	343,600
Asia	196,846	126,977	130,270
	-----	-----	-----
	\$2,429,724	\$2,134,659	\$1,648,280
	=====	=====	=====
Transfers between geographic areas (eliminated in consolidation):			
North America	\$ 743,117	\$ 563,303	\$ 444,378
Asia	396,158	323,050	277,496
	-----	-----	-----
	\$1,139,275	\$ 886,353	\$ 721,874
	=====	=====	=====
Operating income:			
North America	\$ 290,626	\$ 467,131	\$ 265,676
Europe	18,922	15,860	8,376
Asia	38,729	30,148	31,001
	-----	-----	-----
	\$ 348,277	\$ 513,139	\$ 305,053
	=====	=====	=====
Identifiable assets:			
North America	\$2,589,476	\$2,090,080	\$1,647,477
Europe	85,664	120,070	88,003
Asia	463,530	361,144	312,529
Eliminations	(107,402)	(125,592)	(118,778)
	-----	-----	-----
	\$3,031,268	\$2,445,702	\$1,929,231
	=====	=====	=====
U.S. export sales:			
Asia	\$ 485,625	\$ 436,120	\$ 314,268
Europe	190,866	117,811	109,226
	-----	-----	-----
	\$ 676,491	\$ 553,931	\$ 423,494
	=====	=====	=====
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Sales to unaffiliated customers are based on the location of the company's subsidiary. Transfers between geographic areas consist of products and services that are sold at amounts generally above cost and are consistent with governing tax regulations. Operating income is total sales less operating expenses. Identifiable assets are those assets used in each geographic area. Export sales are United States foreign direct sales to unaffiliated customers primarily in Europe and Asia.

NOTE 13 EMPLOYEE BENEFIT PLANS

Stock option plans. The company has several stock option plans under which key employees have been granted incentive (ISOs) and nonqualified (NSOs) stock options to purchase the company's common stock. Generally, options are exercisable within four years from the date of grant and expire five to ten years after the date of grant. ISOs granted under the plans have exercise prices of not less than 100 percent of the fair market value of the common stock at the date of grant. Exercise prices of NSOs may not be less than 50 percent of the fair market value of the common stock at the date of grant. At December 31, 1995, 2,940 employees were eligible and participating in the plans.

The following is a summary of stock option exercises:

(Thousands)	95	94	93
Aggregate exercise price	\$ 14,770	\$ 10,149	\$14,029
Options exercised	1,635	1,589	2,749

A summary of the stock option plans at December 31, 1995 and December 25, 1994 are shown below.

(Thousands except per share amounts)	95	94
Options:		
Outstanding at beginning of year	11,919	10,961
Granted	2,627	2,789
Canceled	(386)	(242)
Exercised	(1,635)	(1,589)
Outstanding at end of year	12,525	11,919
Exercisable at beginning of year	5,878	4,852
Exercisable at end of year	6,570	5,878
Available for grant at beginning of year	2,960	963
Available for grant at end of year	701	2,960
Aggregate exercise price of options outstanding at end of year	\$247,913	\$193,000
Average exercise price of options outstanding at end of year	\$19.79	\$16.19

Stock appreciation rights plans. The company maintains three stock appreciation rights plans under which stock appreciation rights (SARs) either have been or may be granted to key employees. The number of SARs exercised plus common stock issued under the stock option plans may not exceed the number of shares authorized under the stock option plans. SARs may be granted in tandem with outstanding stock options, in tandem with future stock option grants, or independently of any stock options. Generally, the terms of SARs granted under the plans are similar to those of options granted under the stock option plans, including exercise prices, exercise dates, and expiration dates. To date, the company has granted only limited SARs, which become exercisable only in the event of certain changes in control of the company.

Stock purchase plan. The company has a stock purchase plan that allows participating employees to purchase, through payroll deductions, shares of the company's common stock at 85 percent of the fair market value at specified dates. At December 31, 1995, 6,723 employees were eligible to participate in the plan and 482,182 common shares remained available for issuance under the plan. A summary of stock purchased under the plan is shown below.

(Thousands except employee participants)	95	94	93
-----			
Aggregate purchase price	\$10,873	\$8,115	\$6,413
Shares purchased	467	412	387
Employee participants	2,720	1,941	1,684
-----			

Profit sharing program. The company has a profit sharing program to which the Board of Directors has authorized semiannual contributions. Profit sharing contributions were \$44.7 million in 1995, \$57.0 million in 1994, and \$33.9 million in 1993.

Retirement savings plan. The company has a retirement savings plan, commonly known as a 401(k) plan, that allows participating United States employees to contribute from 1 percent to 15 percent of their pre-tax salary subject to IRS limits. The company makes a matching contribution calculated at 50 cents on each dollar of the first 3 percent of participant contributions, to a maximum of 1.5 percent of eligible compensation. The company's contributions to the 401(k) plan were \$4.3 million, \$3.7 million, and \$3.2 million for 1995, 1994, and 1993, respectively. There are four investment funds in which each employee may invest contributions in whole percentage increments.

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Restricted stock award plan. The company established the 1987 restricted stock award plan under which up to two million shares of common stock may be issued to employees, subject to terms and conditions determined at the discretion of the Board of Directors. The company entered into agreements to issue 226,427, 180,000, and 19,000 shares in 1995, 1994, and 1992, respectively. To date, agreements covering 212,212 shares have been canceled without issuance and 1,252,964 shares have been issued pursuant to prior agreements. At December 31, 1995, agreements covering 436,427 shares were outstanding under the plan and 310,609 shares remained available for future awards. Outstanding awards vest under varying terms within five years.

NOTE 14 COMMITMENTS

The company leases certain of its facilities under agreements which expire at various dates through 2011. The company also leases certain of its manufacturing and office equipment for terms ranging from one to six years. Rent expense was \$36.1 million, \$31.9 million, and \$31.9 million in 1995, 1994, and 1993, respectively.

For each of the next five years and beyond, noncancelable long-term operating leases obligations and commitments to purchase manufacturing supplies and services are as follows:

(Thousands)	Operating Leases	Purchase Commitments
1996	\$28,996	\$ 5,074
1997	22,298	4,868
1998	17,123	4,868
1999	11,426	4,868
2000	11,144	3,797
Beyond 2000	11,503	27,900

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The operating lease of the company's corporate sales and marketing facility expires in December 1998. The company has the option of extending the lease agreement or purchasing the building for \$40 million. The company may also consider alternative financing arrangements.

At December 31, 1995, the company had commitments of approximately \$93 million for the construction or acquisition of additional property, plant, and equipment.

The company is currently planning to build a submicron wafer fabrication and design facility in Dresden, Germany at an estimated cost of approximately \$1.5 billion over 5 years. The German federal and state governments will provide financing assistance to the facility through grants and allowances, loan guarantees, and loan interest subsidies. As of December 31, 1995, the company had commitments to make cash investments and loans, in aggregate, in this facility amounting to approximately \$350 million over the next 4 years.

In December 1995, the company signed a five-year, comprehensive patent cross-license agreement with Intel. The cross-license is royalty-bearing for the company's products that use certain Intel technologies. The company is required to pay Intel minimum non-refundable royalties during the years 1997 through 2000.

NOTE 15 INVESTMENT IN JOINT VENTURE

In 1993, the company and Fujitsu Limited established a joint venture, Fujitsu AMD Semiconductor Limited (FASL), to manufacture Flash memory devices. The company's share of FASL is 49.95 percent and the investment is being accounted for under the equity method. In 1995, the company invested an additional \$18.0 million in FASL, and the company's share of FASL net income during 1995 was \$34.9 million, net of income taxes of approximately \$18.8 million. At December 31, 1995, the adjustment related to the translation of the FASL financial statements into U.S. dollars resulted in a decrease of approximately \$6.2 million to the investment in FASL.

Pursuant to a cross-equity provision between AMD and Fujitsu Limited, the company purchased \$12.7 million of Fujitsu Limited shares, with certain resale restrictions. Under the same provision, Fujitsu Limited has purchased 2 million shares of AMD common stock, and is required to purchase an additional 2.5 million shares over the next several years, for a total investment not to exceed \$100 million. No purchases were made in 1995.

The following are condensed unaudited financial data of FASL:

Three Years Ended December 31, 1995				
(Unaudited)	(Thousands)	95	94	93
-----				
Net sales		\$252,069	\$ -	\$ -
Operating income (loss)		117,411	(32,203)	(1,772)
Net income (loss)		107,563	(32,293)	(1,772)

Dec. 31, 1995 and Dec. 25, 1994			
(Unaudited)	(Thousands)	95	94
-----			
Current assets		\$161,810	\$ 10,907
Non-current assets		326,252	263,380
Current liabilities		107,524	29,362
Non-current liabilities		284	60

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## NOTE 16 CONTINGENCIES

## I. Litigations

A. Class action lawsuits. On November 3 and 15, 1995, two class action lawsuits were filed, purportedly on behalf of purchasers of the company's stock from April 11, 1995, to September 25, 1995, alleging that the company and various of its officers and directors violated sections of the Securities Exchange Act of 1934 Rule 10b-5 promulgated thereunder by issuing allegedly false and misleading statements concerning the development and production of the AMD-K5 microprocessor. The complaints seek damages in an unspecified amount. Based upon information presently known to management, the company does not believe that the ultimate resolution of these lawsuits will have a material adverse effect upon the financial condition or results of operations of the company.

B. AMD v. Altera Corporation. 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. 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 upon the financial condition or results of operations of the company.

C. Thorn EMI North America, Inc. v. AMD. This litigation was filed in 1995 and alleges that AMD is infringing a patent owned by Thorn EMI North America, Inc. relating to the processes used by AMD to manufacture microprocessors. 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 upon the financial condition or results of operations of the company.

## II. SEC Investigation

The Securities and Exchange Commission (SEC) began an informal investigation of the company in 1993 concerning the company's disclosures relating to the development of microcode for one of its Am486 products. The company has been cooperating fully with the SEC.

## III. Environmental Matters

Clean-Up Orders. Since 1981, the company has discovered, investigated, and begun remediation of three sites where releases from underground chemical tanks at its facilities in Santa Clara County, California adversely affected the groundwater. The chemicals released into the groundwater were commonly in use in the semiconductor industry in the wafer fabrication process prior to 1979. At least one of the released chemicals (which is no longer used by the company) has been identified as a probable carcinogen.

In 1991, the company received four Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board, San Francisco Bay Region (RWQCB) relating to the three sites. One of the orders named the company as well as TRW Microwave, Inc. and Philips Semiconductors Corporation. Another of the orders named the company as well as National Semiconductor Corporation.

The three sites in Santa Clara County are on the National Priorities List (Superfund). If the company fails to satisfy federal compliance requirements or inadequately performs the compliance measures, the government (a) can bring an action to enforce compliance, or (b) can undertake the desired response actions itself and later bring an action to recover its costs, and penalties, which is up to three times the costs of clean-up activities, if appropriate. With regard to certain claims related to this matter the statute of limitations has been tolled.

The company has computed and recorded the estimated environmental liability in accordance with applicable accounting rules and has not recorded any potential insurance recoveries in determining the estimated costs of the clean-up. The amount of environmental charges to earnings has not been material during the last three fiscal years. The company believes that the potential liability, if any, in excess of amounts already accrued with respect to the foregoing environmental matters will not have a material adverse effect on the financial condition or results of operations of the company.

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 IV. Other matters

The company is a defendant or plaintiff in various other actions which arose in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial condition or results of operations of the company.

## NOTE 17 SHELF REGISTRATION STATEMENT

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

## NOTE 18 SUBSEQUENT EVENT

On January 17, 1996, the company acquired NexGen, Inc. (NexGen) in a tax-free reorganization in which NexGen was merged directly into the company. The shareholders of NexGen receive eight-tenths (0.8) of a share of the common stock of AMD for each outstanding share of the common stock of NexGen. The company expects to issue approximately 33.6 million shares of common stock to the holders of NexGen common stock, options, rights to purchase under the employee stock purchase plan, and warrants.

Pursuant to the merger, AMD extended NexGen a \$60 million revolving line of credit, of which \$30 million has been used as of December 31, 1995.

The merger will be accounted for under the pooling-of-interests method and, accordingly, historical financial data in future reports will be restated to include NexGen data. The following unaudited pro forma data summarizes the combined results of operations of the company and NexGen as though the merger had occurred at the beginning of fiscal 1993.

Three Years Ended December 31, 1995

(Unaudited, pro forma)

(Thousands, except per share amounts)

	95	94	93
Net sales	\$2,468,379	\$2,135,515	\$1,648,280
Net income	216,326	281,247	216,589
Net income per common share:			
Primary	\$ 1.59	\$ 2.18	\$ 1.79
Fully diluted	\$ 1.57	\$ 2.14	\$ 1.77

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REPORT OF  
Ernst & Young LLP  
INDEPENDENT AUDITORS

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The Board of Directors and Shareholders  
Advanced Micro Devices, Inc.

We have audited the accompanying consolidated balance sheets of Advanced Micro Devices, Inc. at December 31, 1995 and December 25, 1994 and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Advanced Micro Devices, Inc. at December 31, 1995 and December 25, 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

San Jose, California  
January 9, 1996, except for note 18, as to which the date is January 17, 1996

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SUPPLEMENTARY  
financial data

1995 and 1994 by Quarter (Unaudited) (Thousands except per share amounts)	Dec. 31, 95	Oct. 1, 95	July 2, 95	Apr. 2, 95	Dec. 25, 94	Sept. 25, 94	June 26, 94	Mar. 27, 94
Net sales	\$593,029	\$590,385	\$626,214	\$620,096	\$545,168	\$543,114	\$533,297	\$513,080
Expenses:								
Cost of sales	362,801	344,344	300,959	290,772	263,837	252,409	235,623	230,437
Research and development	104,009	100,014	101,032	92,500	76,115	67,759	67,889	68,221
Marketing, general, and administrative	95,181	95,525	97,364	96,946	87,236	87,369	91,731	92,894
	561,991	539,883	499,355	480,218	427,188	407,537	395,243	391,552
Operating income	31,038	50,502	126,859	139,878	117,980	135,577	138,054	121,528
Litigation settlement	--	--	--	--	(58,000)	--	--	--
Interest income and other, net	7,526	9,867	6,657	6,713	5,317	394	6,366	4,182
Interest expense	(706)	--	--	(1)	(1)	(205)	(899)	(739)
Income before income taxes and equity in joint venture	37,858	60,369	133,516	146,590	65,296	135,766	143,521	124,971
Provision for income taxes	3,786	16,517	44,060	48,375	21,548	44,803	47,362	39,990
Income before equity in joint venture	34,072	43,852	89,456	98,215	43,748	90,963	96,159	84,981
Equity in net income (loss) of joint venture	21,500	12,311	2,529	(1,414)	(2,989)	(4,277)	(2,925)	(394)
Net income	55,572	56,163	91,985	96,801	40,759	86,686	93,234	84,587
Preferred stock dividends	--	--	--	10	2,588	2,587	2,587	2,588
Net income applicable to common stockholders	\$ 55,572	\$ 56,163	\$ 91,985	\$ 96,791	\$ 38,171	\$ 84,099	\$ 90,647	\$ 81,999
Net income per common share								
Primary	\$ .52	\$ .52	\$ .86	\$ .96	\$ .39	\$ .86	\$ .93	\$ .85
Fully diluted	\$ .52	\$ .52	\$ .86	\$ .91	\$ .39	\$ .83	\$ .89	\$ .82
Shares used in per share calculation								
Primary	106,799	107,318	107,170	101,012	98,636	97,778	97,394	96,233
Fully diluted	106,799	107,319	107,306	106,717	105,490	104,872	104,249	103,670
Common stock market price range								
High	\$ 29.25	\$ 36.50	\$ 39.25	\$ 35.88	\$ 30.50	\$ 31.00	\$ 31.75	\$ 31.75
Low	\$ 16.13	\$ 28.00	\$ 32.13	\$ 23.50	\$ 22.25	\$ 24.00	\$ 22.63	\$ 16.75

FINANCIAL  
summary

Five Years Ended December 31, 1995  
(Thousands except per share amounts)

	95	94	93	92	91
Net sales	\$2,429,724	\$2,134,659	\$1,648,280	\$1,514,489	\$1,226,649
Expenses:					
Cost of sales	1,298,876	982,306	789,564	746,486	658,824
Research and development	397,555	279,984	262,802	227,860	213,765
Marketing, general, and administrative	385,016	359,230	290,861	270,198	244,900
	2,081,447	1,621,520	1,343,227	1,244,544	1,117,489
Operating income	348,277	513,139	305,053	269,945	109,160
Litigation settlement	--	(58,000)	--	--	--
Interest income and other, net	30,763	16,259	16,490	18,913	57,007
Interest expense	(707)	(1,844)	(2,910)	(17,227)	(20,880)
Income before income taxes and equity in joint venture	378,333	469,554	318,633	271,631	145,287
Provision for income taxes	112,738	153,703	89,218	26,620	--
Income before equity in joint venture	265,595	315,851	229,415	245,011	145,287
Equity in net income (loss) of joint venture	34,926	(10,585)	(634)	--	--
Net income	300,521	305,266	228,781	245,011	145,287
Preferred stock dividends	10	10,350	10,350	10,350	10,350
Net income applicable to common stockholders	\$ 300,511	\$ 294,916	\$ 218,431	\$ 234,661	\$ 134,937
Net income per common share					
Primary	\$2.85	\$3.02	\$2.30	\$2.57	\$1.53
Fully diluted	\$2.81	\$2.92	\$2.24	\$2.49	\$1.52
Shares used in per share calculation					
Primary	105,575	97,510	95,108	91,383	88,196
Fully diluted	107,035	104,570	102,063	98,475	95,540
Long-term debt and capital lease obligations, less current portion	\$ 214,965	\$ 75,752	\$ 79,504	\$ 19,676	\$ 42,039
Total assets	\$3,031,268	\$2,445,702	\$1,929,231	\$1,448,095	\$1,291,758

AMD's common stock (symbol AMD) is listed on the New York Stock Exchange. The company has never paid cash dividends on common stock and has no present plans to do so.

The number of stockholders of record at January 28, 1996 was 10,008.

CORPORATE  
directory

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DIRECTORS

W. J. Sanders III  
Chairman of the Board and  
Chief Executive Officer, AMD, and  
a Director of Donaldson, Lufkin & Jenrette, Inc.

Dr. Friedrich Baur  
President and Managing Partner, MST Beteiligungs und Unternehmensberatungs GmbH

Charles M. Blalack  
Chairman of the Board and  
Chief Executive Officer of Blalack and Company, Investment Advisors

Dr. R. Gene Brown  
Private Investor and a Managing Director  
of Putnam, Hayes and Bartlett, Inc.,  
an Economic Consulting Firm

Anthony B. Holbrook  
Vice Chairman of the Board, AMD

Richard Previte  
President and Chief Operating Officer, AMD

S. Atiq Raza  
Corporate Vice President and  
Chief Technical Officer, AMD

Joe L. Roby  
Chief Operating Officer, Donaldson,  
Lufkin & Jenrette, Inc., a Securities  
Brokerage and Investment Banking Firm

Dr. Leonard M. Silverman  
Dean, School of Engineering,  
University of Southern California

CORPORATE OFFICERS

W. J. Sanders III  
Chief Executive Officer and  
Chairman of the Board

Richard Previte  
President and Chief Operating Officer

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

Gene Conner  
Senior Vice President, Operations

S. Atiq Raza  
Corporate Vice President and  
Chief Technical Officer, AMD

Stanley Winvick  
Senior Vice President, Human Resources

Stephen Zelencik  
Senior Vice President and  
Chief Marketing Executive

Thomas M. McCoy  
Vice President, General Counsel and Secretary

GROUP VICE PRESIDENTS

John Bourgoïn  
Group Vice President,  
Computation Products Group

Vinod Dham  
Group Vice President,  
Computation Products Group

Richard Forte  
Group Vice President,  
Communications and Components Group

Terryll R. Smith  
Group Vice President, Sales

VICE PRESIDENTS

Benjamin M. Anixter  
Vice President, External Affairs

Gary Ashcraft  
Vice President and General Manager,  
Communication Products Division

Frank Barone  
Vice President and General Manager,  
Programmable Logic Division and  
Bipolar Operations

Kathryn Brandt  
Vice President, Business Systems

Donald M. Brettner  
Vice President, Manufacturing Services Division

David Chavoustie  
Vice President and General Manager,  
Embedded Processor Division

Susan T. Daniel  
Vice President, Human Resource Operations

James Doran  
Vice President, Technical Operations

Curt Francis  
Vice President, Corporate Planning  
and Development

Al F. Frugaletti  
Vice President,  
Worldwide Distribution and Headquarters Sales

Clive Ghest  
Vice President, Business Development

Gary O. Heerssen  
Vice President and Group Executive,  
Austin Wafer Fabrication Operations

Robert R. Herb  
Vice President, Group Strategic Marketing,  
Computation Products Group

Larry Hollatz  
Vice President and General Manager,  
Texas Microprocessor Division

Robert M. Krueger  
Vice President and General Manager,  
I/O and Network Products Division

Gerald A. Lynch  
Vice President, Asia Pacific Sales and Marketing

Walid Maghribi  
Vice President and General Manager,  
Non-Volatile Memory Division

Robert McConnell  
Vice President

Giuliano Meroni  
Vice President, Europe Sales and Marketing

K.C. Murphy  
Vice President,  
Systems and Platform Development

Daryl Ostrander  
Vice President, Austin Wafer Fabrication

Joseph Proctor  
Vice President, Information Systems

Geoff Ribar  
Vice President, Corporate Controller

Douglas Ritchie

Vice President,  
Information Integration and Access

Jack Saltich  
Vice President, Fab 25

William Siegle  
Vice President, Integrated Technology Division  
and Submicron Development Center,  
and Chief Scientist

Danne Smith  
Vice President, Corporate Quality

Tom Stites  
Vice President, Communications

TRANSFER AGENT AND REGISTRAR

The First National Bank of Boston  
P.O. Box 644  
Boston, Massachusetts 02102

LEGAL COUNSEL

Bronson, Bronson & McKinnon  
505 Montgomery Street  
San Francisco, California 94111-2514

INDEPENDENT AUDITORS

Ernst & Young LLP  
55 Almaden Boulevard  
San Jose, California 95113

- - - - -

Corporate Address

AMD  
One AMD Place  
P.O. Box 3453  
Sunnyvale, California 94088-3453

Financial Information

Copies of the annual report, 10-K and quarterly financial news releases are available without charge from the company's literature department at (800) 222-9323. A faxed copy of the financial news release can also be requested using this phone number. For other investor-related information, interested parties should contact the Investor Relations Department at (408) 749-3127.

Manufacturing Facilities

Aizu-Wakamatsu, Japan  
Austin, Texas  
Bangkok, Thailand  
Penang, Malaysia  
Singapore  
Sunnyvale, California

AMD  
One AMD Place  
P.O. Box 3453  
Sunnyvale, California 94088-3453

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AMD-90264  
RKD-AL- 130K-3/96-0



EXHIBIT 21

ADVANCED MICRO DEVICES, INC.

LIST OF SUBSIDIARIES

Name of Subsidiary -----	State or Jurisdiction in Which Incorporated or Organized -----
<b>Foreign Subsidiaries</b> -----	
Advanced Micro Devices Belgium, S.A.N.V.	Belgium
Advanced Micro Devices (Canada) Limited	Canada
Advanced Micro Devices (Suzhou) Limited/(1)/	China
Advanced Micro Devices S.A.	France
Advanced Micro Devices GmbH	Germany
AMD Saxonia Manufacturing GmbH	Germany
AMD Foreign Sales Corporation	Guam
Advanced Micro Devices S.p.A.	Italy
AMD Japan Ltd.	Japan
Advanced Micro Devices Sdn. Bhd.	Malaysia
Advanced Micro Devices Export Sdn. Bhd./(2)/	Malaysia
Advanced Micro Devices Product Sdn. Bhd./(2)/	Malaysia
Advanced Micro Devices Technology Sdn. Bhd./(2)/	Malaysia
AMD (Netherlands) B.V./(3)/	Netherlands
Advanced Micro Devices (Singapore) Pte. Ltd.	Singapore
AMD Holdings (Singapore) Pte. Ltd./(4)/	Singapore
Advanced Micro Devices AB	Sweden
Advanced Micro Devices S.A./(5)/	Switzerland
AMD (Thailand) Limited/(4)/	Thailand
Advanced Micro Devices (U.K.) Limited	United Kingdom
NexGen International Ltd.	British Virgin Islands

**Domestic Subsidiaries**  
-----

Advanced Micro Ltd.	California
AMD Corporation	California
AMD Far East Ltd.	Delaware
AMD International Sales and Service, Ltd.	Delaware
NSI	California

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



CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Advanced Micro Devices, Inc. of our report dated January 9, 1996, except for Note 18, as to which the date is January 17, 1996, included in the 1995 Annual Report to Stockholders of Advanced Micro Devices, Inc.

Our audits also included the financial statement schedule of Advanced Micro Devices, Inc. listed in Item 14(a). This schedule is the responsibility of the Corporation's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-16095) pertaining to the Advanced Micro Devices, Inc. 1987 Restricted Stock Award Plan, in the Registration Statement on Form S-8 (No. 33-39747) pertaining to the Advanced Micro Devices, Inc. 1991 Employee Stock Purchase Plan, in the Registration Statements on Form S-8 (Nos. 33-10319, 33-36596 and 33-46578) pertaining to the Advanced Micro Devices, Inc. 1982 and 1986 Stock Option Plans and the 1980 and 1986 Stock Appreciation Rights Plans, in the Registration Statements on Form S-8 (Nos. 33-46577 and 33-55107) pertaining to the Advanced Micro Devices, Inc. 1992 Stock Incentive Plan, in the Registration Statement on Form S-8 (No. 33-00969) pertaining to the Advanced Micro Devices, Inc. 1991 Employee Stock Purchase Plan and to the 1995 Stock Plan of NexGen, Inc., in the Registration Statement on Form S-3 (No. 33-52943) pertaining to up to \$400,000,000 in the aggregate of debt securities, preferred stock, depositary shares evidencing fractions of preferred shares, common stock and warrants to purchase common stock, and in the Registration Statement on Form S-4 (No. 33-64911) pertaining to shares issued in connection with the acquisition of

NexGen, Inc. and Post-Effective Amendment No. 1 thereto on Form S-8 of our report dated January 9, 1996, except for Note 18, as to which the date is January 17, 1996, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Advanced Micro Devices, Inc.

ERNST & YOUNG LLP

March 18, 1996  
San Jose, California

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EXHIBIT 24

POWER OF ATTORNEY

Know All Men By These Presents, that each person whose signature appears below constitutes and appoints W. J. Sanders III and Marvin D. Burkett, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Advanced Micro Devices, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1995, and any and all amendments thereto and to file the same, with all exhibits thereto and documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue hereof.

Signature -----	Title -----	Date ----
/s/ W. J. Sanders III ----- W. J. Sanders III	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 7, 1996
/s/ Anthony B. Holbrook  ----- Anthony B. Holbrook	Vice Chairman of the Board	February  7, 1996
/s/ Richard Previte ----- Richard Previte	Director, President and Chief Operating Officer	February 7, 1996
/s/ Friedrich Baur ----- Friedrich Baur	Director	February 7, 1996
/s/ Charles M. Blalack ----- Charles M. Blalack	Director	February 7, 1996
/s/ R. Gene Brown ----- R. Gene Brown	Director	February 7, 1996
/s/ Joe L. Roby ----- Joe L. Roby	Director	February 7, 1996
/s/ Leonard Silverman ----- Leonard Silverman	Director	February 7, 1996



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