FORM 10-Q

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

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

For the quarterly period ended May 28, 1998

OR

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

Commission File Number: 1-10658

MICRON TECHNOLOGY, INC.

State or other jurisdiction of incorporation or organization: Delaware

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Internal Revenue Service -- Employer Identification No. 75-1618004

8000 S. Federal Way, Boise, Idaho 83716-9632
(208) 368-4000

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

Yes X No

The number of outstanding shares of the registrant's Common Stock as of June 26, 1998 was 213,083,622.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MICRON TECHNOLOGY, INC.

Consolidated Balance Sheets
(Dollars in millions, except for par value data)

As of	May 28, 1998	August 28, 1997
	(Unaudited)	
ASSETS		
Cash and equivalents	$ 507.9	$ 619.5
Liquid investments	200.5	368.2
Receivables	397.8	458.9
Inventories	378.7	454.2
Prepaid expenses	9.3	9.4
Deferred income taxes	77.7	62.2
Total current assets	1,571.9	1,972.4
Product and process technology, net	89.1	51.1
Property, plant and equipment, net	2,995.8	2,761.2
Other assets	76.5	66.6
Total assets	$4,733.3	$4,851.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 527.1	$ 546.1
Short-term debt	8.5	10.6
Deferred income	5.6	14.5
Equipment purchase contracts	117.3	62.7
Current portion of long-term debt	93.3	116.0
Total current liabilities	751.8	749.9
Long-term debt	718.0	762.3
Deferred income taxes	283.2	239.8
Non-current product and process technology	10.7	44.1
Other liabilities	50.3	35.6
Total liabilities	1,814.0	1,831.7
Minority interests	145.4	136.5
Commitments and contingencies		
Common stock, $0.10 par value, authorized 1.0 billion shares, issued and outstanding 213.0 million and 211.3 million shares, respectively	21.3	21.1
Additional capital	518.6	483.8
Retained earnings	2,234.0	2,378.2
Total shareholders' equity	2,773.9	2,883.1
Total liabilities and shareholders' equity	$4,733.3	$4,851.3

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

Consolidated Statements of Operations
(Amounts in millions, except for per share data)
(Unaudited)

For the quarter ended	May 28, 1998	May 29, 1997
Net sales	$ 609.9	$ 965.0
Costs and expenses:		
Cost of goods sold	603.6	650.0
Selling, general and administrative	109.0	92.4
Research and development	66.2	52.6
Other operating expense	3.4	1.1
Total costs and expenses	782.2	796.1
Operating income (loss)	(172.3)	168.9
Gain on sale of investments and subsidiary stock, net	--	0.2
Gain (loss) on issuance of subsidiary stock, net	0.2	(0.1)
Interest income, net	0.8	1.5
Income (loss) before income taxes and minority interests	(171.3)	170.5
Income tax benefit (provision)	67.3	(67.8)
Minority interests in net income	(2.1)	(5.9)
Net income (loss)	$ (106.1)	$ 96.8
Earnings (loss) per share:		
Basic	$ (0.50)	$ 0.46
Diluted	(0.50)	0.45
Number of shares used in per share calculations:		
Basic	212.3	210.3
Diluted	212.3	214.9

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

Consolidated Statements of Operations
(Amounts in millions, except for per share data)
(Unaudited)

For the nine months ended	May 28, 1998	May 29, 1997
Net sales	$ 2,320.0	$ 2,569.3
Costs and expenses:		
Cost of goods sold	2,080.8	1,880.3
Selling, general and administrative	369.3	266.2
Research and development	200.0	146.6
Other operating expense (income)	32.1	(0.9)
Total costs and expenses	2,682.2	2,292.2
Operating income (loss)	(362.2)	277.1
Gain on sale of investments and subsidiary stock, net	157.1	187.8
Gain on issuance of subsidiary stock, net	0.8	27.6
Interest income (expense), net	1.4	(2.4)
Income (loss) before income taxes and minority interests	(202.9)	490.1
Income tax benefit (provision)	69.6	(214.5)
Minority interests in net income	(11.4)	(15.4)
Net income (loss)	$ (144.7)	$ 260.2
Earnings (loss) per share:		
Basic	$ (0.68)	$ 1.24
Diluted	(0.68)	1.22
Number of shares used in per share calculations:		
Basic	211.9	209.7
Diluted	211.9	213.8

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

Consolidated Statements of Cash Flows
(Dollars in millions)
(Unaudited)

For the nine months ended	May 28, 1998	May 29, 1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (144.7)	$ 260.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	434.7	350.3
Gain on sale and issuance of investments and subsidiary stock, net	(157.9)	(215.3)
Change in assets and liabilities, net of effects of sale of MCMS		
Decrease (increase) in receivables	18.0	(19.6)
Decrease (increase) in inventories	52.4	(125.2)
Increase (decrease) in accounts payable and accrued expenses, net of plant and equipment purchases	(45.0)	64.2
Increase in deferred income taxes	13.2	72.3
Decrease in long-term product and process rights liability	(33.5)	(0.1)
Other	(12.6)	46.1
Net cash provided by operating activities	124.6	432.9
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(564.2)	(359.8)
Proceeds from sale of equipment	31.2	8.5
Proceeds from sale of subsidiary stock, net of MCMS cash	235.9	199.9
Purchase of available-for-sale and held-to-maturity securities	(611.3)	(85.0)
Proceeds from sales and maturities of securities	796.6	34.7
Other	(37.0)	(5.7)
Net cash used for investing activities	(148.8)	(207.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments on lines of credit	--	(90.0)
Proceeds from issuance of debt	31.4	71.6
Repayments of debt	(99.4)	(79.1)
Proceeds from issuance of common stock	15.2	19.9
Payments on equipment purchase contracts	(32.6)	(42.5)
Proceeds from issuance of stock by subsidiary	1.8	53.6
Other	(3.8)	(1.6)
Net cash used for financing activities	(87.4)	(68.1)
Net (decrease) increase in cash and equivalents	(111.6)	157.4
Cash and equivalents at beginning of period	619.5	276.1
Cash and equivalents at end of period	$ 507.9	$ 433.5
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 17.7	$ 21.7
Income taxes paid, net	41.3	79.6
Noncash investing and financing activities:		
Equipment acquisitions on contracts payable and capital leases	130.2	32.3

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements
(All tabular dollar amounts are stated in millions)

1. Unaudited interim financial statements

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the consolidated financial position of Micron Technology, Inc., and subsidiaries (the "Company" or "MTI"), and their consolidated results of operations and cash flows. Certain reclassifications have been made, none of which affect the results of operations, to present the financial statements on a consistent basis.

These unaudited interim financial statements for the quarter ended May 28, 1998, should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Form 10-K for the year ended August 28, 1997.

2. Recently issued accounting standards

In June 1997, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The adoption of SFAS No. 130 is effective for the Company in 1999.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 requires publicly-held companies to report financial and other information about key revenue-producing segments of the entity for which such information is available and is utilized by the chief operation decision maker. Specific information to be reported for individual segments includes profit or loss, certain revenue and expense items and total assets. A reconciliation of segment financial information to amounts reported in the financial statements is also to be provided. SFAS No. 131 is effective for the Company in 1999.

3. Supplemental balance sheet information

	May 28, 1998	August 28, 1997
Receivables		
Trade receivables	$ 248.3	$ 447.2
Income taxes receivable	147.1	17.9
Allowance for returns and discounts	(11.9)	(29.3)
Allowance for doubtful accounts	(6.5)	(9.0)
Other receivables	20.8	32.1
	$ 397.8	$ 458.9

3. Supplemental balance sheet information (continued)	May 28, 1998	August 28, 1997
Inventories		
Finished goods	$144.7	$128.6
Work in progress	165.6	195.7
Raw materials and supplies	68.4	129.9
	$378.7	$454.2
Product and process technology		
Product and process technology, at cost	$161.4	$108.1
Less accumulated amortization	(72.3)	(57.0)
	$ 89.1	$ 51.1
Property, plant and equipment		
Land	$ 35.1	$ 35.4
Buildings	880.1	817.9
Equipment	2,857.5	2,416.2
Construction in progress	713.0	681.9
	4,485.7	3,951.4
Less accumulated depreciation and amortization	(1,489.9)	(1,190.2)
	$ 2,995.8	$ 2,761.2

As of May 28, 1998, property, plant and equipment included unamortized costs of $688.2 million for the Company's semiconductor memory manufacturing facility in Lehi, Utah, of which $649.2 million has not been placed in service and is not being depreciated. Completion of the Lehi production facilities is dependent upon market conditions. Market conditions which the Company expects to evaluate include, but are not limited to, worldwide market supply and demand of semiconductor products and the Company's operations, cash flows and alternative uses of capital and production facilities.

Accounts payable and accrued expenses		
Accounts payable	$ 252.2	$ 277.0
Salaries, wages and benefits	82.9	93.7
Product and process technology payable	82.0	99.9
Taxes payable other than income	33.2	37.3
Interest payable	14.9	6.9
Other	61.9	31.3
	$ 527.1	$ 546.1

3. Supplemental balance sheet information (continued)	May 28, 1998	August 28, 1997
Debt		
Convertible Subordinated Notes payable, due July 2004, interest rate of 7%	$ 500.0	$ 500.0
Notes payable in periodic installments through July 2015, weighted average interest rate of 7.43% and 7.33%, respectively	274.1	331.3
Capitalized lease obligations payable in monthly installments through August 2002, weighted average interest rate of 7.67% and 7.68%, respectively	34.2	40.7
Other	3.0	6.3
	811.3	878.3
Less current portion	(93.3)	(116.0)
	$ 718.0	$ 762.3

The 7% convertible subordinated notes due July 1, 2004 are convertible into shares of the Company's common stock at $67.44 per share. The notes were offered under a $1 billion shelf registration statement pursuant to which the company may issue from time to time up to $500 million of additional debt or equity securities.

MTI has a $500 million revolving credit agreement expiring May 2000. The agreement contains certain restrictive covenants pertaining to the company's semiconductor operations, including a minimum fixed charge coverage ratio and a maximum operating loss covenant. On June 16, 1998, the Company amended the agreement to collateralize the facility with certain accounts receivable, inventory and equipment at its Boise facility and retroactively modify the maximum operating loss covenant for the third quarter of 1998. As of May 28, 1998, MTI had no borrowings outstanding under the agreement.

On June 10, 1998, Micron Electronics, Inc. ("MEI"), a subsidiary of the Company, replaced its $130 million credit facility with a $100 million unsecured revolving credit facility expiring in June 2001 and now has an aggregate of $110 million in revolving credit agreements which contain certain restrictive covenants pertaining to MEI's operations, including a minimum EBITDA covenant, certain minimum financial ratios and limitations on the amount of dividends declared or paid by MEI. As of May 28, 1998, MEI had aggregate borrowings of approximately $6 million outstanding under its credit agreements.

The Company leases certain facilities and equipment under operating leases. Total rental expense on all operating leases was $4.8 million and $2.4 million for the third quarters of 1998 and 1997, respectively. Total rental expense in the first nine months of 1998 and 1997 was $11.8 million and $5.3 million, respectively. Minimum future rental commitments under operating leases aggregate $34.7 million as of May 28, 1998 and are payable as follows (in millions): 1998, $2.3; 1999, $8.7; 2000, $7.4; 2001, $5.9 and 2002 and thereafter, $10.4.

4. Gains on investments and subsidiary stock transactions

On February 26, 1998, MEI completed the sale of 90% of its interest in MCMS, Inc. ("MCMS"), formerly Micron Custom Manufacturing Services, Inc., formerly a wholly-owned subsidiary of MEI, resulting in a consolidated pre-tax gain of $157.1 million (approximately $37.8 million or $0.18 per share after taxes and minority interests). In exchange for the 90% interest in MCMS, MEI received $249.2 million in cash. the sale was structured as a recapitalization of MCMS, whereby Cornerstone Equity Investors IV, L.P., other investors and certain members of MCMS management, including Robert F. Subia, then a director of MEI, acquired the 90% interest in MCMS.

In a public offering in February 1997, MTI sold 12.4 million shares of MEI common stock for net proceeds of $200.0 million and MEI sold 3 million newly issued shares for net proceeds of $48.2 million, resulting in consolidated pre-tax gains of $164.6 million and $25.3 million, respectively (for a total of approximately $93.7 million or $0.44 per share after taxes). The sales reduced the Company's ownership of the outstanding MEI common stock from approximately 79% to approximately 64%. The Company also recorded pre-tax gains totaling $22.1 million for 1997 relating to sales of investments. The Company recognized a deferred tax liability on the resultant gain from the sale of mei common stock in the second quarter of 1997.

5. Other operating income (expense)

Other operating expense for the first nine months of 1998 includes charges of $13 million associated with PC operations resulting from employee termination benefits and consolidation of domestic and international operations and $5.2 million from the write-off of software development costs. In addition, other operating expense for the first nine months of 1998 includes $9.3 million related to the disposal and write-down of semiconductor memory operations equipment.

6. Income taxes

The effective rate of the tax benefit in the third quarter and first nine months of 1998 was 39% and 34%, respectively. The effective rate for the provision of income taxes was 40% and 44%, respectively, for the corresponding periods of 1997. The effective tax rate primarily reflects (1) the statutory corporate income tax rate and the net effect of state taxation, (2) the effect of taxes on the parent of the earnings or loss by domestic subsidiaries not consolidated with the Company for federal income tax purposes and (3) in the second quarter of 1998, the impact of the write-off of a $4.1 million deferred tax asset relating to the Company's consolidation of its NetFRAME enterprise server operations. Because MTI provides for tax on the earnings of domestic subsidiaries not consolidated for tax purposes, the effective rate may vary significantly from period to period.

7. Purchase of minority interests

In the second quarter of 1998 the Company purchased the 11% minority interest in its subsidiary, Micron Quantum Devices, Inc., for $26.2 million in stock and stock options. The cost of the acquired interest was allocated primarily to intangible assets related to flash semiconductor technology, which is being amortized over a three-year period.

In the first quarter of 1998 the Company purchased the 12% minority interest in its subsidiary, Micron Display Technology, Inc., for $20.6 million in cash. The cost of the acquired interest was allocated primarily to intangible assets related to field emission flat panel display technology, which is being amortized over a three-year period.

8. Earnings per share

Basic earnings per share is calculated using the average number of common shares outstanding. Diluted earnings per share is computed on the basis of the average number of common shares outstanding plus the effect of outstanding stock options using the "treasury stock method" and convertible debentures using the "if-converted" method.

	Quarter ended		Nine months ended	
	May 28, 1998	May 29, 1997	May 28, 1998	May 29, 1997
Net income (loss) available for common shareholders, Basic and Diluted	$ (106.1)	$ 96.8	$ (144.7)	$ 260.2
Weighted average common stock outstanding - Basic	212.3	210.3	211.9	209.7
Net effect of dilutive stock options	--	4.6	--	4.1
Weighted average common stock and common stock equivalents--Diluted	212.3	214.9	211.9	213.8
Basic earnings per share	$ (0.50)	$ 0.46	$ (0.68)	$ 1.24
Diluted earnings per share	$ (0.50)	$ 0.45	$ (0.68)	$ 1.22

Earnings per share computations exclude stock options and potential shares for convertible debentures to the extent that their effect would have been antidilutive.

9. Commitments

As of May 28, 1998, the Company had commitments of approximately $483.8 million for equipment purchases and $24.8 million for the construction of buildings.

10. Subsequent Events

On June 18, 1998, the Company entered into an acquisition agreement with Texas Instruments Incorporated ("TI"), to purchase substantially all of TI's memory operations through the issuance of debt and equity securities. The agreement has been approved by the Boards of Directors of the Company and TI and the closing is subject to several conditions and approvals, including satisfactory completion of due diligence and completion of appropriate agreements with various third parties. Under the terms of the agreement, upon closing TI will receive approximately 28.9 million shares of MTI common stock, $740 million principal amount of seven-year, 6.5% notes convertible into an additional approximately 12.3 million shares of MTI common stock, and a $210 million principal amount, seven year, 6.5% subordinated note. The Company will also assume upon closing approximately $190 million of debt associated with TI's Italian memory operations. In addition to TI's memory assets, at the closing the Company will receive $750 million in cash. Under the terms of the agreement, at closing TI and the Company will enter into a ten year royalty-free patent cross license, that commences on January 1, 1999. The parties have also agreed to make cash adjustments to ensure that the working capital of the acquired operations is $150 million (subject to reduction in certain circumstances) at closing.

On June 22, 1998, the Company entered into an agreement and plan of reorganization with Rendition, Inc. ("Rendition") whereby the Company will acquire Rendition pursuant to a stock-for-stock merger. Rendition designs, develops and markets high-performance, low-cost, multi-functional graphics accelerators to the personal computer market. Pursuant to the merger, shareholders of Rendition will receive approximately 3.7 million

shares of MTI common stock. The merger, approved by the Boards of Directors of both companies, requires Rendition shareholder and various regulatory approval, and is subject to other customary closing conditions.

11. Contingencies

Periodically, the Company is made aware that technology used by the Company in the manufacture of some or all of its products may infringe on product or process technology rights held by others. The Company has accrued a liability and charged operations for the estimated costs of settlement or adjudication of asserted and unasserted claims for infringement prior to the balance sheet date. Determination that the Company's manufacture of products has infringed on valid rights held by others could have a material adverse effect on the Company's financial position, results of operations or cash flows and could require changes in production processes and products. The Company is currently party to various other legal actions arising out of the normal course of business, none of which are expected to have a material effect on the Company's financial position or results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion contains trend information and other forward looking statements (including statements regarding future operating results, future capital expenditures and facility expansion, new product introductions, technological developments, pending acquisitions and the effect thereof and industry trends) that involve a number of risks and uncertainties. The Company's actual results could differ materially from the Company's historical results of operations and those discussed in the forward looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Certain Factors." This discussion should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended August 28, 1997. All period references are to the Company's fiscal periods ended May 28, 1998, February 26 1998, November 27, 1997, August 28, 1997, or May 29, 1997, unless otherwise indicated. All per share amounts are presented on a diluted basis unless otherwise stated.

OVERVIEW

Micron Technology, Inc. and its subsidiaries (collectively the "Company" or "MTI") design, develop, manufacture and market semiconductor memory products, primarily DRAM. The Company, through its approximately 64% owned subsidiary, Micron Electronics, Inc. ("MEI"), develops, markets, manufactures and supports PC systems.

The semiconductor industry in general, and the DRAM market in particular, is experiencing an unprecedented downturn. Since the first quarter of fiscal 1996, average selling prices of the Company's semiconductor memory products have declined by approximately 95%. These extreme market conditions, while having an adverse effect on the Company's results of operations, have also resulted in the Company being presented with various strategic opportunities. On June 18, 1998, the Company entered into an acquisition agreement with Texas Instruments Incorporated ("TI") to purchase substantially all of TI's memory operations. The Company believes that the pending acquisition will enable it to enhance its position as the most cost-effective DRAM manufacturer by leveraging its technology into the acquired facilities. However, in light of the current market conditions in the semiconductor industry, the consummation of the transaction with TI is expected to compound the effects of the market downturn on the Company and have a near term adverse effect on the Company's results of operations and cash flows. See "Pending Acquisition" and "Certain Factors."

Pursuant to the acquisition agreement between the Company and TI, the Company will purchase substantially all of TI's memory operations through the issuance of debt and equity securities. The agreement has been approved by the Boards of Directors of the Company and TI and the closing is subject to several conditions and approvals, including satisfactory completion of due diligence and completion of appropriate agreements with various third parties. Under the terms of the agreement, upon closing TI will receive 28.9 million shares of MTI common stock, $740 million principal amount of seven-year, 6.5% notes convertible into an additional 12.3 million shares of MTI common stock, and $210 million principal amount, seven year, 6.5% subordinated notes. The Company will also assume approximately $190 million of debt associated with TI's Italian memory operations. In addition to TI's memory assets, at the closing the Company will receive $750 million in cash. Under the terms of the agreement, at closing TI and the Company will enter into a ten year royalty-free patent cross license, that commences on January 1, 1999. The parties have also agreed to make cash adjustments to ensure that the working capital of the acquired operations is $150 million (subject to reduction in certain circumstances) at closing. See "Pending Acquisition" and "Certain Factors."

On June 22, 1998, the Company also entered into an agreement and plan of reorganization with Rendition, Inc. ("Rendition") whereby the Company will acquire Rendition pursuant to a stock-for-stock merger. Rendition designs, develops and markets high-performance, low-cost, multi-functional graphics accelerators to the personal computer market. Pursuant to the merger, shareholders of Rendition will receive approximately 3.7 million shares of MTI common stock. The merger, approved by the Boards of Directors of both companies, requires Rendition shareholder and various regulatory approval, and is subject to other customary closing conditions.

There can be no assurance that the pending transactions with TI or Rendition will be consummated. See "Certain Factors."

RESULTS OF OPERATIONS

Net loss for the third quarter of 1998 was $106 million, or $0.50 per share, on net sales of $610 million. For the third quarter of 1997 net income was $97 million, or $0.45 per share, on net sales of $965 million. For the first nine months of 1998, net loss was $145 million, or $0.68 per share, on net sales of $2,320 million compared to net income of $260 million, or $1.22 per share, on net sales of $2,569 million for the first nine months of 1997. The Company reported net sales of $755 million and net loss of $48 million, or $0.23 per share, for its second quarter of 1998.

In the third quarter of 1998, the Company's semiconductor memory operations incurred an operating loss in excess of $150 million on net sales of $290 million, primarily due to continued sharp declines in average sales prices for the Company's semiconductor memory products.

Results of operations for the first nine months of 1998 included an aggregate pretax gain of $157 million (approximately $38 million or $0.18 per share after taxes and minority interests) on MEI's sale of a 90% interest in its contract manufacturing subsidiary, Micron Custom Manufacturing Services, Inc. ("MCMS"), in February 1998 for cash proceeds of $249 million. Results of operations for the first nine months of 1997 included a pretax gain of $190 million (approximately $94 million or $0.44 per share after taxes) on the sale of a portion of the Company's holdings in MEI common stock, which decreased the Company's ownership in MEI from approximately 79% to approximately 64%. Results of operations for the first nine months of 1997 also included net after-tax gains of $13 million on sales of other investments.

NET SALES

	Third Quarter				Nine Months			
	1998		1997		1998		1997	
	Net sales	%	Net sales	%	Net sales	%	Net sales	%
Semiconductor memory products	$290.2	47.6	$510.7	52.9	$1,013.8	43.7	$1,254.4	48.8
PC systems	310.3	50.9	361.8	37.5	1,151.9	49.7	1,091.0	42.5
Other	9.4	1.5	92.5	9.6	154.3	6.6	223.9	8.7
Total net sales	$609.9	100.0	$965.0	100.0	$2,320.0	100.0	$2,569.3	100.0

Net sales of "Semiconductor memory products" include sales of MTI semiconductor memory products incorporated in MEI PC products, which amounted to $5.8 million and $18.2 million in the third quarters of 1998 and 1997, respectively, and $23.4 million and $42.1 million in the first nine months of 1998 and 1997, respectively. "Other" net sales for the first nine months of 1998 include revenue of approximately $123.6 million from MCMS, which was sold in February 1998.

Total net sales in the third quarter and first nine months of 1998 decreased by 37% and 10%, respectively, as compared to the corresponding periods of 1997 principally due to the continued sharp decline in average selling prices of semiconductor memory products. The decline in net sales for these periods also reflects the sale of MCMS late in the second quarter of 1998. Total net sales for the third quarter of 1998 were 19% lower compared to the second quarter of 1998. Net sales of semiconductor memory products were relatively flat from the second quarter to the third quarter of 1998, due to a severe decrease in average selling prices offset by an increase in megabits shipped. The decrease in total net sales was primarily due to a decrease in PC sales and the sale of MCMS.

Net sales of semiconductor memory products for the third quarter and first nine months of 1998 decreased by 43% and 19% as compared to the corresponding periods of 1997, primarily due to the continued sharp decline in average selling prices, which was partially offset by an increase in megabits of semiconductor memory products sold. Average selling prices per megabit of memory declined approximately 68% from the third quarter of 1997 to the third quarter of 1998 and 56% from the first nine months of 1997 to the first nine months of 1998. The Company's principal memory product in the third quarter and first nine months of 1998 was the 16 Meg DRAM, which comprised approximately 78% and 83% of the net sales of semiconductor memory, respectively. Approximately

61% of the Company's DRAM revenue in the third quarter of 1998 was attributable to SDRAM products. Total megabits shipped increased by 80% and 84%, respectively, for the third quarter and first nine months of 1998 as compared to the same periods in 1997. These increases in megabits shipped were due to production increases principally resulting from shifts in the Company's mix of semiconductor memory products to a higher average density, ongoing transitions to successive reduced die size ("shrink") versions of existing memory products and enhanced manufacturing yields on existing memory products.

Net sales of semiconductor memory products were flat from the second quarter of 1998 to the third quarter of 1998 as a 30% decline in average selling price per megabit of memory was offset by a 45% increase in megabits shipped. This increase in megabits shipped was primarily due to shifts in the Company's mix of semiconductor memory products to a higher average density, enhanced yields on existing memory products and an increase in total wafer outs.

Net sales of PC systems were lower in the third quarter of 1998 compared to the third quarter of 1997 primarily as a result of a 15% decline in average selling prices combined with a 6% decrease in unit sales. Net sales of PC systems were 6% higher in the first nine months of 1998 compared to the first nine months of 1997 primarily as a result of an increase in non-system revenue and an 11% increase in unit sales of PC systems, partially offset by an 11% decrease in average selling prices for the Company's PC systems. Non-system revenue is revenue received from the sale of PC related products and services separate from the sale of a PC system. Net sales of PC systems for the third quarter of 1998 were 22% lower than for the second quarter of 1998 primarily as a result of a 14% decrease in unit sales.

GROSS MARGIN

	Third Quarter			Nine Months		
	1998	% Change	1997	1998	% Change	1997
Gross margin	$ 6.3	(98.0)%	$315.0	$ 239.2	(65.3)%	$689.0
as a % of net sales	1.0%		32.6%	10.3%		26.8%

The Company's gross margin percentage was lower for the third quarter and first nine months of 1998 compared to the corresponding periods of 1997. The decline in gross margin percentages for these periods was principally the result of lower gross margin percentages on sales of the Company's semiconductor memory products resulting principally from a continued severe decline in average sales prices and significant write-downs of the Company's inventory of such products. The Company's gross margin percentage for the second quarter of 1998 was 3%.

The Company's gross margin percentage on sales of semiconductor memory products for the third quarter and first nine months of 1998 was (20)% and 10%, respectively, compared to 49% and 37% for the corresponding periods of 1997. The gross margin in the third quarter of 1998 was adversely affected by a $30 million write-down of semiconductor memory products as a result of continuing price declines. In addition, the decrease in gross margin percentage on sales of semiconductor memory products for the third quarter and first nine months of 1998 compared to the corresponding periods in 1997 was primarily the result of the continuing sharp decline in average selling prices of 68% and 56%, respectively, partially offset by a decline in per unit manufacturing costs. Decreases in per unit manufacturing costs for the third quarter and first nine months of 1998 compared to the same periods in 1997 were achieved through shifts in the Company's mix of semiconductor memory products to a higher average density, transitions to shrink versions of existing products and improved manufacturing yields on existing products. The gross margin percentage on the Company's semiconductor memory products for the second quarter of 1998 was 5%. The decline in gross margin percentage for semiconductor memory products from the second quarter to the third quarter of 1998 was primarily the result of the approximate 30% decline in average selling prices per megabit of memory.

The gross margin percentage for the Company's PC operations for the third quarter and first nine months of 1998 was 19% and 10%, respectively, compared to 15% and 17% for the corresponding periods of 1997. Average selling prices for notebook systems in the third quarter of 1998 were higher than the prices anticipated in the previous quarter's write-down of such products and as a result the gross margin in the third quarter was favorably affected by approximately $48 million of sales of these notebook systems. Absent the effects of these sales, the

Company's overall PC gross margin percentage would have been approximately 17% in the third quarter of 1998. The Company's overall PC gross margin percentage for the second quarter of 1998 was (2)%.

SELLING, GENERAL AND ADMINISTRATIVE

	Third Quarter			Nine Months		
	1998	% Change	1997	1998	% Change	1997
Selling, general and administrative	$109.0	18.0%	$92.4	$369.3	38.7%	$266.2
as a % of net sales	17.9%		9.6%	15.9%		10.4%

The higher level of selling, general and administrative expenses during the third quarter and first nine months of 1998 as compared to the same periods of 1997 is primarily attributable to higher levels of advertising, personnel, technical and professional fees and other costs associated with the Company's PC operations. Selling, general and administrative expense for the third quarter and first nine months of 1998 reflect a lower level of performance based compensation than in corresponding periods of 1997. Selling, general and administrative expenses decreased by 20% in the third quarter as compared to the second quarter of 1998 primarily as the result of MEI's efforts implemented at the end of the second quarter to lower its overall cost structure.

RESEARCH AND DEVELOPMENT

	Third Quarter			Nine Months		
	1998	% Change	1997	1998	% Change	1997
Research and development	$66.2	25.9%	$52.6	$200.0	36.4%	$146.6
as a % of net sales	10.9%		5.5%	8.6%		5.7%

Research and development expenses vary primarily with the number of wafers processed, personnel costs, and the cost of advanced equipment dedicated to new product and process development. Research and development efforts are focused on advanced process technology, which is the primary determinant in transitioning to next generation products. Application of advanced process technology currently is concentrated on development of the Company's 64 Meg and 128 Meg SDRAMs, Double Data Rate (DDR), SynchLink and Rambus memory products. The Company has transitioned to SDRAM as its primary DRAM technology, and expects to transition from the 16 Meg to the 64 Meg SDRAM as its primary memory product in the fourth quarter of calendar 1998. Other research and development efforts are devoted to the design and development of Flash, SRAM, embedded memory, RIC, flat panel displays and PC systems.

The Company anticipates completion of the transition from .30(mu) to .25(mu) in calendar 1998 and the transition from .25(mu) to .21(mu) in calendar 1999 and anticipates that process technology will move to line widths of .18(mu) and .15(mu) in the next few years as needed for the development of future generation semiconductor products.

OTHER OPERATING EXPENSE (INCOME)

Other operating expense for the first nine months of 1998 includes charges associated with PC operations of $13 million resulting from employee termination benefits and consolidation of domestic and international operations and $5 million from the write-off of software development costs, as well as $9 million related to the disposal and write-down of semiconductor memory operations equipment.

INCOME TAXES

The effective rate of the tax benefit in the third quarter and first nine months of 1998 was 39% and 34%, respectively. The effective rate for the provision of income taxes was 40% and 44%, respectively, for the corresponding periods of 1997. The effective tax rate primarily reflects 1) the statutory corporate income tax rate and the net effect of state taxation, 2) the effect of taxes on the parent of the earnings or loss by domestic subsidiaries not consolidated with the Company for federal income tax purposes and 3) in the second quarter of 1998, the impact of the write-off of a $4 million deferred tax asset relating to the Company's consolidation of its NetFRAME

enterprise server operations. Because MTI provides for tax on the earnings of domestic subsidiaries not consolidated for tax purposes, the effective rate may vary significantly from period to period.

RECENTLY ISSUED ACCOUNTING STANDARDS

Recently issued accounting standards include Statement of Financial Accounting Standards ("SFAS") No. 128 "Earnings Per Share," issued by the Financial Accounting Standards Board ("FASB") in February 1997, SFAS No. 130 "Reporting Comprehensive Income" and SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information," issued by the FASB in June 1997. SFAS No. 128 was first effective for the Company for its interim period ended February 26, 1998. Basic and diluted earnings per share pursuant to the requirements of SFAS No. 128 are presented on the face of the income statement and in the notes to the financial statements. Descriptions of SFAS No. 130 and SFAS No. 131 are included in the notes to the financial statements.

LIQUIDITY AND CAPITAL RESOURCES

As of May 28, 1998, the Company had cash and liquid investments totaling $708 million, representing a decrease of $280 million during the first nine months of 1998. As of May 28, 1998, approximately $340 million of the Company's consolidated cash and liquid investments was held by MEI. Cash generated by MEI is not readily available or anticipated to be available to finance operations or other expenditures of MTI.

The Company's principal sources of liquidity during the first nine months of 1998 were net cash proceeds totaling $236 million from the sale of a 90% interest in MEI's contract manufacturing subsidiary, MCMS, and net cash flow from operations of $125 million. The principal uses of funds in the first nine months of 1998 were $564 million for property, plant and equipment and $132 million for repayments of equipment contracts and debt.

The Company believes that in order to develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, it must continue to invest in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. The Company currently estimates it will spend approximately $900 million in 1998 for purchases of equipment and construction and improvement of buildings at the Company's existing facilities. As of May 28, 1998, the Company had entered into contracts extending into 2000 for approximately $500 million for equipment purchases and approximately $25 million for the construction of facilities. Should the Company elect to cancel its outstanding equipment purchase commitments, the Company could be subject to cancellation fees in excess of $200 million. In addition to the pending acquisition of TI's memory operations, the Company continues to evaluate possible acquisitions and strategic alliances.

Cash flows from operations for the first nine months of 1998 were significantly lower than cash flows from operations for the first nine months of 1997. Cash flows from operations are significantly affected by average selling prices and variable cost per unit for the Company's semiconductor memory products. For the first nine months of 1998, the rate of decline in average selling prices for semiconductor memory products surpassed the rate at which the Company was able to decrease costs per megabit, and as a result the Company's cash flows have been significantly and adversely affected. In the event current market conditions continue, the Company does not expect to have sufficient internal sources of liquidity to effect its current operational plan and will need to secure additional financing from external sources. The Company is currently evaluating a number of financing alternatives. The Company has a $1 billion shelf registration statement under which $500 million in convertible subordinated notes were issued in July 1997 and under which the Company may issue from time to time up to an additional $500 million in debt or equity securities. There can be no assurance that external sources of liquidity will be available to fund the Company's ongoing operations.

MTI has a $500 million revolving credit agreement expiring May 2000. The agreement contains certain restrictive covenants pertaining to the Company's semiconductor operations, including a minimum fixed charge coverage ratio and a maximum operating loss covenant. As of May 28, 1998, MTI had no borrowings outstanding under the agreement. On June 16, 1998, the Company amended the agreement to collateralize the facility with

certain accounts receivable, inventory and equipment at its Boise facility and retroactively modify the maximum operating loss covenant for the third quarter of 1998. There can be no assurance that the Company will be able to meet the terms of the covenants and conditions in the agreement, borrow under the agreement, renegotiate a satisfactory new agreement or replace the existing agreement with a satisfactory replacement.

MEI has an aggregate of $110 million in revolving credit agreements, including a $100 million unsecured revolving credit facility expiring in June 2001, which contain certain restrictive covenants pertaining to MEI's operations, including a minimum EBITDA covenant, certain minimum financial ratios and limitations on the amount of dividends declared or paid by MEI. As of May 28, 1998, MEI had aggregate borrowings of approximately $6 million outstanding under its credit agreements.

Pursuant to the terms of the Company's acquisition agreement with TI, upon closing of the transaction the Company will receive $750 million in cash. In addition, the Company and TI have agreed to make cash adjustments to ensure that the working capital of the acquired operations is $150 million (subject to reduction in certain circumstances). As part of the transaction the Company will also issue notes in an aggregate principal amount of $950 million and assume approximately $190 million of indebtedness related to TI's Italian memory operations. If the acquisition is consummated, the Company currently estimates it will spend approximately $1 billion over the next three years, primarily for equipment, to upgrade the acquired facilities. There can be no assurance, however, that the pending transaction with TI will be consummated. See "Certain Factors" and "Pending Acquisition."

PENDING ACQUISITION

On June 18, 1998, the Company entered into an acquisition agreement with TI, to purchase substantially all of TI's memory operations and assume certain related liabilities. The agreement has been approved by the Boards of Directors of the Company and TI and the closing of the transaction is subject to several conditions and approvals, including satisfactory completion of due diligence and completion of appropriate agreements with various third parties. Under the terms of the agreement, upon closing of the transaction TI will receive approximately 28.9 million shares of MTI common stock, $740 million principal amount of convertible subordinated notes (the "Convertible Notes") and $210 million principal amount of subordinated notes (the "Subordinated Notes"). The Company will also assume approximately $190 million of debt associated with TI's Italian memory operations. In addition to TI's memory assets, upon closing the Company will receive $750 million in cash. Under the terms of the agreement, at closing TI and the Company will enter into a ten year royalty-free patent cross license, that commences on January 1, 1999. The parties have also agreed to make cash adjustments to ensure that the working capital of the acquired operations is $150 million (subject to reduction in certain circumstances) at closing.

The MTI common stock and Convertible Notes to be issued in the transaction will not be registered under the Securities Act of 1933 and will therefore be subject to certain restrictions on resale. The Company and TI are expected to enter into a Securities Rights and Restrictions Agreement as part of the transaction which will provide TI with certain registration rights and place certain restrictions on TI's voting rights and other activities with respect to MTI shares. TI's registration rights will begin six months after closing of the transaction. The Convertible Notes and the Subordinated Notes to be issued in the transaction will both bear interest at the rate of 6.5% and have a term of seven years. The Convertible Notes will be convertible into approximately 12.3 million shares of MTI Common Stock at a conversion price of $60 per share, and will be pari passu in right of payment with the Company's outstanding 7% Convertible Subordinated Notes due July 1, 2004 (the "Existing Notes"). The Subordinated Notes will be subordinated to the Convertible Notes, the Existing Notes and substantially all the Company's other indebtedness.

The assets to be acquired by the Company in the transaction include: TI's wafer fabrication operations in Avezzano, Italy; assembly/test operations in Singapore; and wafer fabrication facility in Richardson, Texas. TI closed its Richardson memory manufacturing operation in June 1998. The Company expects to offer employment to most of the remaining TI memory employees. Also included in the pending acquisition is TI's interest in two joint ventures: TECH Semiconductor Singapore ("TECH"), owned by TI, Canon, Inc., Hewlett-Packard Company, and the Singapore Economic Development Board; and KTI Semiconductor ("KTI") in Japan owned by

TI and Kobe Steel, Ltd. TI has an approximate 30% interest in Tech and a 25% interest in KTI and has rights to 100% of the production of each joint venture.

The Company believes that the pending acquisition will enable it to enhance its position as the most cost-effective DRAM manufacturer by leveraging its technology into existing facilities, including the joint ventures. The Company expects the transfer of its product and process technology into the acquired facilities (wholly-owned and joint venture) will take approximately 12 to 18 months from closing of the transaction. Until such time as the Company is able to complete the transfer of its product and process technology into the acquired facilities, it is expected that the per unit costs associated with products manufactured at the acquired facilities will significantly exceed the per unit costs of products manufactured at the Company's Boise facility. As a result, absent a change in current market conditions, it is expected that consummation of the transaction with TI will have a near term adverse impact upon the Company's results of operations and cash flows.

The transaction is subject to several conditions, including satisfactory completion of due diligence and completion of appropriate agreements with various third parties. In particular, the Company and TI need to obtain the consent of the Italian government as well as each of the partners and bank syndicates to the TECH and KTI joint ventures. The transaction is also subject to customary regulatory approvals (including Hart-Scott-Rodino and European antitrust reviews). If these conditions are met, the transaction is expected to close in the second half of calendar 1998. There can be no assurance, however, that the pending transaction with TI will be consummated. See "Certain Factors."

CERTAIN FACTORS

In addition to the factors discussed elsewhere in this Form 10-Q and in the Company's Form 10-K for the fiscal year ended August 28, 1997, the following are important factors which could cause actual results or events to differ materially from those contained in any forward looking statements made by or on behalf of the Company.

The Company has entered into an acquisition agreement with TI to purchase substantially all of TI's memory operations and assume certain related liabilities, but this transaction has not yet been consummated. The transaction is subject to several conditions, including satisfactory completion of due diligence and completion of appropriate agreements with various third parties. In particular, the Company and TI need to obtain the consent of the Italian government as well as each of the partners and bank syndicates to the TECH and KTI joint ventures. The transaction is subject to customary regulatory approvals (including Hart-Scott-Rodino and European antitrust reviews). There can be no assurance that the conditions required to effect the transition will be met and that the transaction will ever be consummated.

The integration and successful operation of the pending business to be acquired is dependent upon a number of factors, including, but not limited to: the Company's ability to transfer its product and process technology into the acquired facilities in a timely and cost-effective manner; the availability of sufficient funds to upgrade certain equipment at the facilities, particularly should the actual cost exceed the Company's current estimate; the ability of TECH and KTI to restructure each of their existing financing arrangements and secure adequate additional financing to provide equipped facilities capable of utilizing MTI's manufacturing processes; the Company's receipt of adequate assistance, service and support from TI during the transition period following consummation of the transaction; the Company's ability to effectively manage global semiconductor manufacturing operations and distribution channels and expand its sales and marketing programs; the Company's ability to retain key employees of the acquired operations; the Company's success in transitioning the key business relationships from TI's memory operations to the Company; the Company's ability to implement and/or integrate information systems capable of handling the expanded operations, including year 2000 compliance; and the Company's ability to successfully integrate differing management structures, all of which require significant management time and resources. In addition, the long-term successful operation of the pending business to be acquired is dependent upon the market for the Company's semiconductor memory products and the Company's long-term ability to reduce manufacturing costs at a rate commensurate with the decline in average selling prices for such products.

If consummated, it is expected that the pending acquisition will substantially increase the Company's share of the worldwide DRAM market, and as a result the Company would become even more sensitive to fluctuations in pricing for semiconductor memory products. Many customers prefer multiple sources of supply for semiconductor memory products, therefore the Company may not retain all of TI's semiconductor memory market as some of TI's customers are currently customers of the Company. It may become difficult to increase the Company's customer base to a level required to sell the expected increase in production of semiconductor memory products as a result of the transfer of its product and process technology into the TI semiconductor memory production facilities. If the Company is successful in the transfer of its product and process technology into the acquired production facilities the amount of worldwide semiconductor memory capacity could increase, resulting in further downward pricing pressure on the Company's semiconductor memory products.

The pending acquisition is expected to have a significant effect on the Company's future results of operations and cash flows, including, but not limited to: a considerable negative impact on gross margin in the near term due in part to significantly higher per unit manufacturing costs at the acquired facilities; costs related to the assimilation of the acquired operations; increased interest expense associated with the Convertible Notes and Subordinated Notes to be issued and the Italian debt to be assumed in the transaction; an increase in capital spending relating to the newly acquired facilities; and the potential for further downward pressure on the average selling prices the Company receives on its semiconductor memory products. The Company will account for the pending acquisition as a purchase, which could result in a write-off related to in-process research and development at the time of closing of the acquisition and the creation of intangible assets that could result in significant future amortization expense.

The semiconductor memory industry is characterized by rapid technological change, frequent product introductions and enhancements, difficult product transitions, relatively short product life cycles, and volatile market

conditions. These characteristics historically have made the semiconductor industry highly cyclical, particularly in the market for DRAMs, which are the Company's primary semiconductor memory products. The semiconductor industry has a history of declining average sales prices as products mature. Long-term average decreases in sales prices for semiconductor memory products approximate 30% on an annualized basis; however, significant fluctuations from this rate have occurred from time to time, as evidenced by the 75% decline in average selling prices for the Company's semiconductor memory products for 1997 and the sequential 25%, 26% and 30% declines in average selling prices in the first, second and third quarters of 1998 as compared to the preceding quarters.

The selling prices for the Company's semiconductor memory products fluctuate significantly with real and perceived changes in the balance of supply and demand for these commodity products. Growth in worldwide supply has outpaced growth in worldwide demand in recent periods, resulting in a significant decrease in average selling prices for the Company's semiconductor memory products. For most of fiscal 1997 the rate at which the Company was able to decrease per unit manufacturing costs exceeded the rate of decline in average selling prices, due mainly to a transition to a higher density product. However, in the fourth quarter of 1997 and the first nine months of 1998 the Company was unable to decrease per unit manufacturing costs at a rate commensurate with the decline in average selling prices. In the event that average selling prices continue to decline at a faster rate than that at which the Company is able to decrease per unit manufacturing costs, the Company could be materially adversely affected in its operations, cash flows and financial condition. The amount of capacity to be placed into production and future yield improvements by the Company and its competitors could dramatically increase worldwide supply of semiconductor memory and increase downward pressure on pricing. Further, the Company has no firm information with which to determine inventory levels of its competitors, or to determine the likelihood that substantial inventory liquidation may occur and cause further downward pressure on pricing.

In the event that average selling prices continue to decline at a faster rate than that at which the Company is able to decrease per unit manufacturing costs, the Company would likely be required to make changes in its operations, including but not limited to, reduction of the amount or changes in the timing of its capital expenditures, renegotiation of existing debt agreements, reduction of production and workforce levels, reduction of research and development, or changes in the products produced.

Worldwide semiconductor pricing can be and has been influenced by currency fluctuations. In the last twelve months the Korean Won, the New Taiwan Dollar and the Japanese Yen were devalued significantly, dropping approximately 55%, 24% and 21%, respectively, compared to the U.S. dollar. The Company believes the Asian economic crisis, particularly in Korea, has prompted Asian competitors to price DRAM products significantly lower in an attempt to increase exports and realize U.S. dollars to service their near term debts. The Company believes these currency devaluations may have a significant adverse impact on DRAM pricing if the Company's Asian competitors effectively offer products at significantly lower prices as a result of their respective currency devaluations. While the Company cannot predict the overall impact of the Asian currency devaluations, the Company's products may be subject to further downward pricing pressure. If average selling prices for semiconductor memory products continue to decline, the Company's results of operations and cash flow will continue to be adversely affected.

Approximately 68% of the Company's sales of semiconductor memory products during the third quarter of 1998 were directly into the PC or peripheral markets. DRAMs are the most widely used semiconductor memory component in most PC systems. Should the rate of growth of sales of PC systems or the rate of growth in the amount of memory per PC system decrease, the growth rate for sales of semiconductor memory could also decrease, placing further downward pressure on selling prices for the Company's semiconductor memory products. The Company is unable to predict changes in industry supply, major customer inventory management strategies, or end user demand, which are significant factors influencing pricing for the Company's semiconductor memory products. In recent periods the PC industry has seen a shift in demand towards sub-$1000 PCs. While the Company cannot predict with any degree of accuracy the future impact on the PC and semiconductor industry of this shift, possible effects include, but are not limited to, further downward pricing pressure on PC systems and further downward pricing pressure on semiconductor memory products.

The Company's operating results are significantly impacted by the operating results of its consolidated subsidiaries, particularly MEI. MEI's past operating results have been, and its future operating results may be, subject to seasonality and other fluctuations, on a quarterly and an annual basis, as a result of a wide variety of factors, including, but not limited to, industry competition, MEI's ability to accurately forecast demand and selling

prices for its PC products, fluctuating market pricing for PCs and semiconductor memory products, seasonal government purchasing cycles, inventory obsolescence, MEI's ability to effectively manage inventory levels, changes in product mix, manufacturing and production constraints, fluctuating component costs, the effects of product reviews and industry awards, critical component availability, seasonal cycles common in the PC industry and the timing of new product introductions by MEI and its competitors. Changing circumstances, including but not limited to, changes in the Company's core operations, uses of capital, strategic objectives and market conditions, could result in the Company changing its ownership interest in its subsidiaries.

The Company is engaged in ongoing efforts to enhance its semiconductor production processes to reduce per unit costs by reducing the die size of existing products. The result of such efforts has led to a significant increase in megabit production. There can be no assurance that the Company will be able to maintain or approximate increases in megabit production at a level approaching that experienced in recent periods or that the Company will not experience decreases in production volume as it attempts to implement future technologies. Further, from time to time, the Company experiences volatility in its manufacturing yields, as it is not unusual to encounter difficulties in ramping latest shrink versions of existing devices or new generation devices to commercial volumes. The Company's ability to reduce per unit manufacturing costs of its semiconductor memory products is largely dependent on its ability to design and develop new generation products and shrink versions of existing products and its ability to ramp such products at acceptable rates to acceptable yields, of which there can be no assurance.

The semiconductor memory industry is characterized by frequent product introductions and enhancements. The Company's transition to SDRAM products reached approximately 70% of DRAM wafer starts at the end of the third quarter of 1998. The Company's transition from the 16 Meg to the 64 Meg SDRAM as its primary memory product is expected to occur in the fourth quarter of calendar 1998. It is not unusual to encounter difficulties in manufacturing while transitioning to shrink versions of existing products or new generation products. Future gross margins will be adversely impacted if the Company is unable to efficiently transition to shrink versions of the 64 Meg SDRAM.

DRAM manufacturers generally have substantial ongoing capital requirements to maintain or increase manufacturing capacity. Historically, the Company has reinvested substantially all cash flow from semiconductor memory operations in capacity expansion and enhancement programs. The Company's cash flows from operations are significantly affected by average selling prices and variable cost per megabit for the Company's semiconductor memory products. For the first nine months of 1998, the rate of decline in average selling prices for semiconductor memory products surpassed the rate at which the Company was able to decrease costs per megabit, and as a result the Company's cash flows have been significantly and adversely affected. If for any extended period of time average selling prices decline faster than the rate at which the Company is able to decrease per unit manufacturing costs, the Company may not be able to generate sufficient cash flows from operations to sustain operations. The Company anticipates that it will spend approximately $900 million in fiscal 1998 for purchases of equipment and construction and improvement of buildings at the Company's existing facilities. However, in the event current market conditions continue, the Company does not expect to have sufficient internal sources of liquidity to effect its current operational plan and will need to secure additional financing from external sources. The Company has a $500 million revolving credit agreement, which is available to finance its semiconductor operations. However, the agreement contains certain restrictive covenants, including a minimum fixed charge coverage ratio and a maximum operating losses covenant. On June 16, 1998, the Company amended the agreement to collateralize the facility with certain accounts receivable, inventory and equipment at its Boise facility and modify the maximum operating loss covenant for the third quarter of 1998. There can be no assurance that the Company will be able to meet the terms of the covenants and conditions in the agreement, borrow under the agreement, renegotiate a satisfactory new agreement, or replace the existing agreement with a satisfactory replacement, in which event the Company may not have access to the credit facility. Cash generated by, and credit lines available to, MEI are not anticipated to be available to finance other MTI operations. The Company is currently evaluating a number of financing alternatives. There can be no assurance that external sources of liquidity will be available to fund the Company's ongoing operations or the Company's capacity enhancement program. The failure to obtain financing would hinder the Company's ability to make continued investments in its capacity enhancement program, which could materially adversely affect the Company's business and results of operations.

Completion of the Company's semiconductor manufacturing facility in Lehi, Utah was suspended in February 1996, as a result of the decline in average selling prices for semiconductor memory products. As of May 28, 1998, the Company had invested approximately $700 million in the Lehi facility. The cost to complete the Lehi facility is estimated to approximate $1.6 billion. Completion of the Lehi production facilities is dependent upon market conditions. Test capacity previously expected to be provided by the Lehi facility in 1998 has been further delayed and the Company does not plan to complete the Lehi facility until market conditions warrant. Market conditions which the Company expects to evaluate include, but are not limited to, worldwide market supply and demand of semiconductor products and the Company's operations, cash flows and alternative uses of capital and production facilities. There can be no assurance that the Company will be able to fund the completion of the Lehi manufacturing facility. The failure by the Company to complete the facility would likely result in the Company being required to write off all or a portion of the facility's cost, which could have a material adverse effect on the Company's business and results of operations. In addition, in the event that market conditions improve, there can be no assurance that the Company can commence manufacturing at the Lehi facility in a timely, cost effective manner that enables it to take advantage of the improved market conditions.

The semiconductor and PC industries have experienced a substantial amount of litigation regarding patent and other intellectual property rights. In the future, litigation may be necessary to enforce patents issued to the Company, to protect trade secrets or know-how owned by the Company, or to defend the Company against claimed infringement of the rights of others. The Company has from time to time received, and may in the future receive, communications alleging that its products or its processes may infringe on product or process technology rights held by others. The Company has entered into a number of patent and intellectual property license agreements with third parties, some of which require one-time or periodic royalty payments. It may be necessary or advantageous in the future for the Company to obtain additional patent licenses or to renew existing license agreements. The Company is unable to predict whether these license agreements can be obtained or renewed on terms acceptable to the Company. Adverse determinations that the Company's manufacturing processes or products have infringed on the product or process rights held by others could subject the Company to significant liabilities to third parties or require material changes in production processes or products, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is dependent upon a limited number of key management and technical personnel. In addition, the Company's future success will depend in part upon its ability to attract and retain highly qualified personnel, particularly as the Company engages in worldwide operations and adds different product types to its product line, which will require parallel design efforts and significantly increase the need for highly skilled technical personnel. The Company competes for such personnel with other companies, academic institutions, government entities and other organizations. In recent periods, the Company has experienced increased recruitment of its existing personnel by other employers. There can be no assurance that the Company will be successful in hiring or retaining qualified personnel. Any loss of key personnel or the inability to hire or retain qualified personnel could have a material adverse effect on the Company's business and results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Substantially all of the Company's liquid investments and long-term debt are at fixed interest rates, and therefore the fair value of these instruments is affected by changes in market interest rates. However, substantially all of the Company's liquid investments mature within one year. As a result, the Company believes that the market risk arising from its holdings of financial instruments is minimal.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following are filed as a part of this report:

Exhibit Number	Description of Exhibit
2.1	Acquisition Agreement dated June 18, 1998 between Micron Technology, Inc. and Texas Instruments Incorporated.
10.110	1994 Stock Option Plan
10.113	Nonstatutory Stock Option Plan
10.123	Third Amendment to First Amended and Restated Credit Agreement dated May 28, 1998, among the Company and several financial institutions
10.124	Fourth Amendment to First Amended and Restated Credit Agreement dated June 16, 1998, among the Company and several financial institutions
27	Financial Data Schedule

(b) The registrant did not file any reports on Form 8-K during the fiscal quarter ended May 28, 1998.

SIGNATURES

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

Micron Technology, Inc.

(Registrant)

Dated: July 13, 1998

/s/ Wilbur G. Stover, Jr.

Wilbur G. Stover, Jr., Vice President of Finance and Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 2.1

EXECUTION COPY

ACQUISITION AGREEMENT

DATED JUNE 18, 1998

BETWEEN

MICRON TECHNOLOGY, INC.

AND

TEXAS INSTRUMENTS INCORPORATED

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ACQUISITION AGREEMENT

This ACQUISITION AGREEMENT, dated June 18, 1998 (this "Agreement"), is between Micron Technology, Inc., a Delaware corporation ("Buyer"), and Texas Instruments Incorporated, a Delaware corporation ("Seller"). All capitalized terms used herein have the meanings ascribed to such terms in Article I hereof or as otherwise defined herein.

RECITALS

A. Seller engages, through its Subsidiaries and through the Joint Ventures, in research and development, manufacture, assembly, sales and distribution of devices capable of storing data or information, including DRAMs and EPROMs, and certain other activities related thereto;

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, all of the assets of said Business upon the terms and subject to the conditions set forth in this Agreement; and

C. It is intended that, contemporaneously with the closing of the transactions contemplated hereby, (i) each of the parties to the Joint Ventures shall enter into binding written agreements providing for Buyer to replace Seller in its relationships with each of the Joint Ventures, (ii) a wholly owned subsidiary of Seller shall purchase certain Subordinated Notes and certain Convertible Notes and (iii) Buyer and Seller shall enter into the Cross-License Agreement.

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

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

I.1 "Access Rights" has the meaning set forth in Section 6.17 hereof.

I.2 "Acquired Assets" has the meaning set forth in Exhibit A hereto.

I.3 "Acquired Assets Tax Returns" has the meaning set forth in Section 7.3 hereof.

I.4 "Acquired Fab Sites" has the meaning set forth in Exhibit A hereto.

I.5 "Acquired Facilities" means the Owned Facilities and the Leased Facilities as specified in Section 1.5 of the Seller Disclosure Letter.

I.6 "Acquired Intellectual Property" means the Intellectual Property, other than Patents issued or Patent applications filed before the Closing Date, owned by any member of the Seller Group and primarily related to or primarily used in the Business. Acquired Intellectual Property shall include Intellectual Property, other than Patents issued or Patent applications filed prior to the Closing Date, in any invention or work created, conceived or authored by an employee of the Business.

I.7 "Adjusted Balance Sheet" has the meaning set forth in Section 6.4 hereof.

I.8 "Affiliate" means, with respect to a specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Person, provided that in no event shall any member of the Seller Group be deemed to be an Affiliate of Buyer.

I.9 "Agents" means, with respect to the referenced principal, any past or present officer, director, employee, representative, shareholder, or contractor of the referenced principal, or any other Person for whom such principal is legally responsible.

I.10 "Assumed Liabilities" has the meaning set forth in Exhibit B hereto.

I.11 "Business" means the business of the Seller Group relating to the manufacture, assembly, sales and distribution of MOS memory devices capable of storing data or information (including DRAM, Flash and EPROM devices) including all products and aspects of such business under current research and development.

I.12 "Business Day" means a day other than a Saturday, Sunday or other day on which the New York Stock Exchange does not conduct regular trading.

I.13 "Buyer" has the meaning set forth in the Preamble hereof.

I.14 "Buyer COBRA Election" has the meaning set forth in Section 8.2 hereof.

I.15 "Buyer Common Stock" means the common stock, par value $0.10 per share, of Buyer.

I.16 "Buyer Disclosure Letter" means Buyer's disclosure schedule to be delivered to Seller pursuant to Section 6.11 of this Agreement.

I.17 "Buyer Indemnified Claims" has the meaning set forth in Section 10.2 hereof.

I.18 "Buyer Material Adverse Effect" means a material adverse effect on the business, operations, results of operations, financial condition or assets (including intangible assets) of Buyer's business, taken as a whole.

I.19 "Buyer Maximum Amount" has the meaning set forth in Section 10.4 hereof.

I.20 "Buyer Operating Group" means Buyer, Singapore Newco (after giving effect to the acquisition of all of the outstanding capital stock thereof by Buyer or a Subsidiary of Buyer), Italian Newco (after giving effect to the acquisition of all of the outstanding capital stock thereof by Buyer or a Subsidiary of Buyer) and any Subsidiary designated by Buyer to purchase assets in accordance with the terms of this Agreement.

I.21 "Buyer SEC Documents" has the meaning set forth in Section 5.7 hereof.

I.22 "Buyer Transferred Business Employees" has the meaning set forth in Section 8.2 hereof.

I.23 "Buyer's Taxes" has the meaning set forth in Section 7.2 hereof.

I.24 "Cash Payment" has the meaning set forth in Section 3.4 hereof.

I.25 "Claim" means any Proceeding or any other demand, citation, summons, complaint, order or investigation by any Governmental Agency or other Person.

I.26 "Closing" means the consummation of the transactions contemplated hereby.

I.27 "Closing Balance Sheet" has the meaning set forth in Section 6.4 hereof.

I.28 "Closing Date" means the date on which the Closing occurs.

I.29 "Closing Statement" has the meaning set forth in Section 6.13 hereof.

I.30 "Closing Time" has the meaning set forth in Section 3.1 hereof.

I.31 "COBRA" means Title X of the Consolidated Omnibus Reconciliation Act of 1985, as amended.

I.32 "Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder, as the same may be in effect from time to time.

I.33 "Contamination" means any Hazardous Material which is present in the soil, groundwater, surface water, air, or building materials of a property in a concentration that (i) exceeds the concentrations allowed by applicable Environmental Requirements, and/or (ii) results in any requirement for Remedial Activities or which is stored as of the Closing Date in any Acquired Facility in violation of any Environmental Requirement applicable thereto as of the Closing Date.

I.34 "Contract" means any agreement, joint venture agreement, partnership
agreement, assignment, lease, sublease, license, sublicense, settlement agreement, consent decree, stipulation, promissory note, evidence of indebtedness, loan agreement, indenture, security agreement, loan document, insurance policy, or other contract or commitment (whether written or oral), including any amendments, supplements or other modifications thereto.

I.35 "Convertible Notes" means the 6-1/2% Convertible Subordinated Notes due 2005 of Buyer issued or to be issued pursuant to the Indenture, as supplemented by the Supplemental Indenture, such notes to be limited to an aggregate principal amount of $740,000,000.

I.36 "Copyrights" has the meaning set forth in Section 1.78 hereof.

I.37 "Cross-License Agreement" means the patent cross-license agreement between Seller and Buyer, in the form of Exhibit C hereto.

I.38 "Debt Valuation" has the meaning set forth in Section 3.4 hereof.

I.39 "Designated Employees" has the meaning set forth in Section 8.1 hereof.

I.40 "Destroyed Asset" has the meaning set forth in Section 6.14 hereof.

I.41 "Disposal Facility" means any transporter, hauler, recycler, incinerator, or any storage, handling, or disposal operator or facility to which Hazardous Material waste (which is generated in the course of the Pre-Closing Seller Operations, generated prior to the Closing Date at any Acquired Facility or Joint Venture Facility, or generated at any time by the Seller Group, or Joint Venture, or their respective Agents or Affiliates) has been or is directly or indirectly delivered, transported, stored, disposed of, or otherwise transferred.

I.42 "Domestic Employees" means all employees of members of the Seller Group or any of their Affiliates who are engaged primarily in the Business and who are based in the United States of America.

I.43 "DRAM" means a dynamic random access memory device for the storage of digital information.

I.44 "EDB" means the Singapore Economic Development Board, a statutory body established under the Economic Development Board Act of the Republic of Singapore.

I.45 "Effective Time" has the meaning set forth in Exhibit B hereto.

I.46 "Employee Benefit Plan" means any employee benefit plan as defined in Section 3(3) of ERISA, and any other plan (or practices or procedures having the effect of a plan), arrangement, contract (other than a collective bargaining agreement), program or policy benefiting employees,

including, without limitation, any such plan, arrangement, contract, program or policy with respect to deferred compensation, retention, fringe benefit, stock appreciation right, "phantom" stock, bonus or other incentive compensation, insurance, profit sharing, disability, thrift, stock purchase, day care, healthcare, medical, dental, vision, legal services, qualified, nonqualified and incentive stock option plan, supplemental or excess benefit plan, employee discount, or severance.

I.47 "Employment Act" has the meaning set forth in Section 8.1 hereof.

I.48 "Environmental Reports" means those reports provided to Buyer pursuant to subsection 4.1(o) hereof.

I.49 "Environmental Requirements" means any and all applicable Permits and/or Approvals, statutes, rules, ordinances, regulations, common laws, orders, injunctions, decrees, judgments, stipulations, orders, treaties, protocols or rulings of any Governmental Agency, and/or, to the extent legally binding upon the Acquired Assets, the Buyer Operating Group, the Business, and/or the Acquired Facilities, any and all consent decrees, settlement agreements, Contracts, covenants running with land, and equitable servitudes which regulate or prohibit any Hazardous Material or Hazardous Material Activity or are otherwise intended to protect human health, reproduction, worker safety, the environment, or natural resources.

I.50 "EPROM" means an erasable, programmable, read-only memory device that allows stored information to be erased.

I.51 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended (including, without limitation, any successor code), and the rules and regulations promulgated thereunder, as the same may be in effect from time to time.

I.52 "ERISA Affiliate" of any entity means any other entity which, together with such entity, would be treated as a single employer under Section 414 of the Code.

I.53 "Excess" has the meaning set forth in Section 6.4 hereof.

I.54 "Exchange Act" means the Securities Exchange Act of 1934, as amended (including, without limitation, any successor act), and the rules and regulations promulgated thereunder, as the same may be in effect from time to time.

I.55 "Excluded Assets" has the meaning set forth in Exhibit A hereto.

I.56 "Excluded Contracts" means the Contracts of a type described under clauses (S) through (V) of Section 4.1(f)(i), unless otherwise agreed by Buyer. In addition, "Excluded Contracts" shall mean all Contracts of any member of the Seller Group primarily related or primarily used in the Business as conducted in India, Japan or any of the sites set forth in clause 12 of the definition of Excluded Assets set forth in Exhibit A hereto.

I.57 "Excluded Employees" means Domestic Employees and Foreign Employees
located at, or whose employment primarily relates to, any of the locations or operations identified under clause 12(d) of the definition of Excluded Assets on Exhibit A hereto and certain administrative and marketing personnel located in Singapore as agreed by Buyer and Seller.

I.58 "Excluded Liabilities" has the meaning set forth in Exhibit B hereto.

I.59 "Facility Indemnitees" has the meaning set forth in Section 10.9 hereof.

I.60 "Financial Statements" has the meaning set forth in Section 4.1(i) hereof.

I.61 "FMLA" means the Family and Medical Leave Act of 1993, as amended (including, without limitation, any successor act), and the rules and regulations promulgated thereunder, as the same may be in effect from time to time.

I.62 "Foreign Benefit Plans" means all Employee Benefit Plans which cover Foreign Employees.

I.63 "Foreign Employees" means all employees of members of the Seller Group or any of their Affiliates who are engaged primarily in the Business and who reside or are domiciled in a country other than the United States of America; provided, however, that "Foreign Employees" shall not include any of Seller's employees in India or Japan.

I.64 "Former Facilities" means any real property (other than the Acquired Facilities) that is or has been owned, leased, or otherwise used on or before the Closing Date for the conduct of the Pre-Closing Seller Operations or which was owned or leased on or before the Closing Date by any member of the Seller Group or the Joint Ventures.

I.65 "GAAP" means U.S. generally accepted accounting principles.

I.66 "Gore Software" has the meaning set forth in Section 6.16 hereof.

I.67 "Governmental Agency" means any court, administrative agency, commission, law making body or other governmental authority or instrumentality of the government of the United States, or any state, municipality, county or town thereof, or of any foreign jurisdiction, or any agency, bureau, ministry, law making body, commission or instrumentality thereof, including the employees or agents thereof.

I.68 "Governmental Approval" means an approval, order or authorization of, or filing or registration with, or consent of or notification to any Governmental Agency.

I.69 "Hazardous Material" means any material, substance or waste to the extent designated by any applicable Governmental Agency to be radioactive, toxic, hazardous or otherwise

a danger to health, reproduction or the environment or that is regulated or prohibited under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Occupational Safety and Health Act, the Resource Conservation and Recovery Act of 1976, the Federal Insecticide, Fungicide and Rodenticide Act, the Federal Water Pollution Control Act, Nuclear Waste Policy Act of 1982, the Safe Drinking Water Act, the Clean Air Act, or the Toxic Substances Control Act, including, without limitation, petroleum, crude oil fractions, asbestos-containing materials, radon gas and radioactive materials.

I.70 "Hazardous Material Activities" means any and all Remedial Activities and any and all transportation, transfer, recycling, storage, use, handling, treatment, manufacture, investigation, removal, remediation, emission to air, discharge to soil, surface water and/or ground water, release, exposure of others to, sale, or distribution of any Hazardous Material, any Contamination, or any product or waste containing a Hazardous Material.

I.71 "HIPAA" has the meaning set forth in Section 8.2 hereof.

I.72 "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (including, without limitation, any successor act), and the rules and regulations promul gated thereunder, as the same may be in effect from time to time.

I.73 "Indemnified Buyer Group" has the meaning set forth in Section 10.2 hereof.

I.74 "Indemnified Claims" has the meaning set forth in Section 10.4 hereof.

I.75 "Indemnified Seller Group" has the meaning set forth in Section 10.4 hereof.

I.76 "Indenture" means that certain Indenture, dated as of June 15, 1997, by Buyer to Norwest Bank Minnesota, National Association, as trustee thereunder, with respect to certain subordinated debt securities of Buyer.

I.77 "Independent Accounting Firm" has the meaning set forth in Section 6.4 hereof.

I.78 "Intellectual Property" means any or all of the following and all rights in, arising out of, or associated therewith: (i) all United States and foreign patents and utility models and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof, and re-examinations and equivalent or similar rights anywhere in the world in inventions and discoveries ("Patents"); (ii) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, technology, technical data and customer lists, and all documentation embodying or evidencing any of the foregoing except to the extent any of the foregoing is embodied within an issued Patent ("Trade Secrets"); (iii) all copyrights, copyright registrations and applications therefor and all other rights corresponding thereto throughout the world ("Copyrights"); (iv) all mask works, mask work registrations and applications therefor, and any equivalent or similar rights in semiconductor masks,

layouts, architectures or topology ("Maskworks"); (v) all industrial designs and any registrations and applications therefor throughout the world; (vi) all trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications therefor and all goodwill associated therewith throughout the world ("Trademarks"); (vii) all databases and data collections and all rights therein throughout the world; (viii) all computer software including all source code, object code, firmware, development tools, files, records and data, all media on which any of the foregoing is recorded; (ix) all World Wide Web addresses, Uniform Resource Locators, and domain names; and (x) any similar, corresponding or equivalent rights to any of the foregoing anywhere in the world.

I.79 "Issue Price" has the meaning set forth in Section 3.4 hereof.

I.80 "Italian and Singapore Transferred Business Employees" has the meaning set forth in Section 8.2 hereof.

I.81 "Italian Newco" has the meaning set forth in Section 6.1 hereof.

I.82 "Italian Operating Company" means Texas Instruments Italia S.p.A.

I.83 "Joint Venture Assets" for each Joint Venture means the Joint Venture Facilities and all of the other tangible assets shown on the balance sheet for such Joint Venture.

I.84 "Joint Venture Facilities" means the facilities owned or leased by any of the Joint Ventures.

I.85 "Joint Ventures" means TECH and KTI.

I.86 "JV Agreements" means the KTI Agreements and TECH Agreements.

I.87 "JV Amendments" means the TECH Amendments and the KTI Amendments.

I.88 "JV Audited Financial Statements" has the meaning set forth in Section 4.2(h) hereof.

I.89 "JV Financial Statements" has the meaning set forth in Section 4.2(h) hereof.

I.90 "JV Interests" means the entire ownership interest held by Seller, its Subsidiaries or any of their Affiliates in the Joint Ventures.

I.91 "JV Interim Financial Statements" has the meaning set forth in Section 4.2(h) hereof.

I.92 "JV Material Adverse Effect" means (i) a material adverse effect on the financial condition, business, operations (but not including results of operations), or the ability to manufacture and supply Memory Products of either KTI or TECH, or both, as the context requires, as

manufactured and supplied to Seller on the date hereof, in all cases on a standalone basis with respect to each entity, or (ii) a material adverse effect on the ability of either Joint Venture to perform its obligations under any of the JV Agreements or the JV Amendments.

I.93 "JV Permits and Approvals" has the meaning set forth in Section 4.2(l) hereof.

I.94 "JV Transfer Agreements" has the meaning set forth in Section 4.2 hereof.

I.95 "KTI" means KTI Semiconductor, a corporation organized under the laws of Japan.

I.96 "KTI Agreements" means the KTI Shareholders' Agreement together with all of the agreements entered into by any of the parties thereto (or any of their respective Affiliates) in connection with KTI (including related supply agreements), as amended through the date hereof.

I.97 "KTI Amendments" means the amendments to the KTI Agreements to be executed at or prior to the Closing in accordance with Section 6.12 hereof, as contemplated by the agreement dated April 21, 1998 among Seller, Buyer and Kobe Steel Limited.

I.98 "KTI Shareholders' Agreement" means the Shareholders' Agreement, dated March 19, 1990, between Seller and Kobe Steel, Ltd., as amended.

I.99 "Law" means all laws, statutes, ordinances, regulations, and other pronouncements having the effect of law of the United States of America, Italy, the Republic of Singapore, Japan, India or any other country or territory, or domestic or foreign state, province, commonwealth, city, country, municipality, territory, protectorate, possession, court, tribunal, agency, government, department, commission, arbitrator, board, bureau, or instrumentality thereof.

I.100 "Leased Facilities" means the facilities used in the Business as currently conducted to be leased pursuant to this Agreement and/or the Transition Services Agreement by a member of the Buyer Operating Group on or after the Closing, including the parking privileges and other appurtenances of every kind thereto and all security and other prepayments and deposits arising thereunder or in connection therewith.

I.101 "Liability" means all debts, liabilities, Losses, Claims, damages, costs, expenses and obligations of every kind, whether fixed or contingent, mature or unmatured, or liquidated or unliquidated, including, without limitation, those arising under any Law and those arising under any contract, commitment or undertaking.

I.102 "Licensed IP" has the meaning set forth in Section 6.15 hereof.

I.103 "Liens" means any mortgage, pledge, security, interest, encumbrance, lien (statutory or other), conditional sale agreement or other adverse claim of any kind.

I.104 "Loss" or "Losses" means any and all deficiencies, judgments, settlements, demands, claims, actions or causes of action, assessments, liabilities, losses, damages (other than consequential damages), interest, fines, penalties, costs and expenses, including, without limitation, reasonable legal, accounting and other costs and expenses incurred in connection with investigating, defending, settling or satisfying any and all demands, claims, actions, causes of action, suits, proceedings, assessments, judgments or appeals.

I.105 "March Balance Sheet" means the unaudited balance sheet as at March 31, 1998 with respect to the Business on a combined basis (including the JV Interests as an equity investment) delivered by Seller to Buyer prior to the date hereof and attached as Exhibit D hereto.

I.106 "Maskworks" has the meaning set forth in Section 1.78 hereof.

I.107 "Material Adverse Effect" means a material adverse effect on the business, operations, results of operations, financial condition, all assets (including intangible assets) of the Business, taken as a whole, or liabilities of the Business, taken as a whole, or on Buyer's ability to own, use or operate the Acquired Assets, taken as a whole, or the Business in substantially the same manner as the Seller Group owned, used or operated the Acquired Assets and the Business on the date hereof, or on the ability of the Joint Ventures to manufacture and supply Memory Products to Buyer in the same manner and in the same quantity as manufactured and supplied on the date hereof.

I.108 "Maximum Amount" has the meaning set forth in Section 10.2 hereof.

I.109 "Memory Products" means any standalone DRAM, EPROM or flash EPROM semiconductor product whether in discrete IC form or modular form, such as a SIMM; provided, however, that Memory Products shall not include DRAM, EPROM or flash EPROM products which Seller is contractually obligated, as of June 10, 1998, to purchase from Texas Instruments-Acer Incorporated or any successor company thereto in accordance with the Transition Agreement (the "Transition Agreement"), dated March 3, 1998, by and among Seller, Acer Incorporated, a corporation organized under the laws of the Republic of China and Texas Instruments-Acer Incorporated, a corporation organized under the laws of the Republic of China and Seller, as amended by the amendments to such Transition Agreement, dated June 10, 1998.

I.110 "Newco Shares" means all issued and outstanding capital stock of Italian Newco and Singapore Newco.

I.111 "Non-Assignable Contract" has the meaning set forth in Section 6.31(b) hereof.

I.112 "Notes" has the meaning set forth in Section 3.4 hereof.

I.113 "Notice of Objection" has the meaning set forth in Section 6.4 hereof.

I.114 "Operating Group" means Singapore Operating Company, Italian Operating Company and Twinstar.

I.115 "Owned Facilities" means the facilities identified in Section 4.1(n) of the Seller Disclosure Letter, including (i) the improvements and structures located thereon, (ii) all easements, and appurtenances in favor of or benefitting said property or any portion thereof, and (iii) for purposes of Section 2.1 only, the owner's right, title and interest in (A) all furniture, fixtures, fittings apparatus, equipment, machinery, fire safety, data transmission, security, electrical, water, sewer, gas and other utility systems, leases, and other items of tangible and personal property located on, attached to, used in connection with, required for the operation of, or arising as a consequence of the ownership, operation, maintenance, management of said land and improvements, (B) any deposits, prepayments, intangible personal property, guaranties, warranties, and contracts now or hereafter arising in connection with ownership, use or operation of such property, to the extent designated by Buyer, in its sole discretion, as included in the Acquired Assets, and (C) any lease rights (including, without limitation, the lessor's interest in and to all tenant leases, subleases and tenancies, including all amendments, modifications, agreements, records, substantive correspondence, and other documents affecting in any way a right to occupy any portion of said land and improvements and the lessor's interest in all security deposits and prepaid rent, if any, under said leases, and any and all guaranties of said leases).

I.116 "Patents" has the meaning set forth in Section 1.78 hereof.

I.117 "Permits and/or Approvals" means certificates, exemptions, orders, permits, licenses, clearances, authorizations, consents and approvals required by or from any Governmental Agency (including Governmental Approvals) or other Person which is required for the conduct of the designated activity.

I.118 "Permitted Liens" means, with respect to the Owned Facilities, Liens for Taxes not yet due and payable or being contested in good faith for which reserves have been taken on the Closing Balance Sheet, those Liens specifically enumerated in Section 1.118 of the Seller Disclosure Letter, and any Liens created by Buyer at or prior to the Closing, and for all other Acquired Assets, (i) Liens specifically enumerated in Section 1.118 of the Seller Disclosure Letter relating to the assets of Singapore Newco and Italian Newco, (ii) Liens of landlords, carriers, warehousemen, mechanics, and materialmen arising by operation of law in the ordinary course of business for sums not yet due and payable, (iii) encumbrances and exceptions to title set forth in Section 1.118 of the Seller Disclosure Letter, (iv) Liens on the date hereof intended by Buyer and Seller to be released at or prior to the Closing; provided, however, that all such Liens are actually released at or prior to the Closing, (v) any Liens created by Buyer at or prior to the Closing and (vi) other Liens or imperfections to title which do not materially impair the use of such property for the conduct of the Business.

I.119 "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or Governmental Agency.

I.120 "Pre-Closing Period" has the meaning set forth in Section 7.2 hereof.

I.121 "Pre-Closing Seller Operations" means activities of every type conducted in the course of or in connection with the Business on or prior to the Closing Date, wherever the same shall have been conducted, including, but not limited to, the product development, manufacturing, assembly, research, shipping, product marketing and sales, leasing and Hazardous Material Activities of the Business.

I.122 "Preliminary Balance Sheet" has the meaning set forth in Section 6.4 hereof.

I.123 "Price Allocation" has the meaning set forth in Section 6.18 hereof.

I.124 "Proceeding" means any suit, action, arbitration, mediation, administrative, or other proceeding before any Governmental Agency.

I.125 "Registered Intellectual Property" means all United States, international and foreign: (i) registered Trademarks, service marks or trade names, applications to register Trademarks, service marks or trade names, intent-to-use applications, or other registrations or applications related to Trademarks, service marks or trade names; (ii) registered Copyrights and applications for Copyright registration; (iii) any mask work registrations and applications to register mask works; (iv) Uniform Resource Locators, World Wide Web site addresses and domain names; and (v) any other Intellectual Property that is the subject of an application, certificate, filing, registration or other document issued by, filed with, or recorded by, any state, government or other public legal authority, other than Patents and applications for Patents.

I.126 "Related Agreements" means the JV Amendments, the Securities Rights and Restrictions Agreement, the Transition Services Agreement (including all of the agreements to be delivered pursuant thereto) and the Cross-License Agreement.

I.127 "Remedial Activities" means any sampling, testing, investigation, feasibility study, health assessment, risk assessment, construction activity, installation, encapsulation, removal, excavation, treatment, discharge, disposal, removal, transportation, monitoring and remediation thereto of Contamination or any Hazardous Material from, in or on any real property, or the soil, groundwater, surface water, ambient air, indoor air, or building materials thereof.

I.128 "Reorganization" has the meaning set forth in Section 6.1 hereof.

I.129 "Reorganization Agreements" has the meaning set forth in Section 4.1 hereof.

I.130 "Required Utilities" has the meaning set forth in Section 4.1 hereof.

I.131 "Requisite Regulatory Approvals" has the meaning set forth in Section 9.1 hereof.

I.132 "Retained Environmental Liabilities" means all Losses, Claims, Liens and Liabilities to the extent arising out of any of the following:

(a) Contamination (i) present at any Acquired Facility or Joint Venture Facility on or before the Closing Date, (ii) present at any Former Facility (other than Contamination resulting from the Hazardous Material Activities of Buyer and its Subsidiaries when they were Buyer's Subsidiaries at the Former Facility), (iii) resulting from any condition or circumstance existing prior to the Closing Date at, on, or about any Acquired Facility or Joint Venture Facility which permits a release, emission or discharge of Hazardous Materials into the environment after the Closing Date and which constitutes, as of the Closing Date, a violation of any applicable Environmental Requirements, or (iv) present at any time on any property as a consequence of the migration, by any means and at any time, of any of the aforesaid Contamination;

(b) any Hazardous Material Activity conducted in the course of the Pre-Closing Seller Operations, any Hazardous Material Activity (other than a Hazardous Material Activity conducted by Buyer or its Subsidiaries, when they were Buyer's Subsidiaries at a Disposal Facility or a Former Facility) conducted at any Acquired Facility or Joint Venture Facility, Disposal Facility (to the extent of any Seller Group member's liability therefor as of the Closing Date) or Former Facility at any time prior to the Closing Date, or any Hazardous Material Activity conducted by any member of the Seller Group or their respective Agents or Affiliates on or about any Acquired Facility or Joint Venture Facility, Disposal Facility or Former Facility;

(c) the exposure of any Person (including without limitation any employee of a Seller Group member, any Joint Venture or their Affiliates, Agents or contractors) (1) to any Contamination described in subsection (a), above, or (e) below at any time, (2) to any Hazardous Material released after the Closing Date that results from a condition or circumstance (i) which exists on or before the Closing Date, at, on, under or about the Acquired Facilities, or (ii) which arises in connection with Pre-Closing Seller Operations, and (iii) which in either case constitutes a violation as of the Closing Date of applicable Environmental Requirements, (3) to a Hazardous Material in the course of any Hazardous Material Activity described in subsection (b) above; without regard (in any of the foregoing cases) to whether any effect of the exposure has been manifested as of the Closing Date;

(d) the violation of any Environmental Requirement applicable to, or the absence or violation of any Permits and/or Approval required for, (i) the conduct of the Pre-Closing Seller Operations, (ii) the ownership, leasing, use or occupancy of any Acquired Facility for the conduct of the Pre-Closing Seller Operations, or (iii) any Hazardous Material Activity described in subsection (b), above;

(e) the presence of any Contamination or Hazardous Material at, on, under, about, or migrating from or to any Disposal Facility, to the extent such Contamination or Hazardous Material results from (i) Pre-Closing Seller Operations, (ii) any Contamination described in subsection (a) above, (iii) any Hazardous Material Activity described in subsection (b) above, or (iv) which is otherwise the legal responsibility of any member of the Seller Group as of the Closing Date; and/or

(f) any condition or facts described or disclosed by the Environmental Reports identified in Section 1.132 of the Seller Disclosure Letter, or made available by a Seller Group member to the Buyer or its Affiliates prior to the Closing Date.

(g) Notwithstanding the foregoing, for the purpose of determining the amount of any Buyer Indemnified Claim under Section 10.2 of this Agreement (i) with respect to a Joint Venture Retained Environmental Liability of TECH, only that portion of such Claim or Loss as a holder of a thirty percent (30%) equity owner of TECH would incur by reason of its equity ownership interest will be included hereunder as a Buyer Indemnified Claim under this Agreement and (ii) with respect to a Joint Venture Retained Environmental Liability of KTI, only that portion of such Claim or Loss as a holder of a twenty-five percent (25%) equity owner of KTI would incur by reason of its equity ownership interest will be included hereunder as a Buyer Indemnified Claim. For the purpose of the foregoing "Joint Venture Retained Environmental Liabilities" shall mean those Retained Environmental Liabilities described above, which arise out of (i) a Joint Venture Facility of the applicable Joint Venture, (ii) Contamination or an exposure at or from a Joint Venture Facility of the applicable Joint Venture, (iii) a Disposal Facility or a Former Facility of the applicable Joint Venture and/or (iv) the Hazardous Materials Activities of the applicable Joint Venture.

I.133 "Right and/or Claim" means all of the Seller Group's warranties, deposits, rights of recovery, rights of set-off, Tax and other credits, and other similar rights against third parties relating to the Acquired Assets.

I.134 "SEC" means the United States Securities and Exchange Commission.

I.135 "Securities" means the Buyer Common Stock, Convertible Notes and Subordinated Notes.

I.136 "Securities Act" means the Securities Act of 1933, as amended (including, without limitation, any successor act), and the rules and regulations promulgated thereunder, as the same may be in effect from time to time.

I.137 "Securities Rights and Restrictions Agreement" means the agreement to be entered into between Seller and Buyer at the Closing substantially in the form of Exhibit E hereto.

I.138 "Seller" has the meaning set forth in the Preamble hereof.

I.139 "Seller Disclosure Letter" means Seller's disclosure schedule to be delivered to Buyer pursuant to Section 6.10 of this Agreement.

I.140 "Seller Group" means Seller and the Operating Group and, upon their formation, Singapore Newco and Italian Newco.

I.141 "Seller Indemnified Claims" has the meaning set forth in Section 10.4 hereof.

I.142 "Seller Note Purchasing Subsidiary" has the meaning set forth in Section 6.1 hereof.

I.143 "Seller's Taxes" has the meaning set forth in Section 7.2 hereof.

I.144 "Seller's Year 2000 Plan" has the meaning set forth in Section 4.1(p)(xi) hereof.

I.145 "Shortfall" has the meaning set forth in Section 6.4 hereof.

I.146 "Shutdown Costs" means any and all costs other than Sustaining Costs, incurred in connection with the discontinuance of operations at the Twinstar Facility, including, without limitation, costs incurred in connection with the termination or modification of any Contracts, the return or other disposition of any materials, supplies, inventory or waste, the termination of any employees, the return or revocation of any tax abatements or other tax privileges, or the payment of fees for professional services.

I.147 "Singapore Newco" has the meaning set forth in Section 6.1 hereof.

I.148 "Singapore Operating Company" means Texas Instrument Singapore (Pte.) Limited.

I.149 "Straddle Period" has the meaning set forth in Section 7.2 hereof.

I.150 "Subordinated Notes" means the 6-1/2% Subordinated Notes due 2005 of Buyer in substantially the form of Exhibit F, delivered or to be delivered to Seller Note Purchasing Subsidiary at Closing pursuant to Section 3.4(a), such notes to be limited to an aggregate principal amount of $210,000,000.

I.151 "Subsidiary" of a Person means any corporation or other entity of which the securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are owned directly or indirectly by such Person.

I.152 "Successor" has the meaning set forth in Section 6.15 hereof.

I.153 "Supplemental Indenture" means that certain second supplemental indenture to the Indenture to be executed by Buyer and Trustee thereunder at or prior to the Closing, providing for the creation of the Convertible Notes, which supplemental indenture shall be in substantially the form of Exhibit G hereto.

I.154 "Sustaining Costs" means costs incurred in connection with the Twinstar Facility and personnel employed thereat during the period following the discontinuance of operations at Twinstar to the Closing Date, including, without limitation, costs for materials, repair and maintenance, salary, wages and benefits of retained employees, depreciation, taxes, insurance and utilities and other outside services.

I.155 "Target Amount" has the meaning set forth in Section 6.4 hereof.

I.156 "Target Closing Date" has the meaning set forth in Section 6.4 hereof.

I.157 "Tax" or "Taxes" means any and all taxes, imposts, licenses, fees, charges, levies, imposts, rates, penalties, assessments, or other charges, including, without limitation, any sales, use, transfer, income, gross receipts, registration, franchise, excise, real and personal property, ad valorem, custom, documentary, stamp, duty, payroll, employment, unemployment insurance, social security, recording, environmental, net worth, capital, withholding, backup withholding, value-added, unitary, recapture, clawback, and any similar tax, assessment, impost, fee or governmental charge and including all interest, penalties, or additions thereto imposed or asserted directly or indirectly by any Governmental Agency, whether or not disputed, and shall include any liability arising as a result of being (or ceasing to be) a member of any affiliated, consolidated, combined or unitary group or being included (or ceasing to be included) in any Tax Return relating thereto.

I.158 "Tax Parameters" has the meaning set forth Section 6.18 hereof.

I.159 "Tax Proceedings" has the meaning set forth in Section 7.7 hereof.

I.160 "Tax Return" means any return, declaration, report, claim for refund, or information statement relating to Taxes including any schedule attached thereto and any amendment thereto.

I.161 "TECH" means TECH Semiconductor Singapore Pte. Ltd., a company organized under the laws of the Republic of Singapore.

I.162 "TECH Agreements" means the TECH Shareholders' Agreement together with all of the agreements entered into by any of the parties thereto (or any of their respective Affiliates) in connection with TECH (including related supply agreements), as amended through the date hereof.

I.163 "TECH Amendments" means the amendments to the TECH Agreements to be executed at or prior to the Closing as contemplated by Section 6.12 hereof.

I.164 "TECH Shareholders' Agreement" means the Shareholders' Agreement dated April 11, 1991 among Seller, EDB, Hewlett-Packard Company and Canon Inc., as amended.

I.165 "Territory" has the meaning set forth in Section 6.25 hereof.

I.166 "Texas Transferred Business Employees" has the meaning set forth in Section 8.2 hereof.

I.167 "Threshold Amount" has the meaning set forth in Section 10.2 hereof.

I.168 "Trade Secrets" has the meaning set forth in Section 1.78 hereof.

I.169 "Trademarks" has the meaning set forth in Section 1.78 hereof.

I.170 "Transfer Tax or Taxes" means any and all Taxes, whenever arising, attributable to the transactions or events contemplated by this Agreement and the Related Agreements, including, without limitation, the transactions and events described in Articles II, III and VI hereof.

I.171 "Transferred Acquired Assets" means all Acquired Assets (including capital stock) other than the Acquired Assets transferred to Italian Newco and Singapore Newco in accordance with Section 6.1 hereof.

I.172 "Transferred Assumed Liabilities" means all Assumed Liabilities other than the Assumed Liabilities assumed by Italian Newco or Singapore Newco in accordance with Section 6.1 hereof.

I.173 "Transferred Business Employees" means those employees who are employed by Buyer, Italian Newco or Singapore Newco on and after the Closing Date pursuant to acceptance of the offers of employment made under Section 8.1(a), (b) and (c) of this Agreement.

I.174 "Transferred Contract" has the meaning set forth in Section 6.31 hereof.

I.175 "Transferred Contract Schedule" has the meaning set forth in Section 6.31 hereof.

I.176 "Transition Agreement" has the meaning set forth in Section 1.109 hereof.

I.177 "Transition Plan Year" has the meaning set forth in Section 8.5 hereof.

I.178 "Transition Services" has the meaning set forth in Section 6.7 hereof.

I.179 "Transition Services Agreement" means the transition services agreement (including the agreements referred to therein) to be entered into between Buyer and Seller at the Closing in accordance with Section 6.7 hereof.

I.180 "Twinstar" means Texas Instruments Richardson, LLC, a limited liability company organized under the laws of the state of Delaware, a successor in interest to all of the assets and liabilities of the former joint venture between Seller and Hitachi known as "Twinstar".

I.181 "Twinstar Facility" means Seller's fabrication facility with respect to the Business located in Richardson, Texas.

I.182 "Warn Act" has the meaning set forth in Section 8.5 hereof.

I.183 "Working Capital" means, with respect to the Business, (i) current assets which are included in the Acquired Assets, less (ii) the sum of all of the current liabilities and noncurrent liabilities which are included within the Assumed Liabilities other than up to 345,296 million Italian Lire principal amount of indebtedness for borrowed money directly related to Seller's assets in Italy constituting Acquired Assets.

I.184 "Working Capital Reduction" has the meaning set forth in Section 6.4 hereof.

I.185 "Working Capital Requirement" has the meaning set forth in Section 6.4 hereof.

ARTICLE II

THE ACQUISITION

II.1 Transfer of Assets. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall, and, after giving effect to the Reorganization, shall cause each member of the Operating Group to, sell, assign, transfer, convey and deliver to Buyer, or its designees, and Buyer, or such designees, shall purchase and accept from Seller and each member of the Operating Group all right, title and interest in the Transferred Acquired Assets, wherever located, free and clear of all Liens other than Permitted Liens.

II.2 Assumption of Liabilities. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Buyer, or its designees, shall assume the Transferred Assumed Liabilities. Buyer does not assume, and shall have no obligation or responsibility for, any Liabilities of any member of the Seller Group, whether arising before or after the Closing, except as otherwise expressly provided in this Agreement. From and after the Closing, Buyer shall be responsible for, and Buyer hereby agrees to pay, perform and discharge the Transferred Assumed Liabilities, other than the Excluded Liabilities.

ARTICLE III

THE CLOSING

III.1 Time and Place of Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Article XI, and subject to the satisfaction or waiver of the conditions set forth in Article IX, the Closing shall take place at 11:59 p.m., California time (the "Closing Time"), on the third Business Day after satisfaction or waiver of the conditions set forth in Article IX, at the offices of Wilson Sonsini Goodrich & Rosati, Professional Corporation, located at 650 Page Mill Road, Palo Alto, California 94304-1050, or at such other place and time as may be mutually agreed to by the parties hereto. The sale, assignment, transfer, conveyance and delivery of the Transferred Acquired Assets to, and the assumption of the Transferred Assumed Liabilities by, Buyer, or its designees, each as herein provided, shall be effected at the Closing Time.

III.2 Closing Date Deliveries of Seller. At the Closing, Seller shall, and shall cause each member of the Seller Group as may be appropriate to, deliver to Buyer or its designee the following:

(a) the Transferred Acquired Assets;

(b) Certificates representing all of the capital stock of Singapore Newco together with a duly executed stock power assigning at the Closing ownership thereof to Buyer, or a designee of Buyer;

(c) Certificates representing all of the capital stock of Italian Newco together with a duly executed stock power assigning at the Closing ownership thereof to Buyer, or a designee of Buyer;

(d) Certificates representing all of Seller's capital stock in each of TECH and KTI together with a duly executed stock powers assigning at the Closing ownership thereof to Buyer, or a designee of Buyer;

(e) duly executed Related Agreements;

(f) such executed deeds, bills of sale, assignments or other instruments of transfer and assignment, and releases as are reasonably necessary to consummate the sale and transfer of the Transferred Acquired Assets contemplated by this Agreement, all in form and substance reasonably satisfactory to Buyer and its counsel;

(g) the copy of resolutions of the board of directors of Seller and each member of the Seller Group (and, in the case of Singapore Operating Company, a copy of resolutions of a general meeting of the shareholders thereof) authorizing the execution, delivery and performance of this Agreement, the Related Agreements and each other agreement, document or certificate to which it is a party and is required to be delivered pursuant hereto or in connection herewith and authorizing the consummation of the transactions contemplated hereby and thereby by Seller and

each member of the Seller Group and a certificate of the secretary of Seller, dated the Closing Date, to the effect that such resolutions were duly adopted and are in full force and effect;

(h) a certificate, dated the Closing Date, from an executive officer of Seller to the effect that Seller has fulfilled the conditions set forth in Section 9.2 hereof;

(i) to the extent held by or under the control of Seller or any member of the Operating Group all of the books and records of the Seller Group included in the Acquired Assets;

(j) an affidavit, duly executed by Seller, attesting that Seller is not a "foreign person" within the meaning of Code Section 1445(e)(3) and is not subject to withholding under any state or U.S. Tax law, in form reasonably acceptable to Buyer; and

(k) the Closing Statement in form and substance satisfactory to Buyer.

III.3 Closing Date Deliveries of Buyer. At the Closing, Buyer shall, and shall cause each of its designees as may be appropriate to, deliver to Seller the following:

(a) 28,933,092 fully paid and nonassessable unregistered shares of Buyer Common Stock less the number of shares, if any, delivered by Buyer pursuant to Section 3.4(a) hereof;

(b) Convertible Notes in an aggregate principal amount of $740 million less the aggregate principal amount of Convertible Notes delivered by Buyer pursuant to Section 3.4(a) hereof;

(c) duly executed Related Agreements;

(d) such executed assignment and assumption instruments as are reasonably necessary to consummate the assumption of the Assumed Liabilities contemplated by this Agreement, all in form and substance reasonably satisfactory to Seller and its counsel;

(e) the copy of resolutions of the board of directors of Buyer, or its designees as may be appropriate, authorizing the execution, delivery and performance of this Agreement, and each other agreement, document or certificate to which it is a party and is required to be delivered pursuant hereto or in connection herewith and authorizing the consummation of the transactions contemplated hereby and thereby by Buyer and a certificate of the secretary of Buyer, dated the Closing Date, to the effect that such resolutions were duly adopted and are in full force and effect; and

(f) a certificate dated the Closing Date, from an executive officer of Buyer to the effect that Buyer has fulfilled the conditions set forth in Section 9.3 hereof.

III.4 Purchase and Sale of Notes. At the Closing, in addition to the deliveries set forth in Section 3.2 and Section 3.3 hereof:

(a) Buyer shall deliver to Seller Note Purchasing Subsidiary (i) $210 million aggregate principal amount of Subordinated Notes, and (ii) Convertible Notes in an aggregate principal amount (not to exceed $740 million) such that the fair market value (as of the Closing Date) of the Subordinated Notes and the Convertible Notes (collectively the "Notes") delivered pursuant to this Section 3.4(a) equals U.S. $750 million. If the fair market value of all the Subordinated Notes and all the Convertible Notes is less than U.S. $750 million, Buyer shall also deliver to Seller Note Purchasing Subsidiary an appropriate number of shares (determined in accordance with Exhibit H) of fully paid and nonassessable unregistered shares of Buyer Common Stock, such that the aggregate fair market value of the consideration delivered pursuant to this Section 3.4(a) equals U.S. $750 million. Notwithstanding anything to the contrary contained herein, in no event shall Buyer be obligated or otherwise committed to issue to Seller, or any other Person, in connection with the transactions contemplated hereby, more than 28,933,092 shares of Buyer Common Stock.

(b) Seller shall cause Seller Note Purchasing Subsidiary to deliver to Buyer U.S. $750 million of immediately available funds by wire transfer to an account designated to Seller Note Purchasing Subsidiary by Buyer in writing not later than two Business Days prior to the Closing Date (the "Cash Payment"). The Notes shall be treated as debt instruments and the portion thereof delivered to Seller Note Purchasing Subsidiary shall be treated as having an aggregate issue price for purposes of Code Section 1273 (and the regulations promulgated thereunder) equal to the Cash Payment less any portion of such Cash Payment attributable to Buyer Common Stock delivered pursuant to the last sentence of Section 3.4(a); the issue price per $1,000 of principal amount Notes (the "Issue Price") shall be equal to the product of $1,000 and a fraction whose numerator is $750 million and whose denominator is the aggregate stated principal amount of the Notes delivered to Seller Note Purchasing Subsidiary pursuant to Section 3.4(a) hereof. This fraction shall be appropriately adjusted in the event Buyer Common Stock is delivered to Seller Note Purchasing Subsidiary pursuant to the last sentence of Section 3.4(a). The issue price of the portion of the Convertible Notes not delivered to the Seller Note Purchasing Subsidiary shall also be the Issue Price.

(c) For purposes of Section 3.4 (a), the fair market value of the Notes (and thus the amount of Convertible Notes to be purchased by Seller Note Purchasing Subsidiary) shall be determined in good faith by Buyer and based upon the advice of its financial advisors and reasonably agreed to by Seller (the "Debt Valuation"). Each party hereto shall (and shall cause its respective Affiliates to) adopt and abide by the provisions of this Section 3.4 at their own expense, including without limitation the Debt Valuation and Issue Price (as determined herein) for purposes of all Tax Returns filed by them and shall not take any position inconsistent therewith in connection with any examination of any Tax Return, any refund claim, any judicial litigation proceeding but only if doing otherwise in such judicial litigation proceeding would materially prejudice the other party, or otherwise until there has been a final "determination" (within the meaning of Code Section 1313(a))

or any other event which finally and conclusively establishes the value of the Notes. In the event that the position being taken in accordance with this Section 3.4 is being challenged by any Taxing authority, the party receiving notice of the dispute shall promptly notify the other parties hereto of such dispute and the parties hereto shall consult with each other concerning resolution of the dispute.

(d) For thirty-one (31) days after the Closing Date, Seller and Seller Note Purchasing Subsidiary will not sell, dispose, enter into a forward contract, put option or otherwise reduce their risk of loss with respect to the Notes.

III.5 Subsequent Documentation. Seller shall, at any time and from time to time after the Closing Date, upon the request of Buyer, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further deeds, assignments, transfers and other instruments of transfer and conveyance as may be required for the assigning, recording, transferring, granting and conveying to Buyer or its successors and assigns, or for aiding and assisting in collecting and reducing to possession, any or all of the Acquired Assets.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as disclosed in the Seller Disclosure Letter (which shall make specific reference to only that particular representation and warranty as to which each disclosure included therein relates and, to the extent any disclosure included therein relates to more than one representation or warranty, such disclosure letter shall include a specific cross-reference to the other representations or warranties to which such disclosure relates), Seller represents and warrants to the Buyer as set forth below:

IV.1 Representations and Warranties Relating to the Seller Group.

(a) Organization and Qualification. Each member of the Seller Group is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own, operate and lease the Acquired Assets and to conduct the Business as it is now being conducted. Within 30 days after the date hereof, true, correct and complete copies of the Certificate of Incorporation (or similar documents) and By-laws (or similar documents) of each member of the Seller Group, each with all amendments thereto, have been delivered to Buyer. Each member of the Seller Group is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of the Acquired Assets or the nature of its activities makes such qualification or license necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, have a Material Adverse Effect. A complete list of all such jurisdictions pertaining to the Operating Group is set forth in Section 4.1(a) of the Seller Disclosure Letter.

(b) Corporate Authority.

(i) Each member of the Seller Group has all requisite corporate power and authority to enter into, execute and deliver this Agreement, the JV Transfer Agreements and the Related Agreements, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Related Agreements by each member of the Seller Group, the performance by each member of the Seller Group of its obligations under this Agreement and the Related Agreements, and the consummation of the transactions contemplated hereby and thereby have been (in the case of Seller and will be, prior to the Closing in the case of the Seller Group (other than Seller)) duly and validly authorized by all necessary corporate action on the part of each member of the Seller Group and (assuming due execution and delivery by the Buyer of this Agreement and the Related Agreements) this Agreement constitutes, and the Related Agreements when executed and delivered will constitute, legal, valid and binding obligations of each member of the Seller Group enforceable against such member in accordance with their terms. No approval by the stockholders of Seller is required with respect to the execution and delivery by any member of the Seller Group of this Agreement and the Related Agreements, and the performance by each member of the Seller Group of their respective obligations hereunder and thereunder.

(ii) Seller has, and at the Closing each member of the Seller Group that is to be a party to any of the agreements delivered in connection with the Reorganization (the "Reorganization Agreements") will have full corporate power and authority to enter into, execute and deliver each Reorganization Agreement to which such Seller Group member shall be a party, to perform such Seller Group member's obligations thereunder and to consummate the transactions contemplated thereby. The execution and delivery of each Reorganization Agreement, the performance of such Seller Group member's obligations thereunder, and the consummation of the transactions contemplated thereby, have been or with respect to Italian Newco and Singapore Newco, will be at the Closing Time, duly and validly authorized by all necessary corporate action of such Seller Group member. Each such Seller Group member on or prior to the Closing Date will have duly executed and delivered each such Reorganization Agreement to which such Seller Group member shall be a party. Each Reorganization Agreement when so executed and delivered will constitute the legal, valid and binding obligation of each such Seller Group member party thereto, enforceable against each such Seller Group member in accordance with its respective terms, subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium and similar Laws affecting creditors' rights, and, with respect to the remedy of specific performance, equitable doctrines applicable thereto.

(c) Capitalization. Upon the issuance of capital stock by Italian Newco to Italian Operating Company and Singapore Newco to Singapore Operating Company upon the completion of the Reorganization, and immediately prior to the Closing (i) all of the capital stock of Italian Newco will be validly issued, fully paid and nonassessable free and clear of all liens and (ii) Seller, directly or indirectly, will own beneficially all of the outstanding capital stock and equity interests

of Italian Newco and Singapore Newco as evidenced by the Newco Shares. Upon the Closing, Italian Newco and Singapore Newco will not have any Subsidiaries. At the Closing Time (i) there will be no preemptive or similar rights with respect to the securities of Italian Newco or Singapore Newco, (ii) there will be no subscriptions, options, warrants, conversion or other rights, agreements, commitments, arrangements or understandings of any kind obligating any member of the Seller Group or any other Person, contingently or otherwise, to issue or sell, or cause to be issued or sold, any shares of capital stock of any class of Italian Newco or Singapore Newco, or any securities convertible into or exchangeable for any such shares, and (iii) there will be no outstanding contractual or other rights or obligations to or of any member of the Seller Group or any other Person to repurchase, redeem or otherwise acquire any outstanding shares of Italian Newco or Singapore Newco.

(d) No Violations. The execution and delivery of this Agreement, the Related Agreements and the Reorganization Agreements by each member of the Seller Group party thereto, the performance by any member of the Seller Group of its obligations under this Agreement, the Related Agreements or any of the Reorganization Agreements and the consummation of the transactions contemplated hereby or thereby, do not and will not conflict with, contravene, result in a violation or breach of or default under (with or without the giving of notice or the lapse of time or both), create in any other Person a right of claim of termination, amendment, or require modification, acceleration or cancellation of, or result in the creation of any Lien (or any obligation to create any Lien) upon any of the properties or assets of any member of the Seller Group under (i) any provision of any of the organizational documents of any member of the Seller Group, (ii) any Law applicable to any member of the Seller Group or any of their respective properties or assets assuming the consents, approvals, authorizations or permits and filings or notifications set forth in Sections 4.1(g) and 4.1(h) of the Seller Disclosure Letter are duly and timely obtained or made, (iii) except as to which requisite waivers or consents have been obtained, and except for the consents and approvals required under the agreements and instruments listed in Section 4.1(g) of the Seller Disclosure Letter, any Contract, to which any member of the Seller Group is a party or by which any of their respective properties or assets may be bound; other than any of the foregoing under clauses (ii) and (iii) which would not (A) result in a Liability of $100,000 in any one case or $500,000 in the aggregate, or (B) individually or in the aggregate have a Material Adverse Effect or (C) individually or in the aggregate, have a material adverse effect on the ability of any member of the Seller Group to perform its obligations under this Agreement, the Related Agreements or the Reorganization Agreements. Except as set forth in Section 4.1(d) of the Seller Disclosure Letter, neither the execution and delivery of this Agreement, the Related Agreements or the Reorganization Agreements by any member of the Seller Group, nor the consummation of the transactions contemplated hereby or thereby, will result in the Loss to the Buyer of any material benefit enjoyed by any member of the Seller Group in connection with the Business or the Acquired Assets.

(e) Sufficiency of Acquired Assets; Title and Transfer.

(i) Section 4.1(e) of the Seller Disclosure Letter sets forth (a) a true, correct and complete list of the Acquired Assets (in each case other than assets with a value of

$10,000 or less singularly), (b) the member of the Seller Group which owns such asset and (c) the member of the Seller Group which shall hold such asset immediately prior to the Closing. Except as set forth in Section 4.1(e) of the Seller Disclosure Letter, the Acquired Assets, together with the Cross-License Agreement, the rights to be granted under licenses pursuant to this Agreement, the Transferred Contracts and the properties and services to be provided to the Buyer Operating Group under the Transition Services Agreement, constitute all of the rights, services, properties and assets (real, personal and mixed, tangible and intangible) that are used in or necessary to conduct the Business as currently conducted. Except as set forth in Section 4.1(e) of the Seller Disclosure Letter, (i) each member of the Seller Group has good and valid title or a valid leasehold interest in all of the Acquired Assets indicated as held by such member therein, and none of the Acquired Assets is subject to any Lien of any kind as of such date, except for Permitted Liens, and (ii) each member of the Seller Group will have good and valid title or a valid leasehold interest in all of the Acquired Assets indicated as to be held by such member in Section 4.1(e) of the Seller Disclosure Letter immediately prior to the Closing, and none of the Acquired Assets will be subject to any Lien of any kind at such time except for Permitted Liens.

(ii) After giving effect to the Reorganization, each of Italian Newco and Singapore Newco shall have only those specific liabilities and obligations that constitute Assumed Liabilities.

(iii) At the time of the Closing, Italian Operating Company and Seller will have the right, power and authority to sell, transfer and assign the Newco Shares pursuant to this Agreement. The delivery of the Newco Shares to Buyer or its designee against payment therefore as contemplated by Section 6.1 will transfer to Buyer or its designee good and valid title to, and beneficial ownership of, all of the Newco Shares. The sale of the Newco Shares will not give rise to any preemptive rights or rights of first refusal.

(iv) In addition to the valid conveyance of the Newco Shares as described in Section 4.1(e)(ii) and the valid conveyance of the JV Interests as described in Section 4.2(e), upon the Closing, Seller will convey, assign, transfer and deliver to the Buyer or its designees good and valid title to all other Acquired Assets, free and clear of all Liens, except for Permitted Liens.

(f) Contracts.

(i) Section 4.1(f) of the Seller Disclosure Letter sets forth a true, correct and complete list of all Contracts primarily relating to or primarily used in the Business of the following types (and includes with respect to each such Contract the names of the parties, the date of the Contract, and all amendments, supplements or modifications thereto):

(A) Employment agreements and any offers of employment providing for annual payment in excess of $200,000 per year;

(B) Consulting agreements which provide for annual payments in excess of $100,000 per year;

(C) Royalty agreements, other than those relating to Patent licenses, which provide for annual payments in excess of $50,000 per year;

(D) Agreements or commitments for capital expenditures or the acquisition by purchase or lease of fixed assets (i) involving payments in excess of $100,000 each in any one-year period or (ii) in the case of operating leases and capital leases, involving payments in excess of $100,000 each in any one-year period;

(E) (i) Agreements for the purchase, sale, lease or other transfer of any real or personal property, products, materials, supplies or services involving payments of in excess of $500,000 in any one-year period, and (ii) supply and/or sourcing contracts if the obligee thereunder is among the top twenty (20) suppliers (in terms of accounts payable of the Business on a consolidated basis) of the Business in the last fiscal year;

(F) Joint venture, joint development or partnership agreements with any other Person with respect to the Business, including without limitation the KTI Agreements and TECH Agreements;

(G) Noncompetition agreements;

(H) Agreements relating to research and development concerning the Business by any member of the Seller Group for others or by others for any member of the Seller Group;

(I) Contracts relating to debt, bank financing and similar arrangements (including guarantees) of (i) a member of the Operating Group, or (ii) any other member of the Seller Group directly related to the Business (including either Joint Venture);

(J) Any foreign currency exchange or forward purchase agreements of (i) a member of the Operating Group, or (ii) any other member of the Seller Group directly related to the Business (including either Joint Venture);

(K) Volume purchase and master purchase agreements related to the Business in excess of $500,000 in any twelve-month period;

(L) Maintenance agreements primarily related to the Business in excess of $200,000 in any twelve-month period;

(M) Agreements providing primarily for indemnification obligations by any member of the Seller Group with respect to the sale of products of or otherwise related to the Business;

(N) Agreements providing for indemnification or guaranty obligations of the Seller Group with respect to Hazardous Material Activities or Remedial Activities in connection with the Business other than in the ordinary course of business having a potential cost in excess of $100,000 for one site or $500,000 in the aggregate for all sites;

(O) Agreements that by their terms do not terminate prior to one (1) year after the date of this Agreement;

(P) Requirements contracts relating to obligations to purchase all or substantially all of any product as well as to supply all or substantially all of any product;

(Q) All non-disclosure agreements relating to the Business including Memory Products and/or processes or other technology used in the manufacture of Memory Products including, without limitation, non-disclosure agreements relating to the operations of the Business at any location;

(R) Leases or subleases having a total unpaid rental obligation exceeding $100,000 individually or $500,000 in the aggregate (not otherwise listed in the foregoing), mortgages, or other Liens securing monetary obligations in excess of $200,000 encumbering the Seller Group's interests in the Acquired Facilities (other than Liens encumbering only the right, title, and interest of any Person other than a Seller Group member in a Leased Facility), the assets of the Operating Group, Singapore Newco, Italian Newco or the Acquired Assets;

(S) Plans or contracts governed by Title IV of ERISA or Section 412 of the Code;

(T) Contracts with Hitachi or Mitsubishi or the respective Affiliates of either or otherwise entered into in connection with Seller's relationship with such Persons;

(U) Contracts with respect to or related to Texas Instruments-Acer Incorporated or any successor thereto;

(V) Contracts relating to subsidies received or entitlements to subsidies in Italy or Singapore; and

(W) Any material Contract primarily related to or primarily used in the Business not listed with respect to (A) through (V) above.

Nothing herein shall require to be listed in Section 4.1(f) of the Seller Disclosure Letter any Contract that has terminated by its terms before, or is otherwise no longer in effect on, the date hereof. References to time periods in this Section 4.1(f)(i) shall be only to such periods commencing on or after January 1, 1997.

(ii) Except as set forth in Section 4.1(f) of the Seller Disclosure Letter, each member of the Seller Group has in all respects performed, or is now performing, the obligations of, and no member of the Seller Group is in default in any respect (or would by the lapse of time or the giving of notice or both be in default in any respect) in respect of, any Contract listed in Section 4.1(f) of the Seller Disclosure Letter, except for such matters as would not result in a Liability of $50,000 in any one case or $250,000 in the aggregate, or individually or in the aggregate would have a Material Adverse Effect. Each such Contract is in full force and effect and is a valid and enforceable obligation against the members of the Seller Group (to the extent they are a party thereto), and against the other party thereto in accordance with its terms (subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium and similar Laws affecting creditors' rights, and, with respect to the remedy of specific performance, equitable doctrines applicable thereto). Except as set forth in such Section 4.1(f) of the Seller Disclosure Letter, to the knowledge of Seller, no other party to such Contracts is in default in any material respect (or would by the lapse of time or the giving of notice or both be in default in any material respect thereunder) or has breached in any material respect any terms or provisions thereof. No third party has raised any material claim, dispute or controversy with respect to any of the Contracts relating to the Business other than has been listed in Section 4.1(f) of the Seller Disclosure Letter, nor has any member of the Seller Group received written notice or warning of alleged nonperformance, delay in delivery or other noncompliance by any member of the Seller Group with respect to its obligations under any such Contracts.

(iii) Except to the extent as specifically described in Section 4.1(f) of the Seller Disclosure Letter, no member of the Seller Group is a party to, nor is bound by any Contract or other agreement primarily used in or primarily related to the Business and not previously listed above which either separately or in the aggregate has, or would reasonably be expected to have in the future, a Material Adverse Effect.

(iv) True, correct and complete copies of all of the Contracts listed in the Seller Disclosure Letter shall be delivered to Buyer or its counsel prior to or concurrently with delivery of the Seller Disclosure Letter to Buyer pursuant to Section 6.10 hereof (but in no event later than thirty (30) days after the date of this Agreement).

(g) Consents and Approvals of Governmental Agencies. Except as set forth in Section 4.1(g) of the Seller Disclosure Letter, no consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Agency is required by or with respect to any member of the Seller Group in connection with the execution, delivery and performance of this Agreement, the Related Agreements or the Reorganization Agreements or the consummation by each such member of the transactions contemplated hereby and thereby, except for (i) compliance with

the HSR Act and the European Union rules and regulations, (ii) compliance with applicable state securities laws, (iii) such filings as may be required to be made by Seller with the SEC and any exchange on which any of its securities are listed and (iv) any such requirements, noncompliance with which would not (A) result in any Liability of $25,000 in one case or $100,000 in the aggregate, (B) individually or in the aggregate, have a Material Adverse Effect or materially impair the ability of Buyer to carry on the Business as currently conducted or (C) individually or in the aggregate, have a Material Adverse Effect on the ability of any member of the Seller Group to perform its obligations under this Agreement, the Related Agreements or the Reorganization Agreements.

(h) Other Consents. Except as set forth in Section 4.1(h) of the Seller Disclosure Letter, no consent, waiver or approval of, or notice to, any third party is required or necessary to be obtained by any member of the Seller Group in connection with the execution and delivery of this Agreement, the Related Agreements or the Reorganization Agreements, and the performance of their obligations hereunder and thereunder, except for any such consents, waivers, approvals or notices which if not obtained or made would not (A) result in any Liability of $100,000 in one case or $500,000 in the aggregate, (B) individually or in the aggregate, have a Material Adverse Effect or materially impair the ability of Buyer to carry on the Business as currently conducted or (C) individually or in the aggregate, have a Material Adverse Effect on the ability of any member of the Seller Group to perform its obligations under this Agreement, the Related Agreements or the Reorganization Agreements.

(i) Financial Statements. Section 4.1(i) of the Seller Disclosure Letter contains a true, correct and complete copy of the March Balance Sheet. The March Balance Sheet fairly presents the financial condition of the Business on a combined basis (including Seller's JV Interests as an equity investment) as of the date thereof and was prepared in accordance with GAAP (except for the absence of notes thereto) and in accordance with the books and records of the relevant entities. When delivered in accordance with the terms hereof, the audited balance sheets as at December 31, 1996 and as at December 31, 1997, together with the related audited statements of income and cash flow for the twelve-month periods ended December 31, 1996 and December 31, 1997 (the "Financial Statements") will fairly present the financial condition of the Business on a combined basis (including Seller's JV Interests as an equity investment) as of the dates thereof, and each of the statements of operations and cash flow will fairly present the results of operations and cash flows for the periods therein referred to, all as prepared in accordance with GAAP consistently applied throughout the periods involved and, in the case of the balance sheets, consistent with the GAAP principles used to prepare the March Balance Sheet.

(j) Absence of Undisclosed Liabilities. There are no Liabilities relating to the Business (other than Excluded Liabilities), except (i) Liabilities that are fully accrued or reserved against in the March Balance Sheet, (ii) Liabilities incurred since the date of the March Balance Sheet in the ordinary course of business and consistent with past practices, (iii) Liabilities that were not incurred in the ordinary course of business and consistent with past practices that do not exceed $100,000 in any single case or $500,000 in the aggregate, (iv) Liabilities disclosed in Section 4.1(j)

of the Seller Disclosure Letter, and (v) Liabilities under Contracts disclosed in the Seller Disclosure Letter or under Contracts not required to be disclosed therein.

(k) Absence of Certain Changes. Except as set forth in Section 4.1(k) of the Seller Disclosure Letter, since the date of the March Balance Sheet, no member of the Seller Group, with respect to the Business, has:

(i) Suffered any change or changes which, individually or in the aggregate, have had or may reasonably be expected to have a Material Adverse Effect other than as a result of changes in the Memory Products industry or the economy generally;

(ii) Except for Liabilities incurred in the ordinary course of business and consistent with past practice, borrowed or agreed to borrow any funds or incurred, assumed or become subject to, whether directly or by way of guarantee or otherwise, any Liability;

(iii) To the knowledge of Seller, no member of the Seller Group has become subject to any newly enacted or adopted Law which may reasonably be expected to have a Material Adverse Effect;

(iv) Permitted or allowed any of its property or assets (real, personal or mixed, tangible or intangible) to be subjected to any Liens, except for Permitted Liens;

(v) Written up the value of any inventory, any notes or accounts receivable or any other assets, except for write-ups in the ordinary course of business and consistent with past practices;

(vi) Waived any claims or rights of substantial value, or sold, transferred, or otherwise disposed of any of its properties or assets (real, personal or mixed, tangible or intangible), except in the ordinary course of business and consistent with past practices;

(vii) Licensed, sold, transferred, pledged, modified, disclosed, disposed of or permitted to lapse any right to the use of any Acquired Intellectual Property, except in the ordinary course of business and consistent with past practices;

(viii) Granted any general increase in the compensation of officers or employees (including any such increase pursuant to any bonus, pension, profit-sharing or other plan or commitment), except in the ordinary course of business and except for any bonuses to be paid by Seller and consistent with past practices;

(ix) Made any change in any method of accounting or accounting practice or any change in depreciation or amortization policies or rates theretofore adopted;

(x) Paid, lent or advanced any amount to, or sold, transferred or leased any properties or assets (real, personal or mixed, tangible, or intangible) to, or entered into any

agreement or arrangement with, any officer or director or Affiliate of any other member of the Seller Group, except for directors' fees and employment compensation to officers;

(xi) Sold, leased or otherwise disposed of any of its assets, except in the ordinary course of business and consistent with past practices;

(xii) Entered into any other transaction, contract, commitment or arrangement other than in the ordinary course of business and consistent with past practices;

(xiii) Agreed, whether in writing or otherwise, to undertake any Remedial Activity or to take any action described in this Section 4.1(k).

(l) Litigation. Section 4.1(l) of the Seller Disclosure Letter lists all Claims pending, or to the knowledge of Seller, threatened against any of the Seller Group members with respect to the Business except for such Claims which individually or in the aggregate have not had or would not reasonably be expected to have a Material Adverse Effect. No member of the Seller Group is in default under, or in violation of, any judgment, order, writ, injunction or decree of any Governmental Agency relating to the Business, except for those defaults or violations, which in the aggregate would not have, or reasonably be expected to have, a Material Adverse Effect.

(m) Compliance with Laws; Permits.

(i) Except as set forth in Section 4.1(m) of the Seller Disclosure Letter, the Business is being conducted in compliance with all applicable Laws and no member of the Seller Group has received any notification that any member of the Seller Group, with respect to the Business, is in violation of any Laws, except where any such noncompliance or violations would not (A) result in a Liability of $100,000 in any one case or $500,000 in the aggregate, (B) individually or in the aggregate, have a Material Adverse Effect, or (C) individually or in the aggregate, have a Material Adverse Effect on the ability of any member of the Seller Group to perform its obligations under this Agreement, the Related Agreements or the Reorganization Agreements.

(ii) Section 4.1(m) of the Seller Disclosure Letter sets forth a true and complete list of all Permits and/or Approvals required to conduct the Business as presently conducted, other than such Permits and/or Approvals the failure to obtain which would not (A) result in a Liability of $100,000 in any one case or $500,000 in the aggregate, (B) individually or in the aggregate, have a Material Adverse Effect or materially impair the ability of Buyer to carry on the Business as currently conducted, or (C) individually or in the aggregate, have a Material Adverse Effect on the ability of any member of the Seller Group to perform its obligations under this Agreement, the Related Agreements or the Reorganization Agreements. All such Permits and/or Approvals are being complied with in all material respects and will not be terminated or revoked as a result of the transactions contemplated by this Agreement, the Related Agreements or the Reorganization Agreements.

(iii) Except as set forth in Section 4.1(m) of the Seller Disclosure Letter, there are no judgments, orders, injunctions, decrees, stipulations, awards (whether rendered by a Governmental Agency or by arbitration) or private settlement agreements involving any member of the Seller Group and relating to the Business, other than any of the foregoing which have not and will not (A) result in a Liability to the Business of $50,000 in any one case or $100,000 in the aggregate, (B) individually or in the aggregate, have a Material Adverse Effect or materially impair the ability of Buyer to carry on the Business as currently conducted, or (C) individually or in the aggregate, have a Material Adverse Effect on the ability of any member of the Seller Group to perform its obligations under this Agreement, the Related Agreements or the Reorganization Agreements. All of the foregoing which are final and nonappealable are being complied with in all material respects.

(iv) No member of the Seller Group or any director, officer, employee or agent of any of them acting on their behalf, or any other person acting on their behalf has, directly or indirectly, within the past three (3) years given or agreed to give any gift or similar benefit to any customer, supplier, competitor or governmental employee or official which would subject the Business to any Liability or Loss under any Law in any civil, criminal or governmental litigation.

(n) Real Property and Facilities.

(i) The Acquired Facilities are all of the real property and improvements required for the Business as presently conducted and no facilities have been used for the conduct of the Pre-Closing Seller Operations other than the Acquired Facilities and the Former Facilities of the Seller Group.

(ii) The leases for the Leased Facilities are or, as of the Closing, will be in full force and effect for the benefit of the member of the Buyer Operating Group (indicated in Section 4.1(n) of the Seller Disclosure Letter), as lessee and there are no material defaults attributable to the lessee or to the landlord thereunder.

(iii) To the knowledge of Seller, no fact, circumstance or event which, with the passage of time, the giving of notice, or both, would constitute, as of the Closing, any material default under any lease for the Leased Facilities. There are no existing subleases of any Leased Facility, other than as specified in Section 4.1(n) of the Seller Disclosure Letter.

(iv) Each member of the Seller Group is the sole legal and equitable owner of the Owned Facilities indicated as owned by such member in Section 4.1(n) of the Seller Disclosure Letter and, as of the Closing, will be and such member has the full right to convey fee simple absolute title to the same.

(v) No member of the Seller Group has granted any option or right of first refusal or first opportunity to any party to acquire, lease or occupy an Acquired Facility, nor any portion thereof or interest therein.

(vi) Except for Permitted Liens, the Acquired Facilities and the other Acquired Assets are not subject to any Liens (other than a Lien encumbering only the right, title and interest of any Person other than a Seller Group member in and to a Leased Facility).

(vii) All water, sewer, plumbing, gas, electric, telephone, communications, heating, ventilating, air condition, security, fire safety, drainage, waste treatment, water treatment, and other utility facilities required by applicable Law, any Contract or otherwise for the conduct in all material respects of the Business as presently conducted ("Required Utilities") have been, and at the Closing Date, will be, in all material respects, (A) legally installed to and available for use in the Acquired Facilities, and (B) connected to the Acquired Facilities and other Acquired Assets in accordance with all applicable Laws, Contracts, Permits and/or Approvals.

(viii) The tangible Acquired Assets are now, and at the time of Closing will be, free of any material physical or mechanical defects, and will be in good operating condition and repair in all material respects, in compliance in all material respects with the Laws, Contracts, Environmental Requirements, Permits and/or Approvals binding thereon, reasonably maintained consistent in all material respects with standards generally followed by similar businesses and building owners and users, and adequate for the purposes for which they are currently being used for the Business.

(ix) No condemnation, zoning, land-use or Tax imposition, or other Proceeding has been instituted with respect to any tangible Acquired Asset or tangible Italian Newco Assets or Singapore Newco Assets and to the knowledge of Seller, no such Proceeding is planned or threatened which could in any of the foregoing cases: (A) result in a Loss, Liability, Claim or Proceeding in excess of $50,000 in any one case or $250,000 in the aggregate, (B) individually or in the aggregate, have a Material Adverse Effect or materially impair the ability of Buyer to carry on the Business as currently conducted, or (C) individually or in the aggregate, have a Material Adverse Effect on the ability of any member of the Seller Group to perform its obligations under this Agreement, the Related Agreements or the Reorganization Agreements.

(x) At the time of Closing, there will be no obligations to any contractors, subcontractors or material suppliers with respect to any alterations or improvements of the Acquired Facilities which have not been fully paid and performed, and the Seller Group shall cause to be discharged all mechanics' and materialmen's Liens arising from any labor or materials furnished for alterations or improvements of the Acquired Facilities prior to the time of Closing.

(o) Environmental Matters.

(i) Except as would not reasonably be expected (A) to result in aggregate Claims or Losses in excess of $250,000 or (B) to have a Material Adverse Effect: (1) no Contamination is or has been present on, in, under or about any Acquired Facility, (2) to Seller's knowledge, no Contamination is present on, in, or about any Disposal Facility of the Seller Group

(other than Contamination resulting from Hazardous Material Activities of Buyer or its Subsidiaries when they were Buyer's Subsidiaries at such Disposal Facility), (3) no Contamination described in clauses (1) or (2) hereof has migrated, or is reasonably likely to migrate to or from such Acquired Facility or, to Seller's knowledge, such Disposal Facility, (4) on or before the last date that the Seller Group member owned, leased or occupied a Former Facility or that the Former Facility was used for Pre-Closing Seller Operations, no Contamination (other than Contamination resulting from Hazardous Material Activities of Buyer or its Subsidiaries when they were Buyer's Subsidiaries at such Former Facility) was present on, in, under or about said Former Facility, and (5) no Contamination described in clause (4) hereof has migrated, or is reasonably likely to migrate, to or from any such Former Facility.

(ii) No underground storage tank, surface impoundment, landfill or waste disposal site is present on the Acquired Facilities, except to the extent such underground storage tank, surface impoundment, landfill or waste disposal site does not (A) result in an aggregate Claims or Losses in excess of $250,000 or (B) have a Material Adverse Effect or materially impair the ability of Buyer to carry on the Business.

(iii) All Hazardous Material Activities associated with the Pre-Closing Seller Operations or conducted at the Acquired Facilities prior to the Closing Date have complied in all material respects with applicable Environmental Requirements applicable thereto at the time the Hazardous Material Activity was conducted (except for noncompliance which is remedied in all material respects prior to the Closing Date or which, in the aggregate cannot reasonably be expected (A) to result in an aggregate Claims or Losses in excess of $250,000 or (B) to have a Material Adverse Effect or materially impair the ability of the Buyer to carry on the Business) and such Hazardous Material Activities have not resulted in the exposure of any employee of the Seller Group or of other Person to a Hazardous Material in a manner which has or will cause an adverse health effect to said employee or Person, except to the extent that such exposures do not (A) result in aggregate Claims or Losses in excess of $250,000 or (B) have a Material Adverse Effect or materially impair the ability of Buyer to carry on the Business.

(iv) To the knowledge of Seller, the Permits and/or Approvals described in Section 4.1(m) of the Seller Disclosure Letter are all of the Permits and/or Approvals required for the conduct in all material respects of the Hazardous Material Activities associated with the Business as presently conducted. All such Permits and/or Approvals are, or at the Closing will be held by the Buyer Operating Group, in full force and effect, and the Seller Group has complied with all covenants and conditions thereof in all material respects and has made all disclosures and reports required pursuant to such Permits and/or Approvals or other applicable Environmental Requirements, except for noncompliance that has been fully remedied or that would not have a Material Adverse Effect or materially impair the ability of the Buyer to carry on the Business. To the knowledge of Seller, no fact or circumstance exists which could reasonably be expected to cause any such Permit and/or Approval to be revoked or rendered nonrenewable by Buyer or would require, as a condition to the continuation or renewal of such Permit and/or Approval, capital

improvements or repairs at the Acquired Facilities costing in the aggregate in excess of $100,000, over the amount, if any, of the reserves shown on the Closing Balance Sheet.

(v) The Seller Group members, the Acquired Assets, and the Business are not, and as of the Closing the Buyer Operating Group members will not be, subject to any voluntary or involuntary Claims or Losses or any pending or, to the knowledge of Seller, threatened, Liabilities respecting (A) any Retained Environmental Liability, (B) any Remedial Activity, (C) the conduct of any Hazardous Material Activities associated with the Pre-Closing Seller Operations, or (D) any Environmental Requirement applicable to the Seller Group members, the Acquired Assets, or the Business (except to the extent that any such Environmental Requirement, obligations or Claim does not (x) result in aggregate Liabilities in excess of $250,000 or (y) have a Material Adverse Effect or materially impair the ability of the Buyer to carry on the Business; and to the knowledge of Seller, there are no other facts, circumstances, events or incidents involving the Hazardous Material Activities associated with the Pre-Closing Seller Operations which could give rise to any such Liabilities.

(vi) To the knowledge of Seller, no asbestos-containing materials are present on the Acquired Facilities, other than the asbestos-containing material which is on or part of the Acquired Facilities and is not friable, complies with applicable Environmental Requirements applicable thereto as of the date hereof and will comply with the Environmental Requirements applicable thereto as of the Closing Date and is in good repair according to the current standards and practices governing such material except to the extent the same will not result in a Material Adverse Effect.

(vii) To the knowledge of Seller, other than Hazardous Materials which are reasonably necessary for the conduct of the Business and are properly stored in the Acquired Facilities in accordance with applicable Environmental Requirements applicable thereto as of the date hereof or will be stored in the Acquired Facilities on the Closing Date in accordance with the Environmental Requirements applicable thereto as of the Closing Date, no Hazardous Material is, or at the Closing Date will be, stored or kept at any Acquired Facility in connection with the Business except to the extent the same will not result in a Material Adverse Effect.

(viii) Seller will have made, and shall have caused the Seller Group to have made, available to Buyer for review within ten (10) days of the date of this Agreement, all material records, environmental audits, assessments and reports, correspondence with Governmental Agencies and other documents pertaining to the Hazardous Material Activities associated with the Business as currently conducted, any Retained Environmental Liabilities, Contamination at any Acquired Facility, Disposal Facility or, to the extent associated with the Pre-Closing Seller Operations, any Former Facility, or Disposal Facility, which were conducted at the request of, or which are otherwise available to, any Seller Group member.

(p) Intellectual Property.

(i) Section 4.1(p) of the Seller Disclosure Letter sets forth, respectively for each member of the Seller Group, all of such member's Registered Intellectual Property constituting Acquired Intellectual Property, and shall disclose any proceedings or actions known to any of the members of the Seller Group before any Governmental Authority (including the PTO or equivalent authority anywhere in the world) related to such Registered Intellectual Property. To the knowledge of each member of the Seller Group, such item of the Registered Intellectual Property is valid, all necessary registration, maintenance and renewal fees in connection with such Registered Intellectual Property have been paid, and all necessary documents and certificates in connection with such Registered Intellectual Property have been filed with the relevant Copyright, Trademark or other authorities in the United States or foreign jurisdictions, as the case may be, for the purposes of maintaining such Registered Intellectual Property.

(ii) Except as set forth in Section 4.1(p) of the Seller Disclosure Letter, the members of the Seller Group individually or collectively are the exclusive owners of all the Acquired Intellectual Property.

(iii) Except as set forth in Section 4.1(p) of the Seller Disclosure Letter: (A) each item of Acquired Intellectual Property, including all Registered Intellectual Property which is listed in Section 4.1(p) of the Seller Disclosure Letter, is free and clear of any Liens (other than Permitted Liens); and (B) there are no agreements between any Person and any member of the Seller Group encumbering or restricting the transfer or sale of the Acquired Intellectual Property to Buyer in the manner contemplated by this Agreement.

(iv) Except as set forth in Section 4.1(p) of the Seller Disclosure Letter, no Acquired Intellectual Property is subject to any Proceeding or other outstanding decree, order, judgment, agreement or stipulation that restricts in any manner the transfer thereof by any member of the Seller Group, at the Closing, or that affects the validity, use or enforceability of the Acquired Intellectual Property.

(v) Except as set forth in Section 4.1(p) of the Seller Disclosure Letter, none of the members of the Seller Group has transferred ownership of, or granted any license or right to use, or authorized the retention of any rights to use, any material Intellectual Property that is Acquired Intellectual Property, to any other Person and no member of the Seller Group has transferred or licensed any of its Intellectual Property primarily used in the Business prior to the Closing in contemplation of this transaction.

(vi) Except as set forth in Section 4.1(p) of the Seller Disclosure Letter, the use and exploitation of the Acquired Assets, including the operation of the Business, by Buyer following the Closing will not infringe any Patent or other Intellectual Property of any member of the Seller Group or any Affiliate of such member.

(vii) Except as set forth in Section 4.1(p) of the Seller Disclosure Letter: (A) to the knowledge of each member of the Seller Group, the operation of the Business does not

(i) infringe or misappropriate the Intellectual Property (excluding Patents) of any Person, (ii) violate the rights of any Person, or (iii) constitute unfair competition or trade practices under the laws of any jurisdiction; and (B) none of the members of the Seller Group has received from any Person written assertion or notice claiming that the operation of the Business or the use or sale of any Acquired Assets, infringes or misappropriates the Intellectual Property of any Person or constitutes unfair competition or trade practices under the Laws of any jurisdiction (and no member of the Seller Group is aware of any basis for any such assertion to be made).

(viii) Except as set forth in Section 4.1(p) of the Seller Disclosure Letter, there are no Contracts between any member of the Seller Group and any other Person with respect to Intellectual Property related to the Business under which there is, to the knowledge of any member of the Seller Group, any dispute or any threatened dispute regarding the scope of such agreement, or performance under such agreement, including with respect to any payments to be made or received by any member of the Seller Group thereunder.

(ix) Section 4.1(p) of the Seller Disclosure Letter includes all material Contracts, licenses and agreements related to the Business, to which any member of the Seller Group is a party with respect to any Intellectual Property of any Person other than the Seller Group. Except as disclosed on Section 4.1(p) of the Seller Disclosure Letter, no Person other than the Seller Group has ownership rights to improvements made by any member of the Seller Group in Intellectual Property which has been licensed to such member.

(x) Except as disclosed in Section 4.1(p) of the Seller Disclosure Letter, to the knowledge of each member of the Seller Group, no Person is infringing or misappropriating any of the Acquired Intellectual Property. Each member of the Seller Group has taken such reasonable steps as are required to protect such member's rights in confidential information and Trade Secrets constituting the Acquired Intellectual Property.

(xi) Section 4.1(p) of the Seller Disclosure Letter sets forth a true and correct description of Seller's Year 2000 plan ("Sellers Year 2000 Plan"). Seller and each member of the Seller Group has, as of the date hereof, taken all reasonable steps, and made every reasonable effort, to substantially comply with, implement, carry out and effectuate all of the requirements, steps, measures and procedures, and meet all the guidelines and deadlines, as set forth in such plan. Seller has no knowledge of any event, occurrence, condition or reason that would prevent, or interfere with, the implementation of the plan substantially in accordance with the guidelines and deadlines set forth in such plan. Within five (5) Business Days of the date hereof, Seller shall deliver to Buyer a true, correct and complete copy of Seller's Year 2000 Plan.

(xii) Section 4.1(p) of the Seller Disclosure Letter lists all actions that must be taken within sixty (60) days of the Closing Date, including the payment of any registration, maintenance or renewal fees or the filing of any documents, applications or certificates for the purposes of maintaining, perfecting or preserving or renewing any of the Acquired Intellectual Property.

(xiii) Section 4.1(p) of the Seller Disclosure Letter lists all Trademarks and service marks, domestic or foreign, whether registered or unregistered, used or intended to be used by any member of the Seller Group in connection with the Business, excepting those registrations or applications for the marks or trade names that include "TI" and/or "Texas Instruments."

(xiv) There are no marks or tradenames used in the Business for which registration has not been sought.

(xv) The rights granted by Seller to Buyer with respect to the Gore Software pursuant to Section 6.16 hereof constitute all of the rights in the Gore Software Seller is permitted to grant and Seller is not permitted to license the source code for the Gore Software to third parties.

(q) Employment Matters.

(i) The Seller Group has provided Buyer with true, correct and complete particulars of the material terms of engagement of all Domestic Employees and Foreign Employees.

(ii) Except as set forth in Section 4.1(q) of the Seller Disclosure Letter, there is no Contract of employment between any member of the Seller Group and any foreign employee or expatriate employee which is not terminable or is only terminable by payment of compensation exceeding $25,000 in any one case and $100,000 in the aggregate.

(iii) Except as set forth in Section 4.1(q) of the Seller Disclosure Letter, no member of the Seller Group nor any of their Affiliates is a party to any agreement or arrangement with or commitment to, or has received within three (3) years prior to the date hereof any request for recognition or bargaining rights from, any employee or trade union or employee association with respect to any of their employees.

(iv) There is no dispute between any member of the Seller Group or any of their Affiliates and a number or class of any of the Seller Group member employees in any case which would have a Material Adverse Effect or materially impair the ability of the Buyer to carry on the Business, and are no payments of compensation due but unpaid by any member of the Seller Group other than accrued in the ordinary course of business as reflected on the Closing Balance Sheet.

(v) All Foreign Benefit Plans are listed by country in Section 4.1(q) of the Seller Disclosure Letter. Each Foreign Benefit Plan has been established and maintained in substantial compliance with its terms and with the requirements of the Laws (including any special provisions related to qualification if the Foreign Benefit Plan was intended to be so qualified) of any applicable jurisdiction except as would not result in a Material Adverse Effect or materially impair the ability of the Buyer to carry on the Business as currently conducted. Except as disclosed in Section 4.1(q) of the Seller Disclosure Letter, all amounts set aside (whether or not in trust or a

similar instrument), reserved, or accrued with respect to each Foreign Benefit Plan equals or exceeds the present value of all accrued benefits (vested and nonvested, including special early retirement, post-shutdown or plan termination benefits as if they were accrued, and death benefits unless otherwise covered by insurance both before and after the expected retirement ages of the participants), determined using actuarial assumptions most recently used for purposes of funding or accruing Liabilities in respect of such plans (adjusted to take into account the contingent events referred to in the parenthetical above), or if no such assumptions exist, using the assumptions most recently used for funding the most similar plan (adjusted as described above), of participants and beneficiaries in such plans as of the Closing Date.

(vi) No member of the Seller Group nor any ERISA Affiliate of any member thereof has or will have on or before the Closing Date (A) engaged in, or is a successor or parent corporation to an entity that has engaged in, a transaction described in Section 4069 of ERISA, or (B) incurred, or reasonably expects to incur prior to the Closing Date, any material Liability under, or has any Liens attached to the Acquired Assets by reason of liability under, Title IV of ERISA arising in connection with the termination or pending termination of, or a complete or partial withdrawal from, any plan covered or previously covered by Title IV of ERISA that could become a Liability of Buyer or any of its ERISA Affiliates or encumber the Acquired Assets after the Closing Date.

(vii) Except as set forth in Section 4.1(q) of the Seller Disclosure Letter, no member of the Seller Group nor any of their Affiliates has any current or projected Liability in respect of post-employment or post-retirement health, medical, and life insurance or other employee welfare benefits.

(viii) All contributions, payments or Liabilities accrued under each Foreign Benefit Plan, determined in accordance with prior funding and accrual practices, as adjusted to include proportional accruals for the period ending on the Closing Date, will be discharged and paid or remitted or accrued, in any case consistent with prior practice, (A) on or prior to the Closing Date, or (B) in the case of a funded Foreign Benefit Plan in respect of which payments are required to be made to an insurance company, trust or support fund or other independent entity, within such time as the Seller Group normally makes such payments but in any event within thirty (30) days after the Closing. Except as disclosed in writing to Buyer prior to the date hereof, there has been no amendment by the Seller Group, or any Affiliate thereof, to any written interpretation of or announcement (whether or not written) by the Seller Group or any of its Affiliates relating to, or change in employee participation or coverage under any Foreign Benefit Plan that would increase materially the expense of maintaining such Foreign Benefit Plan above the level of the expense incurred in respect thereof for the fiscal year ended prior to the date hereof.

(r) Customers. Section 4.1(r) of the Seller Disclosure Letter sets forth a true and complete list of the largest twenty (20) customers with respect to the Business for each of the fiscal year ended December 31, 1997 and the three-month period ended March 31, 1998 determined on the basis of revenues recorded during each such periods. Except as set forth in Section 4.1(r) of the Seller Disclosure Letter, to the knowledge of each member of the Seller Group, none of such

customers has terminated or indicated its intent to terminate or materially reduce the amount of its business with respect to the Business.

(s) Orders, Commitments and Returns. All accepted and unfulfilled orders for the sale of products entered into for the account of the Business and all outstanding Contracts or commitments for the purchase of supplies and materials were made in the ordinary course of business. The Closing Balance Sheet will include provisions for any and all product returns, volume discounts, repricings and rebates based on volume purchases required under GAAP consistently applied with the March Balance Sheet.

(t) Defects in Products; Warranties. Except as set forth in Section 4.1(t) of the Seller Disclosure Letter, there are no defects in the design or manufacture of the products heretofore or currently being distributed or sold in the conduct of the Business, which would have a material adverse effect on the performance and quality of such products. There are no express warranties, or implied warranties arising from course of conduct between parties, outstanding with respect to the products of the Business except as set forth in Section 4.1(t) of the Seller Disclosure Letter. The Closing Balance Sheet shall include reserves in the aggregate for any and all returns or allowances for defective products and warranty claims as required under GAAP consistently applied with the March Balance Sheet.

(u) Purchase for Investment. Seller is purchasing the shares of Buyer Common Stock, the Subordinated Notes and the Convertible Notes pursuant to the terms of this Agreement solely for its own account for the purpose of investment and not with a view to, or for sale in connection with, any distribution thereof.

IV.2 Representations and Warranties Relating to the Joint Ventures.

(a) Organization and Qualification. Each Joint Venture is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own, operate and lease the properties and assets it now owns, operates and leases and to conduct its business as it is now being conducted. True, correct and complete copies of the organizational documents of each Joint Venture, each with all amendments thereto, have been delivered to Buyer. Each Joint Venture is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of its assets or the nature of its activities makes such qualification or license necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, have a JV Material Adverse Effect.

(b) Authority. Each Joint Venture shall have all requisite power and authority to enter into, execute and deliver such agreements which are required to effect valid transfers of Seller's interests in the Joint Venture to the Buyer at the Closing (the "JV Transfer Agreements") as contemplated by this Agreement and the Related Agreements, to perform its obligations thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of such agreements by each Joint Venture, the performance by each Joint Venture of its obligations

under such agreements and the consummation of the transactions contemplated thereby shall have been duly and validly authorized by all necessary corporate action on the part of each Joint Venture and (assuming due execution and delivery by the Buyer of such agreements as required) such agreements, when executed and delivered, will constitute legal, valid and binding obligations of each Joint Venture enforceable against such Joint Venture in accordance with their terms, subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium and similar Laws affecting creditors' rights, and, with respect to the remedy of specific performance, equitable doctrines applicable thereto.

(c) No Violations. The execution and delivery of this Agreement and the Related Agreements, the performance by each Joint Venture of its obligations under such agreements and the consummation of the transactions contemplated thereby, will not conflict with, contravene, result in a violation or breach of or default under (with or without the giving of notice or the lapse of time or both), create in any other Person a right of claim of termination, amendment, or require modification, acceleration or cancellation of, or result in the creation of any Lien (or any obligation to create any Lien) upon any of the properties or assets of the Joint Ventures under (i) any provision of any of the organizational documents of each Joint Venture, (ii) any Law applicable to the Joint Ventures or any of their respective properties or assets assuming the consents, approvals, authorizations or permits and filings or notifications set forth in Section 4.2(g) of the Seller Disclosure Letter are duly and timely obtained or made, (iii) except as to which requisite waivers or consents have been obtained and except for the consents and approvals required under the agreements and instruments listed in Section 4.2(f) of the Seller Disclosure Letter, any Contract, to which a Joint Venture is a party or by which any of their respective properties or assets may be bound; other than any of the foregoing under clauses (ii) and (iii) which would not result in a JV Material Adverse Effect. Except as set forth in Section 4.2(c) of the Seller Disclosure Letter, neither the execution and delivery of any JV Transfer Agreement by the Joint Ventures, nor the consummation of the transactions contemplated hereby or thereby, will result in the loss to Buyer of any material benefit enjoyed by any member of the Seller Group or the Joint Ventures in connection with the Business or the Acquired Assets.

(d) Capitalization. Section 4.2(d) of the Seller Disclosure Letter contains a true, correct and complete description of the equity or other ownership interests of each Joint Venture. All of such equity or other ownership interests are owned beneficially and of record by such Persons set forth in Section 4.1(d) of the Seller Disclosure Letter. Section 4.2(d) of the Seller Disclosure Letter also lists for each Joint Venture all subscriptions, options, warrants, conversion or other rights, agreements, commitments, arrangements or understandings of any kind, outstanding obligating either Joint Venture, contingently or otherwise, to issue or sell, or cause to be issued or sold, any equity or other ownership interests. Immediately prior to the Closing, except as set forth in Section 4.2(d) of the Seller Disclosure Letter, (i) there will be no preemptive or similar rights with respect to the JV Interests, (ii) there will be no subscriptions, options, warrants, conversion or other rights, agreements, commitments, arrangements or understandings of any kind obligating either Joint Venture, contingently or otherwise, to issue or sell, or cause to be issued or sold, any equity or other ownership interest in either Joint Venture, and (iii) there will be no outstanding contractual or other

rights or obligations to or of either Joint Venture to repurchase, redeem or otherwise acquire any equity or other ownership interest in either Joint Venture. Section 4.2(d) of the Seller Disclosure Letter contains a true, correct and complete description of all capital contributions, loans and other investments, including indirect investments such as guarantees, letters of credit and other credit support arrangements, for each of the equity holders of each of the Joint Ventures for the past two years.

(e) Sufficiency of Assets; Title of Transfer.

(i) The assets currently held by each Joint Venture constitute, and the assets of each Joint Venture as of the Closing Date will constitute, all of the properties and assets (real, personal and mixed, tangible and intangible) used in or necessary to conduct the business of each Joint Venture as currently conducted, except as otherwise described in Section 4.2(e) of the Seller Disclosure Letter.

(ii) At the time of the Closing, Seller will have the right, power and authority to sell, transfer and assign the JV Interests pursuant to this Agreement. The transfer of the JV Interests to the Buyer against payment therefore as contemplated by Section 3.2 will transfer to Buyer good and valid title to, and beneficial ownership of, the JV Interests, free and clear of all Liens and, upon execution and delivery of the JV Amendments as contemplated by Section 9.1(c), Buyer shall be entitled to the rights under each of the JV Agreements, after giving effect to the JV Amendments, and such agreements as so amended shall be valid, binding and enforceable in accordance with their terms subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium and similar Laws affecting creditors' rights and, with respect to the remedy of specific performance, equitable doctrines applicable thereto. The sale of the JV Interests will not give rise to any preemptive rights or rights of first refusal and will not violate any Laws.

(f) Contracts. Section 4.2(f) of the Seller Disclosure Letter sets forth a true, correct and complete list of the following Contracts of each Joint Venture, other than such Contracts disclosed under clause (F) of Section 4.1(f)(i) (including with respect to each such Contract, the names of the parties, the date of the Contract and all amendments, supplements and modifications thereto):

(i) Agreements or commitments for capital expenditures or the acquisition by lease or purchase of fixed assets for payment in excess of $1 million in any one case.

(ii) (A) Agreements for the purchase, sale, lease or other transfer of any products, materials, supplies or services involving payment of in excess of $1 million, and (B) supply and/or sourcing contracts, for payments (in the case of (A) or (B)) in any one case in excess of $1 million.

(iii) Joint venture or partnership agreements with any other entity.

(iv) Any agreement between either Joint Venture and its equity owners or their Affiliates relating to such Joint Venture.

(v) Non-competition or similar agreements which prevent either Joint Venture from competing with a Person.

(vi) Contracts relating to any material debt, letter of credit, bank financing or similar arrangements (including guarantees).

(vii) Volume purchase and master agreements which require payment in excess of $1 million in any one case.

(viii) Agreements primarily for indemnification obligations with respect to the sale of products of either Joint Venture other than in the ordinary course of business.

(ix) Any other Contract to which either Joint Venture is a party which is material to the financial condition, operations (but not including results of operations), or the ability to manufacture and supply Memory Products of either KTI or TECH on a standalone basis, or both.

(x) Leases, subleases, mortgages or other Liens affecting the Joint Venture Facilities or its assets having an unpaid rental obligation exceeding $500,000 individually or $1,000,000 in the aggregate.

All such Contracts are in full force and effect, have not been amended or modified (except as specified in Section 4.2(f) of the Seller Disclosure Letter) and each Joint Venture has performed all the obligations imposed upon such Joint Venture under such Contracts and is not in default or breach of any term thereunder other than such defaults or breaches which in the aggregate would not reasonably be expected to have a JV Material Adverse Effect. No termination rights in respect of any of such Contracts have been exercised by either Joint Venture or other parties thereto. To the knowledge of Seller, none of the other parties to any of such Contracts is in default or breach of any terms thereunder, nor is Seller aware of any event which, with the passage of time, the giving of notice or both, would constitute a default or breach of any term of any such Contract by any such other party, other than such defaults or breaches which, in the aggregate, would not result in a JV Material Adverse Effect.

(g) Consents and Approvals. Except as set forth in Section 4.2(g) of
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the Seller Disclosure Letter, no consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Agency is required by or with respect to any member of the Seller Group or either Joint Venture in connection with the execution and delivery of the JV Amendments, except for (i) compliance with the HSR Act and similar laws of foreign jurisdictions, (ii) such filings as may be required to be made by Seller with the SEC and any exchange on which any of its securities are listed and (iii) any such requirements noncompliance with which would not result in

a JV Material Adverse Effect. Except as set forth in Section 4.2(g) of the Seller Disclosure Letter, no consent, waiver or approval of, or notice to, any third party is required or necessary to be obtained by any member of the Seller Group or either Joint Venture in connection with the execution and delivery of the JV Amendments, except for any such consents, waivers, approvals or notices which if not obtained or made would not reasonably be expected to result in a JV Material Adverse Effect.

(h) Financial Statements. Section 4.2(h) of the Seller Disclosure Letter contains true, correct and complete copies of (i) with respect to TECH, the audited balance sheet as of December 31, 1997 and the related audited statements of income and cash flows for the twelve-month periods ended December 31, 1996 and December 31, 1997, all examined and accompanied by the unqualified report of TECH's auditors and (ii) with respect to KTI, the audited balance sheet as of March 31, 1998 and the related audited statements of income and cash flows for the twelve-month periods ended March 31, 1997 and March 31, 1998, all audited in accordance with local statutory requirements and accompanied by the unqualified report of KTI's auditors (the "JV Audited Financial Statements") and (B) the unaudited balance sheet as of March 31, 1998 and the related unaudited statements of income and cash flow for the three-month period then ended for TECH (the "JV Interim Financial Statements" and together with the JV Audited Financial Statements, the "JV Financial Statements"). To Seller's knowledge, all of the JV Financial Statements are in accordance with the books and records of the relevant entities. Each of the balance sheets included in the JV Financial Statements (including any related notes) fairly presents the financial condition of TECH and KTI, respectively, as of the respective dates thereof, and each of the statements of operations and cash flow (including related notes) fairly presents the results of operations and cash flows for the periods therein referred to in accordance with local statutory requirements.

(i) Absence of Undisclosed Liabilities. Except as set forth in Section 4.2(i) of the Seller Disclosure Letter, there are no Liabilities relating to either Joint Venture not included in the JV Interim Financial Statements except such Liabilities which individually or in the aggregate would not reasonably be expected to have a JV Material Adverse Effect.

(j) Absence of Certain Changes. Except as set forth in Section 4.2(j) of the Seller Disclosure Letter, since March 31, 1998, neither Joint Venture has experienced any changes which have resulted or could reasonably be expected to result in a JV Material Adverse Effect.

(k) Litigation. Section 4.2(k) of the Seller Disclosure Letter lists all Claims pending or, to the knowledge of the Seller Group, threatened against either Joint Venture with respect to its business, except for such Claims which individually or in the aggregate have not had or could not reasonably be expected to have a JV Material Adverse Effect. Neither Joint Venture is in default under, or in violation of, any judgment, order, writ, injunction or decree of any Governmental Agency relating thereto, except for those defaults or violations, which in the aggregate would not have, or reasonably be expected to have, a JV Material Adverse Effect.

(l) Compliance with Laws; Permits.

(i) Except as set forth in Section 4.2(l) of the Seller Disclosure Letter, the business of each Joint Venture is being conducted in compliance with all applicable Laws and no member of the Seller Group has received any notification that either Joint Venture is in violation of any Laws, except where any such noncompliance or violations would in the aggregate not reasonably be expected to have a JV Material Adverse Effect.

(ii) Each Joint Venture currently has, and at the Closing will have, all Permits and/or Approvals (the "JV Permits and Approvals") required to conduct the business of each Joint Venture as presently conducted, other than such JV Permits and Approvals the failure to obtain which would not in the aggregate reasonably be expected to result in a JV Material Adverse Effect. All JV Permits and Approvals are being complied with in all material respects and will not be terminated or revoked as a result of the transactions contemplated by this Agreement.

(iii) Except as set forth in Section 4.2(l) of the Seller Disclosure Letter, there are no judgments, orders, injunctions, decrees, stipulations, awards (whether rendered by a Governmental Agency or by arbitration) or private settlement agreements involving either Joint Venture, other than any of the foregoing which have not and would not in the aggregate result in a JV Material Adverse Effect. All of the foregoing which are final and nonappealable are being complied with in all material respects.

(m) Real Property and Facilities.

(i) No real property is or has been owned, leased or used by the Joint Ventures in the course of their Pre-Closing Seller Operations, other than the Joint Venture Facilities and the Former Facilities of the Joint Ventures.

(ii) Except as set forth in Section 4.2(m) of the Seller Disclosure Letter, the Joint Ventures hold the good and fee simple title to, or a valid leasehold interest in, the Joint Venture Facilities and the other Joint Venture Assets, free of any Liens, other than the Permitted Liens.

(iii) The Joint Venture Assets are now, and will be at the time of the Closing, free of physical or mechanical defects, in good operating condition and repair (ordinary wear and tear accepted), structurally sound, in compliance with applicable Laws, contractual obligations, Environmental Requirements, and Permits and/or Approvals applicable thereto, have been reasonably maintained consistent with standards generally followed by similar business and building owners and users, and are adequate for the purposes for which they are being used by the Joint Ventures, except for any of the foregoing that is not reasonably likely to have a JV Material Adverse Effect.

(iv) No condemnation, zoning, land use or Tax imposition, or other Proceeding has been instituted with respect to any Joint Venture Assets which could have a JV

Material Adverse Effect and, to the knowledge of Seller, no such Proceeding is planned or threatened.

(n) Environmental Matters.

(i) Except as would not reasonably be expected to result, in the aggregate, in a JV Material Adverse Effect, (1) no Contamination is present or has been present at, in, on or under any of the Joint Venture Facilities, (2) to Seller's knowledge, no Contamination is present on, in, or about any Disposal Facility utilized by the Joint Ventures (other than Contamination resulting from Hazardous Material Activities of Buyer or its Subsidiaries when they were Buyer's Subsidiaries at such Disposal Facility), (3) no Contamination described in clauses (1) or (2) has migrated, or is reasonably likely to, migrate to or from such Joint Venture Facility or, to Seller's knowledge, such Disposal Facility (4) on or before the last date that a Joint Venture owned, leased or occupied a Former Facility or that the Former Facility was used for any Joint Venture operations, no Contamination (other than Contamination resulting from Hazardous Material Activities of Buyer or its Subsidiaries when they were Buyer's Subsidiaries at such Former Facility) was present on, in, under or about said Former Facility, and (5) no Contamination described in clause (4) hereof has migrated, or is reasonably likely to migrate, to or from any such Former Facility.

(ii) All Hazardous Material Activities conducted by the Joint Ventures prior to the Closing Date have complied in all material respects with the Environmental Requirements, applicable to such activities at the time they were conducted, and such Hazardous Material Activities have not resulted in the exposure of any employee of either of the Joint Ventures or other Person to a Hazardous Material in a manner which has or will cause an adverse health effect to said employee or Person, except to the extent that any noncompliance or exposure resulting from the Hazardous Material Activities of each Joint Venture cannot reasonably be expected to result, in the aggregate, in a JV Material Adverse Effect.

(iii) All Permits and/or Approvals required for the conduct of the Hazardous Material Activities associated with the Business performed by each Joint Venture prior to the Closing are held by the Joint Ventures and are in full force and effect. The Joint Ventures have complied with all covenants and conditions thereof in all material respects, except as any noncompliance or failure to obtain such Permits and/or Approvals would not, in the aggregate, result in a JV Material Adverse Effect. With respect to such Permits and/or Approvals, no fact or circumstance exists which could cause any such Permit and/or Approval to be revoked or rendered non-renewable or would require, as a condition to the continuation or renewal of such Permit and/or Approval, or any capital improvements or repairs, except to the extent such revocations, failures to renew or required capital improvements or repairs would not, in the aggregate, result in a JV Material Adverse Effect.

(iv) Except as would not, in the aggregate, result in a JV Material Adverse Effect, neither of the Joint Ventures nor their operations are subject to any voluntary or involuntary

obligations or any pending or threatened Claims or Losses respecting (i) any Remedial Activity (whether at any Joint Venture Facility or any Former Facility or Disposal Facility of the Joint Ventures), (ii) the conduct of any Hazardous Material Activities associated with the operations of either Joint Venture, or (iii) any Environmental Requirement applicable to the operations of either Joint Venture; and, to the knowledge of each member of the Seller Group, there are no other facts, circumstances, events or incidents involving the Hazardous Material Activities associated with the Joint Ventures or their operations which could give rise to any such obligation or Claims or Losses.

(v) Except as would not result, in the aggregate, in a JV Material Adverse Effect, no asbestos-containing materials are present on any facility presently owned, leased, used or occupied by either of the Joint Ventures, other than any asbestos-containing material which is not friable, complies as of the Effective Date with Environmental Requirements applicable thereto as of the Effective Date, and will comply as of the Closing Date with all Environmental Requirements applicable thereto as of the Closing Date, and is in good repair according to the current standards and practices governing such material.

(vi) Except as would not result, in the aggregate, in a JV Material Adverse Effect, other than Hazardous Materials which are reasonably necessary for the conduct of the operations of either Joint Venture and are properly stored in the Joint Venture Facilities in accordance with the Environmental Requirements applicable thereto as of the Effective Date or will be stored on the Closing Date in accordance with the Environmental Requirements applicable thereto as of the Closing Date, no Hazardous Material is or at the Closing Date will be stored or kept at any Joint Venture Facility.

(o) Intellectual Property. Except as set forth in Section 4.2(o) of the Seller Disclosure Letter, neither Joint Venture has received written notice that the operations or products of any Joint Venture infringes or misappropriates the Intellectual Property of any Person.

(p) Transactions Among Members of the Seller Group and Joint Ventures. Section 4.2(p) of the Seller Disclosure Letter describes all transactions between any member of the Seller Group and either Joint Venture, or between the Joint Ventures, during the two (2) year period prior to the date of this Agreement, or any currently proposed transaction or interaction between such parties, which involved or is expected to involve an amount in excess of $500,000 (including all credit arrangements and guarantees and other financing arrangements).

(q) Existing Financial Arrangements; No Defaults. Section 4.2(q) of the Seller Disclosure Letter sets forth a true, correct and complete list of all debt, bank financing agreements and other financing agreements and arrangements used by or with respect to the Joint Ventures as of the date of this Agreement. Except as set forth in Section 4.2(q) of the Seller Disclosure Letter, neither Joint Venture is in breach or default (with or without the giving of notice or the lapse of time or both) with respect to any such agreement or arrangement.

IV.3 Knowledge. With respect to those representations qualified by "knowledge of Seller," Seller shall be deemed to be aware of all matters of which an executive officer of any member of the Seller Group is aware.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as disclosed in the Buyer Disclosure Letter (which shall make specific reference to only that particular representation and warranty as to which each disclosure included therein relates and, to the extent any disclosure therein relates to more than one representation or warranty, such disclosure letter shall include a specific cross-reference to the other representations or warranties to which such disclosure relates), Buyer represents and warrants to Seller as set forth below:

V.1 Organization and Qualification. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own, operate and lease the properties and assets it now owns, operates and leases and to conduct its business as it is now being conducted. True, correct and complete copies of the Certificate of Incorporation (or similar documents) and By-laws (or similar documents) of the Buyer, each with all amendments thereto, have been delivered to Seller. The Buyer is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its assets or the nature of its activities makes such qualification or license necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, have a Buyer Material Adverse Effect.

V.2 Corporate Authority. Buyer has all requisite corporate power and authority to enter into, execute and deliver this Agreement and the Related Agreements, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Related Agreements by Buyer and any Buyer designee (as applicable), the performance by Buyer and any Buyer designee (as applicable) of its obligations under this Agreement and the Related Agreements, and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of the Buyer and any Buyer designee (as applicable) (assuming due execution and delivery by each member of the Seller Group of this Agreement and the Related Agreements) and this Agreement and the Related Agreements constitute legal, valid and binding obligations of the Buyer (or any Buyer designee) enforceable against the Buyer (or such designee) in accordance with their terms (subject, as to the enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium and similar Laws affecting creditors' rights, and, with respect to the remedy of specific performance, equitable doctrines applicable thereto). No approval by the stockholders of Buyer is required with respect to the execution and delivery by Buyer of this Agreement and the Related Agreements, and performance by Buyer of its obligations hereunder or thereunder including the issuance and delivery of the Common Stock, the Convertible Notes and the

Subordinated Notes. Based on Seller's representations and warranties in Section 4.1(u) hereof, no registration statement is required to be filed by Buyer pursuant to the Securities Act in connection with the issuance and delivery to Seller of the Common Stock, the Convertible Notes and the Subordinated Notes (except as provided in the Securities Rights and Restrictions Agreement).

V.3 No Violations. The execution and delivery of this Agreement and the Related Agreements by Buyer, the performance by Buyer of its obligations under this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby or thereby (including the issuance of the Common Stock, the Convertible Notes and the Subordinated Notes), do not and will not conflict with, contravene, result in a violation or breach of or default under (with or without the giving of notice or the lapse of time or both), create in any other Person a right or claim of termination, amendment, or require modification, acceleration or cancellation of, or result in the creation of any Lien (or any obligation to create any Lien) upon any of the properties or assets of Buyer under (i) any provision of any of the organizational documents of Buyer, (ii) any Law applicable to Buyer or any of its properties or assets assuming the consents, approvals, authorizations or permits and filings or notifications set forth in Sections 5.6 and 5.7 of the Buyer Disclosure Letter are duly and timely obtained or made, (iii) the Indenture (as supplemented) and (iv) Buyer's bank and other financing agreements or any other of its material agreements, other than any of the foregoing under clause (ii) which would not (A) result in a Liability of $100,000 in any one case or $500,000 in the aggregate, or (B) individually or in the aggregate, have a Buyer Material Adverse Effect.

V.4 Capitalization. Section 5.4 of the Buyer Disclosure Letter contains a true, correct and complete description of the shares of stock or other equity or ownership interests that are authorized, issued and outstanding, of Buyer. All of such outstanding shares of stock or other equity or ownership interests are duly authorized, validly issued, fully-paid and nonassessable, and are owned beneficially and of record by such Persons to be set forth in Section 5.4 of the Buyer Disclosure Letter, free and clear of any Liens. Section 5.4 of the Buyer Disclosure Letter also lists all subscriptions, options, warrants, conversion or other rights, agreements, commitments, arrangements or understandings of any kind outstanding obligating Buyer, contingently or otherwise, to issue or sell, or cause to be issued or sold, any shares of capital stock.

V.5 Valid Issuance of Buyer Common Stock. Upon issuance and delivery of Buyer Common Stock to Seller at the Closing pursuant to this Agreement against payment of the consideration therefore contemplated hereby, the Buyer Common Stock will be validly issued, fully paid and nonassessable free and clear of all Liens other than (a) Liens set forth in the Securities Rights and Restrictions Agreement and (b) any Liens which may be created by Seller. The delivery of the Buyer Common Stock at the Closing will transfer to Seller good, absolute and valid title to, and beneficial ownership of, the Buyer Common Stock, other than Liens described in (a) and (b) of the preceding sentence. The issuance and sale of the Buyer Common Stock pursuant hereto will not give rise to any preemptive rights or rights of first refusal and will not violate any Law.

V.6 Valid Authorization of Notes. The Convertible Notes and Subordinated Notes have been duly and validly authorized, and, when executed and authenticated and delivered and acquired by Seller in accordance with the terms of this Agreement, will be valid and binding obligations of Buyer enforceable in accordance with their terms, and the shares issued upon conversion of the Convertible Notes shall be validly issued, fully paid and nonassessable free and clear of all Liens.

V.7 SEC Filings; Financial Statements. Buyer has furnished or made available to Seller true, correct and complete copies of its Annual Report on Form 10-K for the years ended August 29, 1996 and August 28, 1997, and each report (including any amendments thereto) filed under the Exchange Act by the Buyer with the SEC since August 29, 1996 (the "Buyer SEC Documents"). All Buyer SEC Documents complied as to form with the requirements of the Exchange Act. None of the Buyer SEC Documents as of the dates they were respectively filed with the SEC contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except to the extent corrected by a subsequently filed Buyer SEC Document filed prior to the date hereof. Each of the balance sheets (including any related notes) for the fiscal year or periods ending on August 29, 1996 and thereafter included in the Buyer SEC Documents fairly presents the financial condition of the Buyer and its Subsidiaries as of its date and each of the statements of income and changes in financial position (including any related notes) for the fiscal year or periods ending on August 29, 1996 or thereafter included in the Buyer SEC Documents fairly presents the results of operations or changes in cash flows, as the case may be, of the Buyer and its Subsidiaries for the respective periods set forth therein, in accordance with, in the case of audited financial statements, GAAP consistently applied except as otherwise disclosed therein, or, in the case of unaudited financial statements, GAAP consistently applied, except as otherwise disclosed therein or as otherwise permitted by the instructions to Form 10-Q of the SEC. All of the foregoing financial statements are in accordance with the books and records of the Buyer and its Subsidiaries.

V.8 Litigation. Section 5.8 of the Buyer Disclosure Letter lists all Claims pending or, to the knowledge of Buyer, threatened with respect to the transactions contemplated hereby except for such Claims which individually or in the aggregate have not or could not reasonably be expected to have a Buyer Material Adverse Effect. Neither Buyer nor its Subsidiaries are in default under, or in violation of, any judgment, order, writ, injunction or decree of any Governmental Agency with respect to the transactions contemplated hereby, except for those defaults or violations which in the aggregate would not have, or reasonably be expected to have, a Buyer Material Adverse Effect.

V.9 Knowledge. With respect to those representations qualified by "knowledge of Buyer," Buyer shall be deemed to be aware of all matters of which an executive officer of Buyer is aware.

ARTICLE VI

ADDITIONAL AGREEMENTS OF THE PARTIES

VI.1 The Reorganization. Subject to the terms and conditions of this Agreement, prior to the Closing Date, Seller will cause the following transactions (collectively, the "Reorganization"), to be consummated as follows:

(a) Seller shall form prior to the Closing a new direct wholly owned company under the laws of the Republic of Singapore (of a type selected by Buyer, which is not described in U.S. Treasury Regulation (S)301.7701-2(b)(8) and for which a "check-the-box" election to be treated as other than a corporation has not been made (except where such an election has been made in accordance with instructions from Buyer pursuant to Section 7.6)) ("Singapore Newco"). Upon the formation of Singapore Newco, Seller shall cause (i) Singapore Operating Company to assign, transfer, convey and deliver to Singapore Newco, and Singapore Newco to accept from Singapore Operating Company, all right, title and interest in all of Singapore Operating Company's assets constituting Acquired Assets and Singapore Newco will allot and issue to Seller all of the capital stock of Singapore Newco (other than the initial two subscriber shares already held by Seller) and (ii) Singapore Newco to assume only those liabilities of Singapore Operating Company constituting Assumed Liabilities.

(b) Subject to Section 6.6, prior to the Closing, Seller shall cause, through a "contribution-in-kind" transaction pursuant to Sections 2254, 2255, 2342 and 2343 of the Italian Civil Code, (i) Italian Operating Company to assign, transfer, convey and deliver to a newly formed company under the laws of Italy (which is not described in U.S. Treasury Regulation (S)301.7701-2(b)(8) and for which a "check-the-box" election to be treated as other than a corporation has not been made (except where such an election has been made in accordance with instructions from Buyer pursuant to Section 7.6)) ("Italian Newco"), and Italian Newco to accept from Italian Operating Company, all right, title and interest in all of Italian Operating Company's assets constituting Acquired Assets in exchange for all of the capital stock of Italian Newco, and (ii) Italian Newco to assume only those liabilities of Italian Operating Company constituting Assumed Liabilities. Within forty-five (45) days from the date hereof, Seller shall cause Italian Operating Company and Italian Newco to execute a contribution-in-kind agreement (including appropriate schedules of assets to be assigned to, and specific liabilities (including Contract liabilities) to be assumed by, Italian Newco) with terms and conditions reasonably satisfactory to Buyer.

(c) Except as set forth in subparagraphs (a) and (b) above, Singapore Newco and Italian Newco shall not, and Seller shall cause them not to, incur, directly or indirectly through any other Person, any obligations or liabilities of any kind whatsoever or enter into any arrangements with any Person without the prior written consent of Buyer.

(d) Seller will organize a new wholly owned Delaware corporation or designate one of its existing Subsidiaries ("Seller Note Purchasing Subsidiary") to serve as the Seller Note Purchasing Subsidiary. The Seller Note Purchasing Subsidiary will not hold any Acquired Assets.

Upon the formation or designation of Seller Note Purchasing Subsidiary, Seller shall transfer to Seller Note Purchasing Subsidiary, and Seller shall cause Seller Note Purchasing Subsidiary to accept from Seller an amount equal to the Cash Payment.

VI.2 Actions of the Seller Group and Conduct of Business Prior to Closing Date.

(a) Seller shall, and shall cause the Seller Group to, use commercially reasonable efforts to perform and satisfy all conditions to Closing to be performed or satisfied by the Seller Group under this Agreement as soon as possible, but in no event later than the Closing Date.

(b) Except as expressly provided in this Agreement (including in connection with the Reorganization) from the date hereof and continuing through the Closing Date, Seller shall, and shall cause each member of the Seller Group to, conduct the Business in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve intact its business organizations and relationships with third parties with respect to the Business, to preserve the Acquired Assets intact, to comply with all governmental and regulatory requirements applicable to the Business or Acquired Assets and, except as provided in Article VIII hereof, to keep available the services of the present officers and employees of the Seller Group. Without the prior written consent of Buyer, between the date hereof and the Closing Date, Seller shall not, and shall cause the Seller Group not to, make any material change in the conduct of the Business or the Acquired Assets or enter into any transaction other than in the ordinary course of business consistent with past practice, except as permitted or required in accordance with the terms herein. Prior to the Closing, Seller shall, and shall cause the Seller Group to, confer with Buyer on a regular basis and, subject to applicable laws relating to the exchange of information, report on significant operational matters and material decisions affecting the Business, and, in good faith, consult with Buyer concerning transitional planning for operation of the Business after the Closing.

(c) Without limiting the generality of the foregoing, Seller shall not, and shall cause the Seller Group not to, with respect to the Business, without the express prior written consent of Buyer, or except as otherwise contemplated hereby, (i) grant any salary increase to any employee other than normal merit and cost of living increases or grant any severance or termination pay to any director, officer or employee, (ii) enter into any new, or amend or alter any existing, bonus, incentive compensation, profit sharing, retirement, pension, group insurance, death benefit or other fringe benefit plan, trust agreement or arrangement adopted by it with respect to its employees, or any employment or consulting agreement, other than as required by law, (iii) terminate any existing employee benefit plan, (iv) establish, adopt, enter into or amend any collective bargaining agreement, (v) change its accounting and Tax policies or procedures in any material respect, (vi) make any compensation or benefits payments to any employees of the Seller Group other than as contemplated by compensation or benefits plans or agreements existing as of the date of this Agreement, (vii) sell, lease, license or otherwise dispose of any material assets or property except (A) pursuant to existing contracts or commitments or (B) in the ordinary course

of business consistent with past practices, (viii) revalue any of the assets included in the Acquired Assets, including, without limitation, writing off any accounts receivable other than in the ordinary course of business, (ix) except in the ordinary course of business, make any Tax election with respect to the Acquired Assets, settle or compromise any matter relating to Taxes, amend any Tax Return or make a claim for a Tax refund, (x) fail to maintain in full force and effect the material regulatory consents and authorizations necessary or required to conduct the Business, (xi) pay, discharge or satisfy any claim or liabilities relating to the Acquired Assets, other than in the ordinary course of business and consistent with past practice, (xii) alter, amend or settle any dispute under any Contract of the Seller Group relating to the Business or Acquired Assets, except in the ordinary course of business, (xiii) fail to defend or initiate any material matter, or proceed with any material matter, before any Governmental Agency, that is necessary and commercially reasonable to protect Acquired Assets, (xiv) fail to maintain Acquired Assets in customary repair, order and condition in all material respects, (xv) fail to comply in all material respects with all legal and regulatory requirements and all contractual obligations applicable to the Business and Acquired Assets, (xvi) terminate, replace, amend or otherwise modify any of the Transferred Contracts or waive any of the obligations of the parties to such agreements or any of the Seller Group's rights under any of such agreements, or (xvii) agree to commit to do any of the foregoing.

(d) Without the consent of Buyer, Seller shall not, and shall cause the Seller Group not to, take or omit to take any action with the intention to cause any of their representations and warranties hereunder to be inaccurate in any material respect at, or as of any time prior to, the Closing.

VI.3 Regulatory Matters.

(a) The parties hereto shall cooperate with each other and use all commercially reasonable efforts to promptly prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, and to obtain as promptly as practicable all Permits and/or Approvals which are necessary or advisable to consummate the transactions contemplated by this Agreement. Each of Seller and Buyer shall have the right to review in advance, and to the extent practicable each will consult the other on, in each case subject to applicable Laws relating to the exchange of information, all the information relating to Seller and Buyer, as the case may be, and any of their respective Subsidiaries, which appears in any filing made with, or written materials submitted to, any third party or any Governmental Agency in connection with the transactions contemplated by this Agreement; provided, however, that nothing contained herein shall be deemed to provide either party with a right to review any information provided by the other party to any Governmental Agency on a confidential basis in connection with the transactions contemplated hereby. In exercising the fore going right, each of the parties hereto shall act reasonably and as promptly as practicable. The parties hereto agree that they will consult with each other with respect to the obtaining of all Permits and/or Approvals necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the other appraised of the status of matters relating to completion of the transactions contemplated herein.

(b) Each of Seller and Buyer shall, upon request, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and stockholders and such other

matters as may be reasonably necessary or advisable in connection with any statement, filing, notice or application made by or on behalf of Seller, Buyer or any of their respective Subsidiaries to any Governmental Agency in connection with the transactions contemplated by this Agreement.

VI.4 Working Capital Requirement.

(a) Within forty-five (45) days following the Closing Date, Seller shall cause to be prepared and delivered to Buyer an unaudited balance sheet of the Business as of the Closing Date (the "Preliminary Balance Sheet"). The Preliminary Balance Sheet will be prepared in accordance with GAAP consistently applied and consistent with GAAP principles used to prepare the March Balance Sheet. In the event Working Capital at the Closing Date as reflected on the Preliminary Balance Sheet is less than the Target Amount, then Seller shall pay to Buyer an amount equal to the aggregate of the shortfall. In the event Working Capital at the Closing Date as reflected on the Preliminary Balance Sheet is in excess of the Target Amount, then Buyer shall pay to Seller an amount equal to the excess. All amounts payable (the "Working Capital Requirement") under this subsection 6.4(a) shall be paid in cash within five (5) days after the preparation of the Preliminary Balance Sheet by wire transfer of immediately available funds to an account designated in writing by the recipient. For purposes of this Agreement, "Target Amount" means U.S. $150 million; provided, however, that if the Closing has not occurred by September 30, 1998 (the "Target Closing Date"), the U.S. $150 million amount shall be decreased (the "Working Capital Reduction") by U.S. $5 million at the end of each fourteen-day period commencing on the Business Day immediately following the Target Closing Date; provided, further, that, notwithstanding the immediately preceding proviso, the Working Capital Reduction shall not take effect in the event the Closing has not occurred by reason of the failure to comply with any material covenant or agreement in this Agreement by Seller which has not been cured within ten (10) days following receipt by Seller of notice of such breach or failure to comply.

(b) Within 120 days following the Closing Date, Buyer shall cause to be prepared and delivered to Seller an audited balance sheet of the Business as of the Closing Date (the "Adjusted Balance Sheet"). The Adjusted Balance Sheet will be prepared in accordance with GAAP consistently applied and consistent with the GAAP principles used to prepare the March Balance Sheet. Working Capital as of the Closing Date shall be derived from the Adjusted Balance Sheet. Following delivery by Buyer to Seller of the Adjusted Balance Sheet, Buyer shall give to Seller, and any independent auditors retained by Seller, reasonable access during Buyer's business hours to those books and records of the Business in the possession of Buyer and any personnel which relate to the preparation of the Adjusted Balance Sheet and to the workpapers of Buyer and its independent auditors for purposes of resolving any disputes concerning the Adjusted Balance Sheet and the calculation of Working Capital.

(c) Seller shall have thirty (30) days following delivery of the Adjusted Balance Sheet during which to notify Buyer in writing (the "Notice of Objection") of any good faith objections to the calculation of Working Capital or the Adjusted Balance Sheet as it affects such calculation, setting forth a reasonably specific and detailed description of its objections and the dollar

amount of each objection. If Seller objects to the Adjusted Balance Sheet, or Buyer's calculation of Working Capital as reflected thereon, Buyer and Seller shall attempt to resolve any such objections within fifteen (15) days of the receipt by Buyer of the Notice of Objection.

(d) If Buyer and Seller are unable to resolve any such dispute within the fifteen (15) day period referred to in Section 6.4(c) above, Buyer and Seller shall each submit the name of another "big six" independent accounting firm which does not at the time provide, and has not in the prior two years provided, services to either Buyer or Seller or any Affiliate of Buyer or Seller, and the firm shall be selected by lot from these two firms. Each of the parties to this Agreement shall, and shall cause their respective Affiliates and representatives to, provide full cooperation to such independent accounting firm (the "Independent Accounting Firm"). The Independent Accounting Firm shall (x) act in its capacity as an expert and not as an arbitrator, (y) review only those matters as to which there is a dispute between the parties and (z) be instructed to reach its conclusions regarding any such dispute within thirty (30) days after its appointment and provide a written explanation of its decision. In the event that Seller and Buyer submit any dispute to arbitration, each such party may submit a "position paper" to the Independent Accounting Firm setting forth the position of such party with respect to such dispute, to be considered by such Independent Accounting Firm as it deems fit. The determination of the Independent Accounting Firm shall be final and binding on the parties and shall be deemed a final arbitration award that is enforceable pursuant to all terms of the Federal Arbitration Act, 9 U.S.C. Sec. 1 et seq. Any expenses relating to the engagement of the Independent Accounting Firm shall be shared equally by Seller and Buyer.

(e) If Seller does not deliver the Notice of Objection in accordance with Section 6.4(c) above (i.e., within a thirty day period), the Adjusted Balance Sheet (together with Buyer's calculation of Working Capital reflected thereon), shall be deemed to have been accepted by all of the parties to this Agreement and shall become the "Closing Balance Sheet." In the event that Seller delivers a Notice of Objection in accordance with the provisions above and Buyer and Seller are able to resolve such dispute by mutual agreement, the Adjusted Balance Sheet, together with Buyer's calculation of Working Capital reflected thereon, to the extent modified by mutual agreement of such parties, shall be deemed to have been accepted by all of the parties to this Agreement and shall become the "Closing Balance Sheet." In the event that Seller delivers a Notice of Objection in accordance with the provisions above and Buyer and Seller are unable to resolve such dispute by mutual agreement, the determination of the Independent Accounting Firm shall be final and binding on the parties and the Adjusted Balance Sheet, together with Buyer's calculation of Working Capital reflected thereon, to the extent modified by the Independent Accounting Firm, shall be deemed to have been accepted by all of the parties to this Agreement and shall become the "Closing Balance Sheet." The calculations of Working Capital reflected on any such Closing Balance Sheet shall be conclusive and binding on all of the parties to this Agreement and no further adjustments shall be made thereto.

(f) In the event that Working Capital as reflected on the Closing Balance Sheet is less than the Target Amount when added to the Working Capital Requirement actually paid, then Seller shall pay to Buyer in cash within five (5) days after determination of the Closing Balance

Sheet an amount equal to the aggregate of the shortfall (the "Shortfall") together with interest thereon at the rate of 6% from the Closing Date until the date of payment of the Shortfall, and if not made within five (5) days after determination of the Closing Balance Sheet, taking into account all Notice of Objection and dispute resolution periods set forth in this Section 6.4, the Shortfall shall bear interest from the Closing Date until the date of payment of the Shortfall at the rate of 15% per annum. In the event that Working Capital as reflected on the Closing Balance Sheet is greater than the Target Amount when added to the Working Capital Requirement actually paid, then Buyer shall pay to Seller in cash within five (5) days after determination of the Closing Balance Sheet an amount equal to the aggregate of the excess (the "Excess") together with interest thereon at the rate of 6% from the Closing Date until the date of payment of the Excess, and if not made within five (5) days after determination of the Closing Balance Sheet, taking into account all Notice of Objection and dispute resolution periods set forth in this Section 6.4, the Excess shall bear interest from the Closing Date until the date of payment of the Excess at the rate of 15% per annum. Any and all amounts payable in accordance with this Section 6.4(f) shall be made by wire transfer of immediately available funds to an account designated in writing by either Seller or Buyer, as the case may be.

VI.5 Investment Incentives. Seller shall use all commercially reasonable efforts to assist Buyer in obtaining and maintaining incentives from the EDB, including without limitation requesting TECH to assist Buyer in negotiating with the EDB investment incentives for the benefit of Singapore Newco after giving effect to the Reorganization and the other transactions contemplated in this Agreement.

VI.6 Italian Operations. Seller and Buyer agree to negotiate in good faith and to use all commercially reasonable efforts to agree, within forty-five (45) days after the date hereof, (i) on mutually acceptable terms and conditions to apply to the transfer at the Closing of those Acquired Assets and Assumed Liabilities associated with Seller's Italian operations to be transferred by Seller to Buyer pursuant to the terms of this Agreement and (ii) on an appropriate amendment or supplement to this Agreement adequately reflecting such terms and conditions, including appropriate amendments to the conditions precedent to the Closing.

VI.7 Transition Services. Seller and Buyer shall negotiate in good faith the Transition Services Agreement in substantially the form attached hereto as Exhibit I as may be reasonably modified by the mutual agreement of the parties, pursuant to which Seller shall provide Buyer, on a transitional basis following the Closing Date, with all services historically provided to the Business (hereinafter, the "Transition Services") reasonably necessary to support the continued operation of the Business (including the operations of Italian Operating Company and Singapore Operating Company) and pursuant to which, from the Closing Date until the first anniversary thereof, Buyer will (i) request that KTI continue to manufacture and supply to Buyer for resale to Seller SDRAM or DRAM products for military and aerospace applications in substantially the same aggregate volumes as are currently supplied and, to the extent such products are so available from KTI to Buyer, Buyer shall use commercially reasonable efforts to supply such products to Seller in substantially the same aggregate volumes as are currently supplied; provided, however, that Buyer shall not be liable for the failure to supply such products to Seller in the event of KTI's failure to

manufacture and supply such products to Buyer for resale to Seller, and (ii) use commercially reasonable efforts to continue to provide testing services for such products at the Singapore assembly/test facility in substantially the same manner as currently provided, in each case, at prices to be mutually agreed upon.

VI.8 Working Capital. Seller shall, and shall cause the Seller Group to, use commercially reasonable efforts to manage the Working Capital of the Business in the ordinary course consistent with past practice.

VI.9 Financial Statements. As soon as practicable following the date hereof and prior to the Closing, Seller shall deliver to Buyer with respect to the Business on a combined basis (including Seller's JV Interests as an equity investment) audited balance sheets as of December 31, 1996 and as of December 31, 1997, together with the related audited statements of income and cash flow for the twelve-month periods ended December 31, 1996 and December 31, 1997, the unaudited statement of income and cash flow for the three-month period ended March 31, 1998, and the unaudited balance sheet as of June 30, 1998 and the related unaudited statement of income and cash flow for the six-month period then ended. All such financial statements shall be prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby (except, in the case of the unaudited financial statements, for the absence of notes thereto) and in the case of the balance sheets, consistent with the GAAP principles used to prepare the March Balance Sheet. Seller shall make available to Buyer, and Buyer's auditors, Seller's work papers and backup materials used in preparation of all such financial statements.

VI.10 Seller Disclosure Letter. As soon as practicable and in no event later than the date thirty (30) days after the date hereof, Seller shall deliver to Buyer the Seller Disclosure Letter which shall include all of Seller's disclosure schedules contemplated by this Agreement. The Seller Disclosure Letter shall make specific reference to only that particular Section (or, with respect to representations and warranties, that particular subsection) as to which each disclosure schedule included therein relates and, to the extent any disclosure schedule included therein relates to more than one Section (or more than one representation and warranty), then such disclosure schedule shall include a specific cross-reference to the other Sections (or other representations and warranties) to which such disclosure schedule relates. Buyer shall have fifteen (15) days from the date of its receipt of the Seller Disclosure Letter in which to object to any of Seller's disclosure included in such Seller Disclosure Letter, which objection shall be made by sending to Seller a written notice (a "Disclosure Objection").

VI.11 Buyer Disclosure Letter. As soon as practicable and in no event later than the date thirty (30) days after the date hereof, Buyer shall deliver to Seller the Buyer Disclosure Letter which shall include all of Buyer's disclosure schedules contemplated by this Agreement. The Buyer Disclosure Letter shall make specific reference to only that particular Section (or, with respect to representations and warranties, that particular subsection) as to which each disclosure schedule included therein relates and, to the extent any disclosure schedule included therein relates to more than one Section (or more than one representation or warranty), then such disclosure schedule shall include a specific cross-reference to the other Sections (or other representations and warranties) to

which such disclosure schedule relates. Seller shall have fifteen (15) days from the date of its receipt of the Buyer Disclosure Letter in which to object to any of Buyer's disclosure included in such Buyer Disclosure Letter, which objection shall be made by sending to Seller a written Disclosure Objection notice.

VI.12 JV Amendments. Seller and Buyer agree to negotiate in good faith and to use all commercially reasonable efforts to agree within forty-five (45) days after the date hereof, on mutually acceptable terms and conditions of the JV Amendments as well as amendments to all debt, credit or financing Contracts to which any of the Joint Ventures is a party or to which any Seller or any of its Affiliates is a party which Contract is for the benefit of the Joint Venture.

VI.13 Acquired Facilities. The following expenses of the Acquired Facilities, which shall be reflected in a closing statement (the "Closing Statement") shall be apportioned between Seller and Buyer at the Closing in accordance with the following:

(a) Seller shall pay the full amount of any real estate Taxes, bonds, assessments or other governmental levies against the Acquired Facilities, which are not Permitted Liens, on or before the Closing Date.

(b) Except as expressly provided to the contrary in this Agreement, rent, insurance premiums, amounts payable under the Transferred Contracts, operating expenses, utility consumption fees and any other recurring occupancy charges applicable to the Acquired Facilities under the Transferred Contracts shall be prorated as of the Closing Date. In this regard, Seller shall cause all the utility meters to be read on the Closing Date, and will be responsible for the cost of all utilities used prior to the Closing Date.

(c) Except as herein expressly provided to the contrary, Seller shall pay for all costs customarily associated with the conveyance of the Acquired Facilities to Buyer in accordance with this Agreement (including, without limitation, all Transfer Taxes, recording or registration fees and the like customarily paid by sellers of real property in the jurisdiction in which the Acquired Facilities are located); provided, however, that the cost of any title insurance policy and title opinions shall be paid by Buyer.

(d) Real estate escrow fees and all other customary real estate conveyancing expenses associated with the conveyance of the Acquired Facilities shall be paid fifty percent (50%) by Buyer and fifty percent (50%) by Seller.

(e) If any of the aforesaid prorations cannot be calculated accurately on the Closing Date, then they shall be estimated at the Closing Date and adjusted to the actual allocation as soon after the Closing Date as feasible. Either party owing the other party a sum of money based on such subsequent adjustment shall promptly pay said sum to the other party, together with interest thereon at the rate of fifteen percent (15%) per annum from the Closing Date to the date of payment if payment is not made within ten (10) days after delivery of a bill therefor.

VI.14 Certain Rights. Buyer shall have the option, upon delivery of a written notice to Seller on or prior to the Closing, to require Seller, to the extent permitted, to transfer to Buyer, without further consideration from Buyer to Seller and without costs to Seller or effect on Seller's own license not related to the Business, Seller's rights and benefits under the agreement between Seller and Rambus Inc. and thereupon, such license shall be deemed an Acquired Asset hereunder.

VI.15 Licenses of Intellectual Property.

(a) Seller hereby grants to Buyer (and any successor to Buyer or to any division or line of business of Buyer (the "Successor")) a worldwide, perpetual, non-exclusive, fully paid, royalty free license under all Intellectual Property (other than Patents and Acquired Intellectual Property) (the "Licensed IP") of any member of the Seller Group owned or licensable by any such member to operate the Business substantially in the manner such Business was operated by the Seller Group and to make, have made, use, sell, offer for sale and import any products. The Licensed IP may not be sublicensed or transferred by Buyer (or its Successors), except in connection with the licensing or transfer by Buyer (or its Successors), of substantial other Intellectual Property and under substantially the same terms and conditions as such other Intellectual Property of Buyer (or its Successors), is licensed or transferred; provided, however, that such sublicense or transfer may not grant to the sublicensee or transferee broader rights than that granted to Buyer hereunder. In addition, Buyer or its Successors shall not transfer or sublicense any Trade Secrets constituting Licensed IP except pursuant to a non-disclosure agreement at least as protective of such Trade Secrets as it is of Buyer's (or its Successor's), own Trade Secrets.

(b) Subject to, and without in any way limiting the provisions of the non-compete provision set forth in Section 6.25 hereof, Buyer hereby grants to Seller a worldwide, perpetual, non-exclusive, fully paid, royalty free license under the Acquired Intellectual Property, to, make, have made, use, sell, offer for sale and import any products. The Acquired Intellectual Property licensed to Seller in accordance with the foregoing may not be sublicensed or transferred by Seller except in connection with the licensing or transfer by Seller of substantial other Intellectual Property of Seller and under substantially the same terms and condition as such other Intellectual Property of Seller is licensed or transferred; provided, however, that such sublicense or transfer may not grant to the sublicensee or transferee broader rights than granted to Seller hereunder. In addition, Seller shall not transfer or sublicense any Trade Secrets constituting Transferred Intellectual Property except pursuant to a non-disclosure agreement at least as protective of such Trade Secrets as it is of Seller's own Trade Secrets and otherwise in accordance with Section 6.31 hereof.

VI.16 Certain Software.

(a) Without limiting Section 6.15, in order to effect the transactions contemplated by this Agreement and to permit Buyer to operate the Business substantially in the manner such Business was operated by the Seller, Seller agrees to and hereby grants to Buyer a worldwide, perpetual, nonexclusive, fully paid up royalty free license to use, distribute, copy and make and own derivative works from the source code and documentation for all software owned or licensable by

any member of the Seller Group, and not part of the Acquired Assets, and currently being used in the Business. Seller shall use commercially reasonable efforts to cause Gore to grant to Buyer a license to the source code and documentation for the "Gore Software," including without limitations the "Works" and "WorkCell" programs and all tools and documentation relating thereto (the "Gore Software"), the license for which shall be paid by Buyer, with terms satisfactory to Buyer. To the extent Seller is permitted to do so without cost to Seller, Seller shall, at no charge by Seller to Buyer, for a period of two years provide Buyer with all upgrades, enhancements and fixes to the Gore Software made by or for Seller to the extent related to the Business.

(b) To permit Seller to continue its own operations substantially in the manner they were performed prior to the Closing Date, Buyer agrees to and hereby grants to Seller a worldwide, perpetual, nonexclusive, royalty free license to use, distribute, copy and make derivative works from the source code and documentation for all software transferred as Acquired Assets as described in Exhibit A and currently used in Seller operations, and to the extent the right to grant such license was acquired by Buyer from Seller.

(c) All costs, if any, payable by Seller to third parties with respect to third party software licenses to be transferred or subject to sublicense for the benefit of Buyer pursuant to this Agreement or any Related Agreement shall be paid by Buyer; provided, however, that Buyer may elect to forego such
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transfer or sublicense, in which event Buyer shall not be obligated to pay such costs with respect thereto.

VI.17 Access to Information.

(a) Upon reasonable notice and subject to applicable laws relating to the exchange of information, Seller shall, and shall cause the Seller Group to, afford to the officers, employees, accountants, counsel, consultants and other representatives of Buyer, reasonable access, during normal business hours during the period prior to the Closing Date, to all Acquired Assets, including Acquired Facilities, books, contracts, commitments, records, officers, employees, accountants, counsel and other representatives of any member of the Seller Group and, during such period, it shall make available to Buyer all information concerning the Business, the Joint Ventures, the Acquired Assets, or Proceedings, or Claims or Losses relating thereto, as Buyer may reasonably request ("Access Rights"). With respect to the Joint Ventures, Seller shall request that the Joint Ventures provide Access Rights to Buyer; provided,
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however, that Seller shall not be liable for the failure of any of the Joint
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Ventures to afford Buyer such Access Rights. Such Access Rights shall include, without limitation, the performance by Buyer, at Buyer's expense, of any inspections, testings, investigations, and groundwater and soil sampling or other review of the physical condition of the Acquired Facilities as may be deemed necessary by Buyer. During the period of such access, Buyer and its consultants or other representatives shall not unreasonably interfere with the ongoing operation of the Business. Upon request of Buyer, Seller shall also use commercially reasonable efforts to request that the Joint Ventures grant Access Rights to Buyer.

(b) Buyer shall take reasonable steps to avoid and minimize any disruption of the Acquired Facilities through the exercise of its Access Rights. Buyer shall indemnify and hold Seller harmless from and against any and all loss, cost, claim or expense arising out of the exercise of its Access Rights at the Acquired Facilities. In the event Buyer performs an environmental or endangered species site assessment as part of the inspection of the Acquired Facilities, Seller shall be afforded at least two (2) Business Days' prior notice of, and the right to be present and/or collect split samples during any activity on the Acquired Facilities in connection with such assessment. Promptly after Buyer's receipt thereof, Buyer agrees to furnish Seller with a copy of any analytical results and shall permit Seller to comment upon the consultant's report prior to finalization and shall provide Seller with any final report.

(c) No investigation by Buyer or its representatives shall affect the representations, warranties, covenants or agreements of Seller set forth in this Agreement.

VI.18 Tax Parameters; Price Allocation. The valuation and allocation of the purchase price and other consideration exchanged in connection with the transactions described herein shall be as mutually agreed by Buyer and Seller in accordance with the applicable provisions of Section 1060 of the Code in accordance with the provisions in Exhibit H (such valuation and allocation being referred to herein as the "Price Allocation"). The Price Allocation shall also apply for purposes of the asset transfers to Singapore Newco and Italian Newco. Exhibit H also sets forth certain parameters with respect to the transactions contemplated hereby (the "Tax Parameters"). Buyer and Seller agree to negotiate in good faith in order to determine the Price Allocation as soon as practicable. If Buyer and Seller are unable to agree on the Price Allocation, the dispute shall be resolved in accordance with the procedures set forth in Section 6.4(d) hereof and the provisions of this Section 6.18. Each party (and their respective Affiliates) hereto shall at its own expense adopt and abide by such Price Allocation and Tax Parameters for purposes of all Tax Returns filed by them and shall not take any position inconsistent therewith in connection with any examination of any Tax Return, any refund claim, or any judicial litigation proceeding but only if doing otherwise in such judicial litigation proceeding would materially prejudice the other party, or otherwise until there has been a final "determination" (within the meaning of Code Section 1313(a)) or any other event which finally and conclusively establishes the amount of any liability for Taxes. In the event that the Price Allocation is disputed by any Taxing authority, the party receiving notice of the dispute shall promptly notify the other parties hereto of such dispute and the parties hereto shall consult with each other concerning resolution of the dispute.

VI.19 Notices of Certain Events. Seller shall promptly notify Buyer of (i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement, (ii) any notice or other communication from any Governmental Agency in connection with the transactions contemplated by this Agreement, and (iii) any Claims commenced or, to the knowledge of Seller, threatened against, relating to or involving or otherwise affecting the Business or the Acquired Assets that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant

to Section 4.1(l) or that relate to the consummation of the transactions contemplated by this Agreement.

VI.20 Bulk Sales Waiver. Buyer and Seller hereby waive compliance with any applicable bulk sale laws in connection with the transactions contemplated by this Agreement; provided, however, that Seller shall indemnify and hold Buyer and its Affiliates harmless from and against any Losses arising out of noncompliance with any such laws.

VI.21 Expenses. Each party hereto agrees to bear its own expenses, including any applicable broker's or finder's fee, in connection with the negotiation and preparation of this Agreement and the Related Agreements and its performance hereunder and thereunder, except as otherwise expressly provided herein, or in any of the Related Agreements.

VI.22 Transfer Taxes; Transfer and Recording Fees.

(a) Seller shall be solely responsible for and shall pay (or cause to be paid) on or before the due date any and all Transfer Taxes. Buyer shall cooperate with Seller in connection with any Tax Returns related to Seller's payment of such Taxes, and in executing customary documents in order to attempt to establish exemptions from Texas sales Tax and other transaction Taxes.

(b) Payment of all costs, expenses and fees arising or incurred in connection with any claim for or contest of Transfer Taxes shall be borne by Seller. Upon receipt by Buyer of a refund of all or part of any claim for which a party has made payment under this Section 6.22 and with respect to which Buyer has received a payment from Seller, or Seller has received from Buyer, Buyer shall pay to Seller, or Seller shall pay to Buyer, the amount of the refund.

(c) Buyer shall be entitled to pay, or cause to be paid, any Transfer Tax and seek reimbursement from Seller, plus interest, to the extent a failure to pay would result in a Lien on the Acquired Assets or otherwise adversely affect the Business.

VI.23 Shutdown Costs. In connection with Seller's suspension of operations at the Twinstar Facility subsequent to the date hereof and prior to the Closing, Seller shall use all commercially reasonable efforts to terminate such operations in a "recoverable to current operating condition," and will consult with Buyer to achieve that goal and to limit the Shutdown Costs associated therewith to those that are reasonably necessary. In performing such activities, Seller shall comply with all applicable Environmental Requirements, Contracts, Laws, Permits and/or Approvals applicable to such activities. Subsequent to such suspension of operations and prior to the Closing, Seller shall use all commercially reasonable efforts to preserve the value of the Twinstar Facilities. Buyer shall reimburse Seller at the Closing for 50% of the Shutdown Costs actually incurred by Seller; provided, however, that Seller delivers to Buyer at least two (2) Business Days prior to Closing a statement in reasonable detail summarizing the nature and amount of such Shutdown Costs. Notwithstanding anything to the contrary contained herein, Buyer shall not be obligated to reimburse Seller for any Shutdown Costs unless the Closing has occurred.

VI.24 Securities Act Compliance; Restrictions on Sale. Seller understands and acknowledges that the Securities issuable at the Closing, shall be issued pursuant to an exemption under the Securities Act from the registration requirements of Section 5 of the Securities Act, and at the time of such issuance will not have been registered under the Securities Act or other applicable state securities laws. The availability of such exemption is conditioned, in part, upon the representation of Seller, that the Securities will not be sold or otherwise distributed except as expressly provided herein.

VI.25 Covenant Not to Compete.

(a) Seller covenants and agrees that for a period of three (3) years following the Closing Date, neither Seller nor any Affiliates of Seller (excluding any employee or pension fund or other similar Person acting in a fiduciary capacity) shall, directly or indirectly, as principal, partner, agent, employee, consultant, stockholder, or otherwise, anywhere in the world (the "Territory"), engage, directly or indirectly, in the manufacture or sale of Memory Products. Seller also covenants and agrees that for a period of five (5) years following the Closing Date, neither Seller nor any Affiliate of Seller (excluding any employee or pension fund or other similar Person acting in a fiduciary capacity) shall, directly or indirectly, as a principal, partner, agent, employee, consultant, stockholder, or otherwise, anywhere in the Territory, engage, directly or indirectly, in the manufacture or sales of Memory Products through a foundry or exercise any "have made" rights granted in the Cross-License Agreement for the manufacture or sale of Memory Products; provided, however, that Seller may fulfill its contractual obligations effective as of the date hereof in accordance with the terms of the Transition Agreement, as amended to the date hereof.

(b) Buyer and Seller acknowledge and agree that compliance with the covenant contained in this Section 6.25 is necessary to protect Buyer and its Subsidiaries and that a breach of such covenant would result in irreparable and continuing damage for which there would be no adequate remedy at law. Seller agrees that in the event of any breach of said covenant, Buyer shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. Seller agrees that this restriction on competition shall be deemed to be a series of separate covenants not-to-compete for each year within the three-year and five-year periods of non-competition and separate covenants not-to-compete for each state within the United States and each country in the world. If any court of competent jurisdiction shall determine the foregoing covenant to be unenforceable with respect to the term thereof or the scope of the subject matter or geography covered thereby, then such covenant shall nonetheless be enforceable by such court against such other party or upon such shorter term or within such lesser scope as may be determined by the court to be reasonable and enforceable.

(c) In the event that Seller shall be in violation of the aforementioned restrictive covenants, then the time limitation thereof shall be extended for a period of time during which such breach or breaches shall occur.

(d) Seller covenants on behalf of itself and each member of the Seller Group not to use, or to sell, assign or otherwise extend the benefits to any Person from any Non-Assignable Contract in a manner which is competitive with the Business as owned and operated by Buyer.

Notwithstanding the foregoing: (i) Seller or its Affiliates may acquire a controlling interest in, or a majority of the assets of, any Person having not more than 5% of its sales (based on its latest annual audited financial statements) attributable to the manufacture or sale of Memory Products; provided, however, that Seller shall, and shall cause its Affiliates, to use
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commercially reasonable efforts to promptly divest itself of or shutdown that portion of the operations of such Person engaged in the manufacture or sale of Memory Products; (ii) Seller or its Affiliates may acquire up to 2% of the outstanding capital stock or other ownership interest in any Person engaged principally in the manufacture or sale of Memory Products having a class of equity securities listed on any national or international securities exchange; and (iii) Seller or its Affiliates may engage in the assembly, packaging and/or sale of Memory Products for sale to customers solely for use in military and aerospace applications.

VI.26 Collection of Accounts. Seller agrees that, after the Closing, it
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will promptly transfer to or deliver to Buyer any cash or other property received directly or indirectly by Seller in respect of any accounts receivable of the Business, constituting Acquired Assets, including any amounts receivable as interest.

VI.27 Public Disclosure. No party hereto shall issue any public statement
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or communication regarding this Agreement, the subject matter of this Agreement or the transactions contemplated hereby, except for such disclosures as are required to comply with applicable law or the rules of any national securities exchange, without the prior written approval of the other parties. If any such disclosure is required by law or the rules of any national securities exchange, the disclosing party agrees to give the nondisclosing party prior notice and an opportunity to comment on the proposed disclosure.

VI.28 Assistance with Audit. Following the Closing, each party will
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provide the other party and their independent public accountants access to (and use commercially reasonable efforts to cause their independent public accountants to provide the other party and their independent public accountants access to) such books, records, workpapers and data as may be reasonably requested by such other party to allow such other party and their independent public accountants to conduct an audit or review of the Business for such periods as such other party may require for their preparation of the Preliminary Balance Sheet, the Adjusted Balance Sheet and the Closing Balance Sheet, as applicable, as well as for their financial reporting purposes, including that required in connection with any registration statement or report to be filed by Buyer with the SEC or other Governmental Agency. The parties mutually agree to reasonably assist each other and their independent accountants in conducting any such audit or review. The parties mutually agree to use their commercially reasonable efforts to cause their independent public accountants to provide each other with any such consents of their independent public accountants necessary for such party to satisfy such requirements with the SEC under applicable accounting rules. On and after the Closing Date, Buyer

will afford to Seller and its agents reasonable access to the books of account, financial and other reports, information, employees and auditors to the extent the same primarily relate to periods prior to the Closing and which are necessary for Seller in connection with any tax audit, investigation, inquiry by a Governmental Agency (including with respect to government subsidies), dispute, litigation or other similar matter relating to the Acquired Assets or the Assumed Liabilities. On and after the Closing Date, Seller will afford to Buyer and its agents reasonable access to the books of account, financial and other reports, information, employees and auditors to the extent the same primarily relate to periods prior to the Closing and which are necessary for Buyer in connection with any tax audit, investigation, inquiry by a Governmental Agency (including with respect to government subsidies), dispute, litigation or other similar matter relating to the Acquired Assets or the Assumed Liabilities.

VI.29 Use of Proceeds. Buyer shall use the U.S. $750 million received from Seller at the Closing for general corporate purposes, including working capital and capital expenditures (but excluding financing the purchase price of any acquisitions or use in the business of Micron Electronics, Inc.).

VI.30 Maintenance of Trade Secrets. Seller shall neither use nor disclose to any Person, and shall otherwise maintain the confidentiality of, all materials, information and things embodying or constituting Trade Secrets that are Acquired Intellectual Property and Seller shall neither take, nor fail to take, any action that would adversely affect Buyer's rights in, or the value of, any of the Trade Secrets constituting Acquired Intellectual Property.

VI.31 Assignment of Contracts.

(a) For purposes of this Agreement, including Sections 2.1 and 2.2 hereof, "Transferred Contracts" shall mean each Contract to which Seller, any of its Subsidiaries or any of their Affiliates is a party primarily related to or primarily used in the Business (i) that was entered into in the ordinary course of business consistent with past practices and not of a type required to be listed in the Seller Disclosure Letter pursuant to Section 4.1 or 4.2 hereof, or (ii) listed on Schedule 6.31 to this Agreement to be prepared by Buyer and delivered to Seller in accordance with this Section 6.31(a) (the "Transferred Contract Schedule"). The Transferred Contract Schedule shall be prepared by Buyer and delivered to Seller on or prior to the 45th day after the date of this Agreement and upon delivery of the final version of such schedule, such schedule shall become a part of this Agreement as if attached hereto as of the date hereof. In the event that the Transferred Contract Schedule includes less than substantially all of the Contracts listed in the Seller Disclosure Letter, other than Excluded Contracts, Seller may terminate this Agreement in accordance with Section 11.1(g) hereof any time during the five day period immediately following receipt of the final Transferred Contract Schedule.

(b) Notwithstanding anything to the contrary in this Agreement or any Related Agreement, this Agreement shall not constitute an agreement to assign any Contract which is to be an Acquired Asset or any benefit arising thereunder or resulting therefrom, if an attempted

assignment thereof, without the consent of a party thereto other than any member of the Seller Group, would constitute a breach or other contravention thereof or in any way adversely affect the rights of Buyer, or its designees, thereunder (a "Non-Assignable Contract"). Seller shall, and shall cause each member of the Seller Group to, use prior to the Closing all commercially reasonable efforts to obtain the consent of the other Persons for the assignment thereof to Buyer or its designees. If such consent is not obtained prior to the Closing, or if an attempted assignment thereof would be ineffective or would adversely affect the rights thereunder so that Buyer would not receive substantially all such rights, (x) Seller shall, and shall cause each member of the Seller Group to, continue to use all commercially reasonable efforts to obtain the consent of the other Persons for the assignment thereof to Buyer or its designees, and (y) Seller and Buyer shall cooperate in a mutually agreeable arrangement under which Buyer would obtain the benefits and assume the obligations thereunder in accordance with this Agreement, including subcontracting, sub-licensing or sub-leasing to Buyer, or under which Seller would enforce for the benefit of Buyer, with Buyer assuming Seller's obligations, any and all rights of Seller against a third party thereto. Seller shall promptly pay to Buyer when received all monies received by Seller in respect of such Non-Assignable Contracts or any benefit arising thereunder, except to the extent the same represents an Excluded Asset. To the extent the benefits therefrom and obligations thereunder have been provided by alternative arrangements as provided above, any such Non-Assignable Contract shall be deemed an Acquired Asset, provided that Buyer shall not be responsible for any Liabilities (i) arising out of a claim of breach of such Non-Assignable Contract due to the establishment of the alternative arrangements, or (ii) arising out of such Non-Assignable Contract as a result of Seller's action without Buyer's approval in a manner inconsistent with the alternative arrangements.

(c) In furtherance, and not in limitation of the foregoing subsection (a), in the event that Seller is unable to obtain any required consent to the transfer at Closing to the Buyer of any Non-Assignable Contract and Seller and Buyer have failed to agree on alternate arrangements to an assignment reasonably satisfactory to Buyer, then (i) Seller shall remain a party to and shall continue to be bound by such Non-Assignable Contract, (ii) Buyer shall pay, perform and discharge fully all of the obligations of Seller thereunder from and after the Closing Date, upon the terms and subject to the conditions of such Non-Assignable Contract, (iii) Seller shall, without further consideration therefor, pay, assign and remit to Buyer promptly all monies, rights and other consideration received in respect of such Non-Assignable Contract on and after the Closing Date, and (iv) Seller shall, without further consideration therefor, exercise and exploit its rights and options under such Non-Assignable Contract in the manner and only to the extent directed by Buyer. If and when any consent shall be obtained following the Closing Date with respect to the transfer by Seller to Buyer of any such Non-Assignable Contract or such Non-Assignable Contract shall otherwise become assignable following the Closing Date, Seller shall promptly assign all of its rights and obligations thereunder to Buyer, without further consideration therefor, and Buyer shall, without further consideration therefor, assume such rights and obligations, to the fullest extent permitted. The existence of the provisions of this Section 6.31 shall not reduce or otherwise adversely affect any party's ability to enforce any of its rights under this Agreement.

ARTICLE VII

TAX MATTERS

VII.1 Tax Representations. Seller represents and warrants to the Buyer as set forth below:

(a) Italian Newco, Singapore Newco, the Joint Ventures, each member of the Operating Group and Seller (to the extent it relates to the Business or the Acquired Assets) has (i) timely filed within the time period for filing or any extension granted with respect thereto all applicable United States, Italian, Singaporean, and other foreign, national, federal, state, subnational, provincial, municipal, county and local and other Tax Returns which are required to be filed prior to the Closing Date relating to or pertaining to any and all Taxes attributable to, levied or imposed upon, or incurred in connection with the Acquired Assets or the Business and all such Tax Returns are true, complete, and correct in all material respects and (ii) paid all of the Taxes due and payable prior to the Closing.

(b) With respect to the Acquired Assets or the Business but excluding the effect of any check-the-box election requested by Buyer pursuant to Section 7.6, (i) there are not pending or threatened any audits, examinations, assessments, asserted deficiencies or written claims for Taxes, (ii) there are (and immediately after the Closing there will be) no Liens, other than Permitted Liens, (iii) there is no reasonable basis for the assertion of any claims relating or attributable to Seller's Taxes which would, if adversely determined, result in a Lien on the Acquired Assets or otherwise adversely affect the Business, (iv) none of the Acquired Assets include entities that are, were, or will be (on or prior to the Closing Date) included in a consolidated, combined or unitary Tax Return, and (v) none of the Acquired Assets is required to be treated as being owned in whole or in part by another Person for Tax or other purposes.

(c) No affirmative agreement, consent, or election for federal, foreign, state, local, or subnational Tax purposes, or "Pioneer Status" purposes which would adversely affect or be binding on Buyer, Singapore Newco, Italian Newco, the Joint Ventures, or any owner or operator of the Acquired Assets or the Business after the Closing has been filed or entered into.

(d) With respect to each of Singapore Newco, Italian Newco and the Joint Ventures: (i) it is not a foreign sales corporation within the meaning of Code Section 922, (ii) it is not a domestic international sales corporation within the meaning of Code Section 992, (iii) it has not participated in a boycott under Code Section 999 and (iv) during Seller's holding period of the stock of such corporation, neither (x) 75% or more of the gross income of such corporation is passive income (within the meaning of Code Section 1296(b)), nor (y) the average percentage of assets (by value) held by such corporation which produced passive income or which are held for the production of passive income is at least 50%.

(e) No Tax deficiencies, assessments or audit adjustments have been proposed, assessed or asserted against Italian Newco, Singapore Newco, or any member of the Seller Group (other than Seller with respect to Taxes not related to the Business or the Acquired Assets).

(f) Neither Italian Newco, Singapore Newco nor any member of the Seller Group (other than Seller with respect to Taxes not related to the Business or the Acquired Assets) is delinquent in the payment of Taxes.

(g) There are no Liens for Taxes upon any of the Acquired Assets (other than for Taxes not yet due).

(h) Except as set forth in Section 7.1(h) of Seller's Disclosure Letter, Italian Newco, Singapore Newco, the Joint Ventures, each member of the Operating Group and Seller (other than Seller with respect to Taxes not related to the Business or the Acquired Assets) have not requested any extension of time within which to file any Tax Returns in respect of any taxable period which have not since been filed and no request for waivers of the time to assess any Taxes are pending or outstanding.

(i) Each member of the Seller Group has complied (and until the Closing, will comply) in all respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes (including, without limitation, withholding of Taxes pursuant to Sections 1441 and 1442 of the Code or similar provisions under any foreign Laws) and have, within the time and in the manner prescribed by Law, withheld from employee wages and paid over to the proper governmental authorities all employment, FICA, FUTA and other Taxes and similar amounts required to be so withheld and paid over under all applicable laws.

(j) There are no Tax sharing, Tax indemnity or similar agreements with respect to the Business or to which Italian Newco or Singapore Newco are a party.

(k) Except with respect to the shares of Italian Newco, Singapore Newco, TECH and KTI, none of the Acquired Assets consists of equity interest in an entity.

(l) No check-the-box election has been made with respect to any entity included in the Acquired Assets except as requested by Buyer pursuant to Section 7.6.

(m) Except as set forth in Section 7.1(m) of the Seller Disclosure Letter, no power of attorney for Taxes has been granted with respect to the Business or the Acquired Assets.

(n) Seller Note Purchasing Subsidiary is not described in U.S. Treasury Regulation (S) 1.1273-2(e).

(o) Except as set forth in Section 7.1(o) of the Seller Disclosure Letter, none of the Acquired Assets other than the stock of Singapore Newco and Italian Newco (and the Acquired

Assets transferred to such entities pursuant to the Reorganization) are located outside of the United States and none of the Acquired Assets are owned by a Person other than Seller. Section 7.1(o) of the Seller Disclosure Letter sets forth a full and complete description of each Acquired Asset located outside of the United States and/or owned by a Person other than Seller and identifies the owner and location of each such Acquired Asset. Seller shall cooperate with Buyer in structuring and implementing the tax-efficient acquisition of any Acquired Assets located outside of the United States and/or owned by a Person other than Seller, Italian Newco, or Singapore Newco.

VII.2 Indemnity.

(a) Seller shall indemnify, defend and hold harmless, the Indemnified Buyer Group from and against and in respect of and shall be responsible for and shall pay or cause to be paid when due (i) any and all Taxes whensoever arising with respect to or relating to the Acquired Assets or the Business that are attributable to any taxable period ending on or prior to the Closing Date and, in the case of a taxable period that includes, but does not end on the Closing Date, the portion of such taxable period that ends on the Closing Date, (ii) any and all Taxes of Seller, the Operating Group or Subsidiaries or Affiliates thereof (other than Italian Newco and Singapore Newco), whensoever arising, regardless of the period to which such Taxes relate, (iii) all Taxes arising out of Treasury Regulation (S) 1.1502-6 or any comparable provision of foreign, state, local or subnational Law, (iv) any and all Taxes arising out of or constituting a breach of any representation, warranty, or covenant contained in this Article VII or in Section 3.4, 6.1, 6.18, 6.22 or 10.6, or (v) any clawback, disallowance, withdrawal, penalty or similar reduction or recapture of any Tax incentive or other Governmental benefit which was authorized, provided or awarded by any Governmental Agency prior to the Closing. (The foregoing items (i) through (v) shall collectively be referred to herein as "Seller's Taxes"). Seller's Taxes shall include, with respect to any taxable period commencing before the Closing Date and ending after the Closing Date (a "Straddle Period"), all Taxes relating to the Acquired Assets or the Business attributable to the portion of the Straddle Period prior to and including the Closing Date (the "Pre-Closing Period"). For any Texas ad valorem taxes the Straddle Period shall be the calendar year which includes the Closing Date. For purposes of such Straddle Periods, the portion of any Tax that is attributable to the Pre-Closing Period shall be (i) in the case of a Tax that is not based on net income, gross income, sales, premiums or gross receipts, the total amount of such Tax for the period in question multiplied by a fraction, the numerator of which is the number of days in the Pre-Closing Period, and the denominator of which is the total number of days in such Straddle Period, and (ii) in the case of a Tax that is based on any of net income, gross income, sales, premiums or gross receipts, the Tax that would be due with respect to the Pre-Closing Period if such Pre-Closing Period were a separate taxable period, except that exemptions, allowances, deductions or credits, exclusive of the amount by which they are increased as a result of the transactions contemplated hereby, and which are calculated on an annual basis (such as the deduction for depreciation or capital allowances) shall be apportioned on a per diem basis. Nothing herein shall be construed to exclude Transfer Taxes from the meaning of Seller's Taxes. Notwithstanding anything in this Agreement to the contrary, Seller's Taxes and Transfer Taxes shall constitute an Excluded Liability.

(b) Buyer shall indemnify and hold harmless Seller and its affiliates and shall be responsible for and shall timely pay or cause to be paid any and all Taxes (other than Seller's Taxes, Transfer Taxes, Excluded Liabilities, or any other Liability Seller is responsible for or with respect to which Seller has agreed to indemnify Buyer Operating Group in accordance with this Agreement) with respect to the Acquired Assets or the Business, that are attributable to any taxable period commencing after the Closing Date and, in the case of a taxable period that includes, but does not end on, the Closing Date, the portion of such taxable period that begins on the day after the Closing Date ("Buyer's Taxes"). Notwithstanding anything in this Agreement to the contrary, Buyer's Taxes shall constitute an Assumed Liability.

(c) If Buyer or any Affiliate files any Tax Return which includes payment of Seller's Taxes, Seller shall promptly reimburse Buyer for such Seller's Taxes when such Tax Return is filed. If Seller files any Tax Return which includes payments of Buyer's Taxes, Buyer shall promptly reimburse Seller for such Buyer's Taxes when such Tax Return is filed. Seller shall timely provide to Buyer all information and documents within the possession of Seller (or their auditors, advisors or Affiliates) and signatures and consents necessary for Buyer to properly prepare and file the Tax Returns described in the second preceding sentence or in connection with the determination of any Tax liability or any audit, examination or proceeding. Buyer shall timely provide to Seller all information and documents within its possession or the possession of its auditors, advisors or affiliates and signatures and consents necessary for Seller properly to prepare and file the Tax Returns described in the second preceding sentence or in connection with the determination of any Tax liability or any audit, examination or proceeding. Each party hereto shall reasonably cooperate with the other (at their own expense) party to obtain other information or documents necessary or appropriate to prepare and file Tax Returns or elections or necessary or appropriate in connection with the determination of any Tax liability or any audit, examination or proceeding.

VII.3 Tax Returns.

(a) Seller shall prepare and file (or cause to be prepared and filed) on a timely basis all Tax Returns with respect to the Business and Acquired Assets ("Acquired Assets Tax Returns") for all taxable periods ending on or before the Closing Date and shall pay directly when due or promptly reimburse Buyer as provided hereunder, and shall indemnify and hold Buyer harmless against any and all Seller's Taxes. Such Tax Returns shall be prepared in a manner consistent with past practice and the provisions of Section 6.18 hereof. In the event of a conflict, the provision of Section 6.18 shall control.

(b) Buyer shall prepare and file (or cause to be prepared and filed) on a timely basis all Acquired Assets Tax Returns for periods ending after the Closing Date and shall pay when due, and shall indemnify and hold Seller harmless against any and all Buyer's Taxes.

VII.4 Refunds and Credits. All refunds or credits of Seller's Taxes
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(other than refunds or credits of Taxes shown on the Closing Balance Sheet) shall be for the account of Seller. All refunds or credits of Buyer's Taxes and Taxes shown on the Closing Balance Sheet shall be for the account

of Buyer. Following the Closing, Buyer shall cause any such refunds or credits due Seller pursuant to this section to be promptly forwarded to Seller after receipt or realization thereof by Buyer, and Seller shall promptly forward (or cause to be forwarded) to Buyer any refunds or credits due to Buyer pursuant to this section after receipt or realization thereof by Seller.

VII.5 Termination of Tax Sharing Agreements. Seller hereby agrees and covenants that there are and will be no obligations relating to the Acquired Assets pursuant to any Tax sharing agreement or any similar arrangement in effect at any time before or on the Closing Date, and any further obligations that might otherwise have existed thereunder shall be extinguished as of the Closing Date.

VII.6 Tax Elections. Seller shall make and/or cooperate (at its own expense) in making such "check-the-box" and any corresponding state or local Tax election as Buyer shall request. Without in any way limiting the foregoing, Buyer hereby agrees to make and Seller shall cooperate in the making of an election under Code Section 338(a) and (g) for Italian Newco and Singapore Newco.

VII.7 Conduct of Audits and Other Procedural Matters.

(a) Each party shall, at its own expense, control any audit or examination by any Taxing authority, and have the right to initiate any claim for refund or amended return, and contest, resolve and defend against any assessment, notice of deficiency or other adjustment or proposed adjustment of Taxes ("Tax Proceedings") for any taxable period for which that party is obligated to file Acquired Assets Tax Returns.

(b) Each party shall promptly forward to the other in accordance with Section 12.9 all written notifications and other written communications from any Taxing authority received by such party or its affiliates relating to any liability for Taxes for any taxable period for which such other party or any of its affiliates is charged with payment or indemnification responsibility under this Agreement and each indemnifying party shall promptly notify, and consult with, each indemnified party as to any action it proposes to take with respect to any liability for Taxes for which it is required to indemnify another party or which may affect the Taxes of another party and shall not enter into any closing agreement or final settlement with any Taxing authority with respect to any such liability without the written consent of the indemnified or affected parties, which consent shall not be unreasonably withheld.

(c) In the case of any Proceedings relating to any Straddle Period, Buyer shall control such Tax Proceedings and shall consult in good faith with Seller as to the conduct of such Tax Proceedings. Seller shall reimburse Buyer for such portion of the costs, including legal costs, of conducting such Tax Proceedings as is represented by the portion of the Tax with respect to such Straddle Period for which Seller is liable pursuant to this Agreement; provided, however, that Seller may instead elect to pay or cause to be paid to Buyer the allocable amount of the applicable Taxes that constitute Seller's Taxes (which amount shall not be less than the portion allocable to Seller

hereunder of the Tax as asserted by the applicable Taxing authority) including any interest, penalties, or additions thereto asserted in such proceeding. Each party shall, at the expense of the requesting party, execute or cause to be executed any powers of attorney or other documents reasonably requested by such requesting party to enable it to take any and all actions such party reasonably requests with respect to any Tax Proceedings which the requesting party controls.

(d) The failure by a party to provide timely notice under this subsection shall not relieve the other party from its obligations under this Section 7.7 with respect to the subject matter of any notification not timely forwarded, unless and to the extent that the other party can demonstrate with clear and convincing evidence that the other party has suffered an economic detriment because of such failure to provide notification in a timely fashion.

VII.8 Assistance and Cooperation. Each of Seller and Buyer (and their respective Affiliates) shall at their own expense:

(a) assist the other party in preparing any Tax Returns which such other party is responsible for preparing and filing in accordance with this Article VII;

(b) cooperate fully in preparing for any audits of, or disputes with Taxing authorities regarding, any Tax Returns relating to the Acquired Assets;

(c) make available to the other and to any Taxing authority as reasonably requested all information, records, and documents relating to Taxes concerning the Acquired Assets;

(d) make available to the other and to any Taxing authority as reasonably requested employees and independent auditors to provide explanations and additional information relating to Taxes concerning the Acquired Assets;

(e) provide timely notice to the other in writing of any pending or threatened Tax audits, assessments or Tax Proceedings with respect to the Acquired Assets for taxable periods for which the other may have a liability under this Article VII;

(f) furnish the other with copies of all correspondence received from any Taxing authority in connection with any Tax audit or Tax Proceedings with respect to any taxable period for which the other may have a liability under this Article VII; and

(g) retain any books and records that could reasonably be expected to be necessary or useful in connection with Buyer's or Seller's preparation, as the case may be, of any Tax Return, or for any audit, examination, or Proceeding relating to Taxes. Such books and records shall be retained until the expiration of one (1) year after the applicable statute of limitations (including extensions thereof); provided, however, that in the event of an audit, examination, investigation or Proceeding has been instituted prior to the expiration of the applicable statute of limitations (or in

the event of any claim under this Agreement), the books and records shall be retained until there is a final determination thereof (and the time for any appeal has expired).

VII.9 Survival. Notwithstanding anything in this Agreement to the contrary, the provisions of this Article VII shall survive for the full period of all statutes of limitations (giving effect to any waiver, mitigation or extension thereof).

ARTICLE VIII

EMPLOYEE MATTERS

VIII.1 Transfer of Employment.

(a) As of the Closing Date, Italian Operating Company shall transfer to Italian Newco the employment of all Italian Operating Company employees employed in the Business as of the Closing Date who have neither tendered nor received notice of their termination of employment with Italian Operating Company as of such date, on terms substantially comparable in the aggregate to their terms of employment as of the Closing Date. Notwithstanding the foregoing sentence, Italian Operating Company employees employed in the Business who are on maternity, disability or other employer-approved leave of absence as of the Closing Date shall only have their employment transferred as of the date, if any, upon which they return to work at Buyer's facility. From the Closing Date until the earlier to occur of (x) completion of the Italian government's final audit relating to the 1989 Program Contract, or (y) eighteen (18) months after the Closing Date, Buyer shall cause employment levels in Italian Newco to remain substantially equivalent to the level of employment as of the Closing Date; provided, however, that Italian Newco shall be entitled to terminate Italian Newco employees for good reason and shall be allowed to reduce employment levels through Italian Newco employee attrition; provided, further, that in all events Buyer shall cause Italian Newco to maintain levels of employment consistent with the minimum requirements under the 1989 Program Contract (i.e. 1,270 employees) during such period. Except with respect to the preceding sentence, Buyer and, after the Closing Date, Italian Newco, shall not be required to undertake any liability or obligation or to pay any additional consideration in order to obtain Italian Governmental Approval of the transactions contemplated by this Agreement.

(b) On the Closing Date, Singapore Operating Company shall transfer to Singapore Newco the employment of all Singapore Operating Company employees employed in the Business as of the Closing Date who have neither tendered nor received notice of their termination of employment with Singapore Operating Company as of such date, on terms substantially comparable in the aggregate to their terms of employment as of the Closing Date. Notwithstanding the foregoing sentence, Singapore Operating Company employees employed in the Business who are on maternity, disability or other employer-approved leave of absence as of the Closing Date shall only have their employment transferred as of the date, if any, upon which they return to work at Buyer's facility.

Notwithstanding this Section 8.1(b), the transfer of the employment of the employees of Singapore Operating Company who are "employees" as defined in the Employment Act of the Republic of Singapore (the "Employment Act") shall be governed by Section 18A of the Employment Act. Buyer shall cause Singapore Newco and Seller shall cause Singapore Operating Company to each comply with their respective obligations under Section 18A.

(c) Commencing not later than thirty (30) days prior to the Closing Date, Buyer shall, subject to the exceptions set forth in Section 8.1(e) hereof, make written offers of employment to substantially all the Domestic Employees and Foreign Employees (other than Excluded Employees, those employees referenced in Sections 8.1(a) and (b) above and employees terminated pursuant to the suspension of operations at Twinstar as contemplated by Section 6.23) who have neither tendered nor received notice of their termination of employment with Seller as of such date, and may make offers of employment (i) for up to forty (40) employees employed in Seller's test equipment group, at Buyer's discretion (which test equipment group employees shall be mutually agreed upon in good faith by Seller and Buyer) and (ii) to Seller's employees located at, or whose employment primarily relates to, Seller's Memory Technology Center, in each case on terms substantially comparable in the aggregate to the terms on which Buyer employs its employees similarly situated as of the date of the offer; provided, however, that such offers shall automatically terminate if not accepted in writing by the offerees prior to the Closing Date. Notwithstanding the foregoing sentence, any such employees who are on maternity, disability, FMLA or other employer-approved leave of absence as of the Closing Date shall only commence employment with Buyer upon the date, if any, upon which they return to work. Seller agrees to use commercially reasonable efforts to assist Buyer with the delivery of such written offers of employment.

(d) Notwithstanding any other provision of this Agreement, Buyer will not be required to make an offer of employment, and Buyer shall not cause Italian Newco or Singapore Newco to make offers of employment, to any employee employed in the Business whom Buyer and Seller mutually agree in writing prior to the Closing Date will be retained or relocated by Seller.

(e) Notwithstanding any other provision of this Agreement, Buyer will not be required to make an offer of employment to any employee pursuant to Section 8.1(c) hereof, up to a maximum of 200 employees Buyer would otherwise be required to make an offer to pursuant to Section 8.1(c) hereof, whom it designates in writing to Seller not more than seventy-five (75) days following the execution of this Agreement (the "Designated Employees"). Moreover, to the extent that Buyer, in its discretion, offers employment to fewer than forty (40) employees employed in Seller's test equipment group pursuant to Section 8.1(c) hereof, the 200 employee limit in the preceding sentence shall be reduced. For example, if Buyer, in its discretion, offers employment to only thirty (30) employees in Seller's test equipment group pursuant to Section 8.1(c) hereof, the 200 employee limit in the first sentence of this Section 8.1(e) shall be reduced to 190 employees. Buyer agrees to reimburse Seller for fifty percent of the termination costs pursuant to any written termination or severance plan approved by Seller, in place and communicated to employees generally, prior to June 1, 1998 and not put in place in anticipation of the transactions contemplated

hereby, arising from the termination of Designated Employees (other than Twinstar employees) who are terminated by Seller pursuant to Section 8.1 (e) of this Agreement.

(f) Notwithstanding anything to the contrary contained herein, Buyer will not be required to make an offer of employment to any terminated Twinstar employee. Buyer's failure to offer employment pursuant to the preceding sentence shall not count against the 200 employee limit specified in Section 8.1(e) above. Buyer agrees to reimburse Seller, in accordance with Section 6.23 hereof, for fifty percent of the Shutdown Costs.

(g) Seller shall use commercially reasonable efforts to assist Buyer, Italian Newco or Singapore Newco, as appropriate, in hiring all employees offered employment by Buyer, or transferring employment to Italian Newco or Singapore Newco pursuant to this Section 8.1.

(h) Prior to the Closing Date, designated employees of Buyer shall be permitted, on a commercially reasonable basis, subject to prior written notice to Seller, to meet with any Domestic Employee or Foreign Employee (other than employees of Italian Operating Company or Singapore Operating Company) for purposes of selecting the Domestic Employees or Foreign Employees to whom Buyer will not make an offer of employment pursuant to Section 8.1(e).

(i) Notwithstanding any other provisions of this Agreement, Buyer shall not be required to employ any Domestic Employee or Foreign Employee to whom an offer of employment was made by Buyer pursuant to Section 8.1(c) and accepted by such Domestic Employee or Foreign Employee on the Closing Date when such employment would violate the terms of such employee's visa or immigration law. In such event, Buyer agrees to employ such employee at such time, if any, as such visa or immigration law restriction no longer applies.

VIII.2 Coverage Under Employee Benefit Plans.

(a) On the Closing Date, and thereafter while employed by Italian Newco or Singapore Newco, each Transferred Business Employee employed by Italian Newco or Singapore Newco ("Italian and Singapore Transferred Business Employees") shall continue to be covered by the Employee Benefit Plans under which they were covered immediately prior to the Closing Date that were established, maintained and sponsored solely at the Italian and Singapore Operating Company levels to the extent permitted by law and contract. On and after the Closing Date, Italian and Singapore Transferred Business Employees shall not be covered by Seller's Employee Benefit Plans, including, without limitation, Seller's profit-sharing plan. Seller agrees to use commercially reasonable efforts to cause Italian Operating Company and Singapore Operating Company to transfer the Employee Benefit Plans immediately prior to the Closing Date to Italian Newco and Singapore Newco, as appropriate, under which Italian and Singapore Transferred Business Employees were covered (other than Seller's Employee Benefit Plans).

(b) On the Closing Date, and thereafter while employed by the Buyer, each Transferred Business Employee (who is a Domestic Employee and who is not an Italian and

Singapore Transferred Business Employees) ("Buyer Transferred Business Employees") shall cease to be covered under Seller's Employee Benefit Plans and instead shall become covered under Buyer's Employee Benefit Plans; provided, however, that with respect to Transferred Business Employees located in Texas ("Texas Transferred Business Employees"), Buyer may elect in writing to Seller, but not less than thirty (30) days prior to the Closing Date (the "Buyer COBRA Election"), not to cover such employees under Buyer's group health and dental plans and instead require Seller to offer COBRA continuation coverage to the Texas Transferred Business Employees, with Buyer subsidizing the employees' cost of COBRA coverage of the Texas Transferred Business Employees who elect to receive COBRA coverage in the same dollar amount as Buyer subsidizes the premium payments of Buyer's similarly situated U.S. employees under Buyer's group health and dental plans. In the event Buyer elects to use the Buyer COBRA Election, Buyer agrees to cover such Texas Transferred Business Employees as are still employed by Buyer under Buyer's group health and dental plans no later than January 1, 2000. Seller agrees to use commercially reasonable efforts to assist Buyer in the transition of Buyer Transferred Business Employees to coverage under Buyer's Employee Benefit Plans including, at Buyer's request, allowing Buyer to hold, on a commercially reasonable basis, Employee Benefit Plan open enrollment meetings with potential Transferred Business Employees at least thirty (30) days prior to the Target Closing Date on Seller's premises.

(c) At Buyer's written request prior to the Closing Date, Seller agrees to cause Texins' Association to extend membership privileges to Texas Transferred Business Employees for such period of time (up to a maximum of one (1) year following the Closing Date or until Texins' Association ceases to offer recreation facilities to Seller's employees, whichever is earlier) as is specified in writing by Buyer; provided, however, that Seller shall not subsidize the Texins' Association membership costs of Texas Transferred Business Employees on and after the Closing Date.

(d) Seller shall provide or cause to be provided to Transferred Business Employees all notices required to be provided under the Law, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") in connection with the termination of U.S.-based Transferred Business Employees' coverage under Seller's Employee Benefit Plans.

VIII.3 General Matters.

(a) Buyer, Italian Newco and Singapore Newco, as appropriate, shall credit each Transferred Business Employee with all service with Seller and its Affiliates prior to the Closing Date and with all amounts paid to each such Transferred Business Employee prior to the Closing Date to the extent that service or pay is relevant under any Employee Benefit Plan of Buyer, Italian Newco or Singapore Newco for purposes of determining eligibility to participate, vesting and benefit accrual. Buyer shall also provide Transferred Business Employees with credit under Buyer's Employee Benefit Plans for deductible and co-payment amounts made by Transferred Business Employees under Seller's Employee Benefit Plans prior to the Closing Date in the plan years in which the Closing Date occurs. Seller agrees to provide deductible and co-payment information with

respect to the Transferred Business Employees as soon as is practicable following the Closing Date to effectuate such crediting of deductibles and co-payment amounts. Seller agrees to provide Buyer with service commencement date and prior compensation information with respect to each potential Transferred Business Employee as soon as practicable after the date upon which this Agreement is executed.

(b) Commencing with the date upon which this Agreement is executed, Seller and Buyer agree to cooperate fully with respect to the employment-related actions which are necessary or reasonably desirable to accomplish the transactions contemplated pursuant to this Agreement, including the provision of records and information as each may reasonably request (including job titles, short and long-term disability coverage, life insurance coverage, operator certification and workers' compensation records and information) and the making of all appropriate filings under the Law.

VIII.4 Employee Tax Withholding and Reporting. With respect to Transferred Business Employees who are required to be furnished a Form W-2 for the calendar year in which the Closing Date occurs, Buyer and Seller agree to follow the "standard procedure" set forth in Revenue Procedure 96-60 with respect to discharging their respective income and employment tax withholding and reporting obligations with respect to such employees.

VIII.5 Other Employment Matters.

(a) Prior to the Closing Date, or as promptly as practicable thereafter, Seller or a Subsidiary of Seller, as appropriate, shall pay to the Transferred Business Employees all salary, overtime, bonuses, severance and commissions and other remuneration earned, accrued and payable for all periods up to the Closing Date; provided, however, that paid time off accruals shall not be paid out by Seller or Twinstar (but only with the written consent of Twinstar Business Employees) at the Closing Date, but instead shall be credited to each Transferred Business Employee by Buyer.

(b) Seller or its Subsidiaries, as appropriate, shall comply with all notice and other provisions of applicable Laws, including (without limitation) the Worker Adjustment and Retraining Notification Act (the "Warn Act") and COBRA. Seller shall retain all liability for salary, bonuses, commissions and benefits due Domestic Employees and Foreign Employees and related Taxes of the Seller Group for periods after the date of such notice of termination as well as for any obligations under the Warn Act and for providing continuation coverage under COBRA or any applicable similar Laws.

(c) Seller agrees to permit Transferred Business Employees who are participants in Seller's (or Twinstar's) cafeteria (Code Section 125) plan immediately prior to the Closing Date to continue participation in such plans through the end of the plan year in which the Closing Date occurs (the "Transition Plan Year"). Such participation shall include the right of such Transferred Business Employees to receive reimbursements pursuant to the medical expense reimbursement component of Seller's cafeteria plan for all qualifying expenses incurred in the Transition Plan Year,

including after the Closing Date, up to the annual election amount made by each such participant with respect to the Transition Plan Year. Such Transferred Business Employees shall not be required to make any additional salary or wage deferrals or other payments to Seller's cafeteria plan other than regularly scheduled salary or wage deferrals made while on Seller's payroll.

(d) Seller, Italian Operating Company and Singapore Operating Company agree, that with respect to any Transferred Business Employee whom had commenced attending an educational course prior to the Closing Date that would have been eligible for coverage pursuant to the education expense reimbursement plans of Seller, Italian Operating Company or Singapore Operating Company, Seller shall continue to cover such Transferred Business Employees under such plans and provide benefits thereunder with respect to such courses pursuant to the terms and conditions of such plans as if such employees had remained employed by Seller, Italian Operating Company or Singapore Operating Company, as appropriate.

ARTICLE IX

CONDITIONS PRECEDENT TO CLOSING

IX.1 Conditions Precedent to Obligations of Buyer and Seller. The respective obligation of each party hereto to effect the Closing shall be subject to the satisfaction on or prior to the Closing Date of the following conditions:

(a) Regulatory Approvals. All material approvals of all Governmental Agencies (including compliance with the requirements under the HSR Act and the European Union authorities) required to consummate the transactions contemplated hereby (including, without limitation, the transfer to Buyer, or its designees, of the Acquired Assets and the assumption by Buyer, or its designees, of the Assumed Liabilities) shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired (all such approvals and the expiration of all such waiting periods being referred to herein as the "Requisite Regulatory Approvals").

(b) No Injunction or Restraints; Illegality. No order, injunction or decree issued by any Governmental Agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby (including, without limitation, the transfer to Buyer, or its designees, of the Acquired Assets and the assumption by Buyer, or its designees, of the Assumed Liabilities) shall be in effect. No Law shall have been enacted, entered, promulgated or enforced by any Governmental Agency which prohibits, restricts or makes illegal consummation of the transactions contemplated hereby (including, without limitation, the transfer to Buyer, or its designees, of the Acquired Assets and the assumption by Buyer, or its designees, of the Assumed Liabilities).

(c) Certain Consents; Amendments. The amendments, modifications, consents and agreements (including without limitation the JV Amendments) in form and substance mutually satisfactory to Buyer and Seller substantially in accordance with the terms agreed to pursuant to Section 6.12 hereof shall have been entered into or obtained and shall be in full force and effect.

IX.2 Conditions Precedent to Obligations of Buyer. The obligation of Buyer to effect the Closing is also subject to the satisfaction or waiver by Buyer on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties; Covenants.

(i) The representations and warranties of Seller set forth in this Agreement shall be true and correct in all respects as of the date hereof and as of the Closing Date as if made at and as of such date (without regard to qualification as to materiality) with only such exceptions as would not in the aggregate have or reasonably be expected to have a Material Adverse Effect (disregarding for these purposes, any such exceptions resulting from a change in the Memory Products industry generally or in the economy generally).

(ii) Seller shall have performed and complied with in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Seller prior to or at the Closing.

(b) JV Amendments. Buyer shall have received duly executed copies of each of the JV Amendments all of which shall be in full force and effect.

(c) Transition Services Agreement. The Transition Services Agreement shall have been duly executed and delivered by Seller and shall be in full force and effect.

(d) Securities Rights and Restrictions Agreement. The Securities Rights and Restrictions Agreement shall have been duly executed and delivered by Seller and shall be in full force and effect.

(e) Cross-License Agreement. The Cross-License Agreement shall have been duly executed and delivered by Seller and shall be in full force and effect.

(f) Third Party Consents. The consent, approval or waiver of each Person (other than the Requisite Regulatory Approvals) whose consent or approval shall be required in order to consummate the transactions contemplated hereby shall have been obtained, except where the failure to obtain any such consent, approval or waiver, individually or in the aggregate, would not have a Material Adverse Effect.

(g) Financing. Buyer shall have obtained $400 million of financing from third parties on terms and conditions satisfactory to Buyer in its sole discretion; provided, however, that

this condition shall be deemed to have been fulfilled on the date fifteen (15) days after receipt by Buyer of the audited financial statements and March 31, 1998 unaudited financial statements required to be delivered by Seller to Buyer pursuant to Section 6.9 hereof.

(h) Lien Release. Buyer shall have received duly executed copies of all agreements, instruments, certificates and other documents necessary or appropriate, in the opinion of counsel to Buyer, to release any and all material Liens (except Permitted Liens) against the Acquired Assets.

(i) Material Adverse Change. No material adverse change shall have occurred in the Business since the date hereof (other than a material adverse change in the Memory Products industry or in the economy generally).

(j) Reorganization. The Reorganization shall have occurred in accordance with the provisions of Sections 6.1 and 6.6 hereof.

(k) Delivery Obligations. Seller shall have fulfilled all of its delivery obligations set forth in Section 3.2 hereof.

IX.3 Conditions Precedent to Obligations of Seller. The obligation of Seller to effect the Closing is also subject to the satisfaction or waiver by Seller on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties; Covenants.

(i) The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all respects as of the date hereof and as of the Closing Date as if made as of such date (without regard to qualification as to materiality) with only such exceptions as would not in the aggregate have or reasonably be expected to have a Material Adverse Effect (disregarding for these purposes, any such exceptions resulting from a change in the Memory Products industry generally or in the economy generally).

(ii) Buyer shall have performed and complied with in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Buyer prior to the Closing.

(b) JV Amendments. Seller shall have received duly executed copies of each of the JV Amendments all of which shall be in full force and effect.

(c) Transition Services Agreement. The Transition Services Agreement shall have been duly executed and delivered by Buyer and shall be in full force and effect.

(d) Securities Rights and Restrictions Agreement. The Securities Rights and Restrictions Agreement shall have been duly executed and delivered by Buyer and shall be in full force and effect.

(e) Cross-License Agreement. The Cross-License Agreement shall have been duly executed and delivered by Buyer and shall be in full force and effect.

(f) Delivery Obligations. Buyer shall have fulfilled all of its delivery obligations set forth in Section 3.3 hereof.

ARTICLE X

SURVIVAL OF REPRESENTATIONS; INDEMNIFICATION

X.1 Survival of Representations; Effect of Breach. The representations and warranties made by the parties to this Agreement shall survive the execution and delivery hereof for a period commencing on the date hereof and ending on the second anniversary of the Closing Date; provided, however, that (i) the representations and warranties of Seller in Article VII (Tax Matters) shall survive until the expiration of the applicable statute of limitations, and (ii) the representations and warranties of Seller set forth in Section 4.1(o) and 4.2(n) shall survive the execution and delivery hereof indefinitely. The covenants and agreements in this Agreement shall survive except to the extent they are specifically limited by their terms.

X.2 Seller's Agreement to Indemnify.

(a) Subject to the terms and conditions of this Article X, Seller agrees to indemnify, defend and hold harmless, each member of the Buyer Operating Group, and the officers, directors, employees and agents, and successors and assigns of each of them (collectively, the "Indemnified Buyer Group"), from and against, for, and in respect of any and all Claims and Losses asserted against, arising out of, relating to, imposed upon or incurred by any member of the Indemnified Buyer Group, directly or indirectly, by reason of or resulting from (i) any inaccuracy in or breach by Seller of its representations or warranties contained in Section 4.1(e) of this Agreement, (ii) any inaccuracy in or breach by Seller of its other representations or warranties contained in this Agreement, (iii) any breach by Seller of its obligations, covenants or agreements under this Agreement, (iv) Seller's failure to comply with any applicable bulk sales laws, (v) any Excluded Liabilities, (vi) the failure of Seller to obtain consents, Permits and/or Approvals required to transfer Contracts, Permits and/or Approvals and similar items in each case constituting the Acquired Assets to Buyer or (vii) any allegation that the conduct, practices or products made, used or sold, by the Business at any time prior to the Closing misappropriates or infringes any Intellectual Property of any Person (collectively "Buyer Indemnified Claims").

(b) Notwithstanding anything to the contrary in Section 10.2(a) above but subject to Section 10.2(c) below, (i) Seller shall not be liable for Buyer Indemnified Claims arising under subsection 10.2(a)(ii), (iv), (vi) and (vii) unless (A) the amount of such claim either individually, or together with any related claims, equals or exceeds $25,000 and (B) the aggregate of all Buyer Indemnified Claims exceeds U.S. $5 million (the "Threshold Amount"); provided, however, that when such claims equal or exceed the Threshold Amount, Seller shall be liable for, and provide indemnification with respect to, the full amount of all such claims, and (ii) Seller shall not be liable for Buyer Indemnified Claims arising under Section 10.2(a)(ii), (iv), (v), (vi) and (vii) exceeding in the aggregate U.S. $636 million (the "Maximum Amount").

(c) Notwithstanding anything to the contrary contained in Sections 10.2(a) and (b) above, (i) in no event shall Buyer Indemnified Claims (A) arising under Sections 10.2(a)(i), (B) 10.2(a)(iii) to the extent that any such breach relates to a breach of an agreement to make any payment or reimbursement in accordance with the terms of the Agreement, or (C) otherwise arising out of, relating to, imposed upon, or incurred by reason of or resulting from the Excluded Liabilities set forth in Exhibit J attached hereto be subject to the Maximum Amount or taken into account in determining the amount of Losses subject to the Maximum Amount, and (ii) in no event shall Buyer Indemnified Claims arising under Section 10.2(a)(i) be subject to the provisions of Section 10.2(b).

X.3 Tax Indemnity. Notwithstanding anything to the contrary in this Article X, Seller's obligation to indemnify Buyer with respect to the Tax matters covered by Article VII shall not be limited by this Article X.

X.4 Buyer's Agreement to Indemnify.

(a) Subject to the terms and conditions of this Article X, Buyer agrees to indemnify, defend and hold harmless, Seller and each member of the Operating Group, and the officers, directors, employees and agents, and successors and assigns of each of them (collectively, the "Indemnified Seller Group"), from and against, for, and in respect of any and all Claims and Losses asserted against, arising out of, relating to, imposed upon or incurred by any member of the Indemnified Seller Group, directly or indirectly, by reason of or resulting from (i) any Assumed Liabilities or (ii) any inaccuracy in or a breach by Buyer of any of its representations, warranties, covenants or agreements contained in this Agreement (collectively "Seller Indemnified Claims" and, together with Buyer Indemnified Claims.

(b) Notwithstanding anything to the contrary in Section 10.4(a) but subject to Section 10.4(c) below, (i) Buyer shall not be liable for Seller Indemnified Claims arising under subsection 10.4(a)(ii) unless (A) the amount of such claim either individually, or together with any related claims, equals or exceeds $25,000 and (B) the aggregate of all Seller Indemnified Claims exceeds the Threshold Amount; provided, however, that when such claims equal or exceed the Threshold Amount, Buyer shall be liable for, and provide indemnification with respect to, the full amount of all such claims and (ii) Buyer shall not be liable for Seller Indemnified Claims arising under Section 10.4(a) (ii) exceeding in the aggregate U.S. $75 million.

(c) Notwithstanding anything to the contrary in Section 10.4(a) and (b) above, in no event shall Seller Indemnified Claims arising under Section 10.4(a)(i) be subject to the provision of Section 10.4(b).

X.5 Notice of Claims; Contest of Claims. If any indemnified party has paid or properly accrued or reasonably anticipates that it will have to pay or accrue an Indemnified Claim, such indemnified party shall so notify the indemnifying party; provided, however, that its failure to do so shall not relieve the indemnified party's obligations except to the extent of any material prejudice caused thereby. The notice shall describe such an Indemnified Claim, the amount thereof, if known, and the method of computation thereof, all with reasonable particularity and shall contain a reference to the provisions of this Agreement in respect of which such an Indemnified Claim shall have been incurred, and, in the case of an action or suit by a third party, shall include a copy of all documents received by the indemnified party in connection therewith and any other information known to the indemnified party with respect to such action or suit or the basis therefor. Such notice shall be given promptly after the indemnified party becomes aware of each such an Indemnified Claim, action or suit. The indemnifying party shall, within thirty (30) days after receipt of such notice of an Indemnified Claim (i) pay or cause to be paid to the indemnified party the amount of an Indemnified Claim specified in such notice which the indemnifying party does not contest, or (ii) notify the indemnified party if it wishes to contest the existence or amount of part or all of such an Indemnified Claim stating with particularity the basis upon which it contests the existence or amount thereof. The indemnifying party shall, within thirty (30) days after receipt of each notice with respect to an action or suit demanding indemnification of a suit by a third party, undertake to defend such action. If the indemnifying party fails to so undertake the defense in a reasonable manner, the indemnified party shall have the right to defend, contest, settle or compromise such action or suit, and the indemnifying party shall, upon request from such indemnified party, promptly pay to such indemnified party in accordance with the other terms of this Article X, the amount of any Loss resulting from its liability to the third party claimant. In any action or suit by a third party limited to a claim for money damages, the indemnifying party shall have the right to undertake, conduct and control, through counsel (reasonably acceptable to the indemnified party) and at the sole expense of such indemnifying party, the conduct and settlement of such action or suit, and such indemnified party shall cooperate with such indemnifying party in connection therewith; provided, however, that, the indemnifying party may not, in the defense or prosecution of any such action or suit, except with the prior written consent of the indemnified party, consent to the entry of any judgment or enter into any settlement (i) which does not include as an unconditional term thereof the giving to such indemnified party by the third party of a full and final release from all liability in respect of such action or suit or (ii) which shall limit, restrict or otherwise affect the indemnified party to carry on or conduct its business (then or in the future), or require any payment to be made by the indemnified party, or limit, restrict, or otherwise adversely affect the manner in which the indemnified party carries on or conducts its businesses (then or in the future).

X.6 Treatment of Indemnities. Any indemnity payments made pursuant to this Agreement shall be treated for income tax purposes as an adjustment of the purchase price to the extent permitted by Law. If applicable, the amount an indemnifying party shall pay to the

indemnified party with respect to an obligation for indemnification under this Article X shall be an amount which equals the amount of such obligation of the indemnifying party, after giving effect to any and all Taxes imposed on the indemnified party on the receipt or accrual of such indemnification as a result of a Taxing authority not treating such amount as an adjustment to the purchase price.

X.7 Risk of Loss. Risk of loss with regard to any of the Acquired Assets shall be on Seller until the Closing. Risk of loss of the Excluded Assets shall remain with Seller.

X.8 Indemnity Payments. All indemnity payments under this Agreement shall be payable in United States dollars. If any Indemnified Claims are incurred in a currency other than United States dollars, then the United States dollar amount thereof shall be calculated as follows: if any Indemnified Claims are incurred as a result of an event occurring on a determinable date, the amount of Indemnified Claims shall be deemed to be the amount of United States dollars required to purchase the amount of such other currency on the date of such event (or, if such date is not a Business Day, the next succeeding Business Day) from Bank of America in San Francisco, and (z) in the case of any other Indemnified Claims, an amount equal to the amount of United States dollars that would have been necessary for the indemnified party to purchase the foreign currency necessary to pay such Indemnified Claims as they were incurred.

X.9 Seller's Duty to Complete Remedial Activities.

(a) Subject to Section 10.9(d), Seller acknowledges that its obligation to provide indemnification pursuant to Section 10.2 may result in a duty to promptly and diligently undertake and perform, upon demand by certain members of the Indemnified Buyer Group, any Remedial Activities covered by the indemnification obligation and required by applicable Environmental Requirements and good business practices customarily adhered to by major U.S. corporations doing business in the countries in which the Acquired Facilities are located, and that such Remedial Activities may appropriately include Remedial Activities to prevent Contamination and other potential property damage and bodily injury, which may be caused thereby, migration to date, future releases, leaks, spills and emission and/or as well as Remedial Activities to remove, remediate, and eliminate existing Contamination giving rise to Seller's indemnification obligations and other harmful Hazardous Material conditions giving rise to Seller's indemnification obligations. In this regard, Seller specifically agrees to promptly, following written demand, commence and thereafter diligently complete all such Remedial Activities giving rise to Seller's indemnification obligations within a reasonable time, and in any event, within the time permitted by applicable Environmental Requirements. Seller acknowledges that monetary damages are not adequate to compensate the Indemnified Buyer Group for Seller's failure to promptly undertake and complete such Remedial Activities giving rise to Seller's indemnification obligations and, accordingly, Seller acknowledges and agrees that its obligation to perform such Remedial Activities may be specifically enforced by a suit brought in the State of Delaware for all Remedial Activities required of Seller hereunder, without regard to the location (whether within or without the U.S.) where the Remedial Activities must actually be performed.

(b) Subject to Section 10.9(d), without limiting other rights and remedies hereunder, the Indemnified Buyer Group, and each of them, who is an owner or occupant of an Acquired Facility at which Remedial Activities which Seller is required by this Agreement to perform will be performed (the "Facility Indemnitees"), at their election, may elect to either: (i) perform (or cause their designee to perform) such Remedial Activities with funds provided by Seller, or (ii) require that Seller, at their sole cost, perform such Remedial Activities. If a Facility Indemnitee elects to so perform the Remedial Activities (or to cause a designee to perform the Remedial Activities) as permitted above, then within forty-five (45) days following delivery of written demand to Seller, Seller shall pay to such the Facility Indemnitee the costs and expenses reasonably incurred by the Facility Indemnitee with respect to such Remedial Activities, with interest thereon (if not paid within such time) at the rate of fifteen percent (15%) per annum from the date of the expenditure until paid, if such sums are not paid within forty-five (45) days following submission to Seller of the demand and reasonable documentation of the amount owing. In no event, however, shall the principal sums payable by Seller to the Facility Indemnitee pursuant to this subparagraph exceed the sums that reasonably would have been incurred by Seller had Seller been the party performing such Remedial Activities. In either event, upon demand, Seller shall make such applications, take such actions and execute such documents as may be required to make a member of Seller the "generator," responsible for any Hazardous Material waste created by the performance of such Remedial Activity.

(c) Subject to Section 10.9(d), Seller shall promptly and diligently undertake and complete Remedial Activity required to be performed by Seller under this Agreement in a good and workmanlike manner and in compliance with this Agreement and all applicable Environmental Requirements and other Laws. All such Remedial Activities shall be performed only after obtaining the Facility Indemnitees' prior written approval (which shall not be unreasonably withheld or delayed) of all material matters relating to said activity, including, without limitation, (i) the identity of all environmental consultants, contractors and other Persons performing the work, (ii) the plans and specifications for the work, (iii) the time and manner for the performance of the work, (iv) the precautions to be undertaken to protect the site where the work will be performed, and the other activities being conducted thereon, from damage or unreasonable interference, (v) the existence of appropriate warranties, bonds and insurance with respect to the work and the contractors performing the work, (vi) the source of payment for the work, (vii) the choice of any treatment system, pre-treatment system or other major installations and technologies that will be utilized, and (viii) the cleanup goals and other major condition that must be met before such work is deemed complete. During the conduct of a Remedial Activity, Seller shall give the Buyer and any Facility Indemnitees at least three (3) days prior written notice of all material meetings and conferences between Seller and/or its Agents on the one hand and any Governmental Agency or any third party claimant for such work, on the other hand, and shall permit the Buyer and the Facility Indemnitee(s) (or their respective designee(s)) to participate in all such meetings and conferences. No Seller Group member, or anyone under their control shall deliver any report, sampling results, remedial investigation, feasibility study, recommendations, correspondence (other than purely ministerial correspondence) or other documents or proposals concerning an Acquired Facility to any such

Governmental Agency or third party with respect to Remedial Activity required by this Agreement, without the consent of Buyer and any relevant Facility Indemnitees, which consent shall not be unreasonably withheld or delayed and the Seller Group shall promptly give Buyer and such Facility Indemnitee(s) copies of all plans, specifications, contracts, reports, warranties, and other writings prepared in connection with any Remedial Activity required of the Seller Group by this Agreement.

(d) Notwithstanding anything contained in this Section 10.9 to the contrary, the foregoing provisions regarding the performance and completion of certain Remedial Activities shall apply only to Remedial Activities to be conducted at Acquired Facilities designated in Section 1.5 of the Seller Disclosure Letter as "primary facilities" and shall not apply to the other Acquired Facilities; provided, however, that such limitation of the rights and obligations of the parties pursuant to this sentence shall not modify the parties' rights and obligations with respect to Buyer Indemnified Claims or Seller Indemnified Claims under any other provision of this Agreement.

X.10 Seller's Duty With Respect to Intellectual Property. If, at any time prior to the third anniversary of the Closing any Person brings or threatens to bring, any claim or action against Buyer or any of its Affiliates or any successor to Buyer or any of its Affiliates, alleging that the conduct of, or any product made or sold by, the Business infringes or misappropriates the Intellectual Property of such Person and such conduct or product is substantially the same as the conduct or products, as the case may be, of the Business prior to the Closing, then regardless of whether such claim would be subject to any indemnity under this Article X, Seller shall, at Seller's expense, cooperate in a reasonable manner with, and assist, Buyer or any of its Affiliates in the defense of such claim or action, including by making available to Buyer or any of its Affiliates (any documents, materials or information relevant to Buyer's) or any of its Affiliates' defense of such action, claim or potential claim; provided, however, that Seller shall not have any obligation to provide information covered by attorney-client privilege.

X.11 Waivers and Survival. It is expressly acknowledged by each member of the Seller Group and Buyer that the obligations of the parties under Sections 10.2 and 10.4 are independent of all other promises made by the parties in this Agreement or otherwise and are intended to allocate risk of loss with respect to the matters covered by such provisions solely to the indemnitors therein identified, without regard to the conduct of any person or any other fact or circumstance. Therefore the parties further agree that the acts and omissions of any indemnitee identified in Section 10.2 or 10.4 or any other Person (whether active, passive, negligent, wrongful, in violation of this Agreement or any other agreement) shall not impair the right of the indemnitees benefitted by said Sections to enforce the obligations of the indemnitors thereunder. The obligations and rights of said indemnitees are in addition to, independent from, and severable from the rights and obligations of the parties under this Agreement and shall survive, notwithstanding the termination, expiration or breach of this Agreement, any Related Agreement, or any other Contract between any of the parties hereto and notwithstanding any other act or omission of any Person, whether or not such acts are in violation of the express provisions of this Agreement. The provisions of this Article X shall survive the Closing and any subsequent sale, transfer, assignment, or hypothecation of any Acquired Asset, Newco Asset, Joint Venture Asset or any interest in an indemnitee to any Person.

ARTICLE XI

TERMINATION

XI.1 Termination. This Agreement may be terminated at any time prior to the Closing as provided below:

(a) Buyer and Seller may terminate this Agreement by mutual written consent at any time prior to Closing;

(b) This Agreement may be terminated by Buyer any time within the five-day period beginning forty-five (45) days after the date hereof by giving written notice to Seller during such period, if Buyer shall not have obtained, investigated and approved in its sole discretion such reports and information concerning the Joint Ventures, including the Intellectual Property, accounting, financial, environmental, employee and legal affairs of the business of the Joint Ventures;

(c) This Agreement may be terminated by (i) either Buyer, if there has been a material breach of any representation, warranty, covenant or agreement on the part of Seller, which has not been cured within thirty (30) days following receipt by Seller of notice of such breach, or Seller if there has been a material breach of any representation, warranty, covenant or agreement on the part of Buyer, which breach has not been cured within thirty (30) days following receipt by Buyer of notice of such breach, or (ii) either Buyer or Seller, if any permanent injunction or other order of a court or other competent authority preventing the consummation of the transactions contemplated by this Agreement shall have become final and nonappealable;

(d) Buyer or Seller may terminate this Agreement if the Closing shall not have occurred on or before November 30, 1998; provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to (x) Buyer, if such party has breached any of its representations, warranties or covenants hereunder in any material respect and such breach has been the cause of or resulted in the failure of the Closing to occur on or before such date or (y) Seller, if such party has breached any of its representations, warranties or covenants hereunder in any material respect and such breach has been the cause of or resulted in the failure of the Closing to occur on or before such date;

(e) This Agreement may be terminated by (i) Buyer within twenty (20) days after the later of the date on which Buyer receives the Seller Disclosure Letter and 30 days from the date hereof by delivery to Seller of written Disclosure Objection notice, or (ii) Seller within twenty (20) days after the later of the date on which Seller receives the Buyer Disclosure Letter and thirty (30) days from the date hereof by delivery to Buyer of written Disclosure Objection notice;

(f) Buyer or Seller may terminate this Agreement anytime within the five-day period beginning forty-five (45) days after the date hereof by giving written notice to the other party during such five-day period if the parties hereto have not agreed (i) on the terms and conditions of the JV Amendments and related matters contemplated by Section 6.12 hereof, or (ii) on the terms and conditions of the agreements and related matters with respect to Italian Operating Company as contemplated by Section 6.6 hereof; or

(g) Seller may terminate the Agreement any time during the five day period commencing with delivery by Buyer to Seller of the final Transferred Contract Schedule by giving written notice to Buyer, in the event such schedule lists less than substantially all the Contracts disclosed in the Seller Disclosure Letter (other than Excluded Contracts).

XI.2 Effect of Termination. In the event of the termination of this Agreement by either Buyer or Seller as provided in Section 11.1, this Agreement shall forthwith become void and there shall be no Liability or obligation on the part of any party hereto or any of its respective Affiliates, officers, directors or shareholders except to the extent that such termination results from any intentional or knowing breach by a party hereto of any of its representations or warranties, or of any of its covenants or agreements, in each case, as set forth in this Agreement.

XI.3 Further Provisions. Termination by either party in accordance with any provision of Section 11.1 shall be effective immediately upon the giving of notice thereof.

ARTICLE XII

MISCELLANEOUS

XII.1 Further Assurances. From time to time hereafter, Buyer and Seller shall execute and deliver such other instruments of transfer and assumption and take such further action, including providing access to necessary books and records as the other may reasonably request to carry out the transfer of the Acquired Assets and as otherwise may be reasonably required in connection with effecting or carrying out the provisions of this Agreement.

XII.2 Specific Performance. Each of the parties hereto acknowledges and agrees that the other party hereto would be irreparably damaged in the event any of the provisions of this Agreement were not performed in all material respects in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties hereto agrees that they each shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provision hereof in any action instituted in any foreign or domestic court having subject matter jurisdiction, to the extent permitted by applicable law.

XII.3 No Waiver. Except as expressly provided in this Agreement, nothing contained in this Agreement shall cause the failure of either party to insist upon strict compliance with any covenant, obligation, condition or agreement contained herein to operate as a waiver of, or estoppel with respect to, any such or any other covenant, obligations, condition or agreement by the party entitled to the benefit thereto.

XII.4 Severability. If any provisions hereby shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and, subject to applicable Law, shall not affect the validity or effect of any other provisions hereof.

XII.5 No Third Party Beneficiary. Nothing herein, expressed or implied, is intended to or shall be construed to confer upon or give to any Person other than the parties hereto and their successors or permitted assigns any rights or remedies under or by reason of this Agreement.

XII.6 Entire Agreement; Amendments. This Agreement and the Related Agreements are intended as a complete statement of the entire agreement and understanding between the parties with respect to the subject matter hereof and thereof and supersede all prior statements, representations, discussions, agreements, draft agreements and undertakings, whether written or oral, express or implied, of any and every nature with respect thereto. This Agreement may only be amended by written agreement of the parties hereto.

XII.7 Assignment. No party may assign any of its rights or delegate any of its duties under this Agreement without the consent of the other party or parties hereto, provided that Buyer may assign some or all of its rights hereunder to one or more wholly owned Subsidiaries of Buyer without being required to obtain any such consent.

XII.8 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO PRINCIPLES GOVERNING CONFLICTS OF LAW.

XII.9 Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be delivered personally (including by courier) or given by facsimile transmission to the parties at the following addresses (or to such other address as a party may have specified by notice given to the other pursuant to this provision) and shall be deemed given when so received:

(i) if to Buyer, to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho 83716-9632
Telephone: (208) 368-4517
Facsimile: (208) 368-4540

Attention: Roderic W. Lewis, Esq.
General Counsel

with a copy to:

Wilson Sonsini Goodrich & Rosati
650 Page Mill Road
Palo Alto, California 94304
Telephone: (650) 493-9300
Facsimile: (650) 493-6811

Attention: John A. Fore, Esq.

(ii) if to Seller, to:

Texas Instruments Incorporated
8505 Forest Lane
MS 8658
Dallas, Texas 75243
Telephone: (972) 480-5050
Facsimile: (972) 480-5061

Attention: Richard J. Agnich, Esq.
General Counsel

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4277
Facsimile: (212) 450-4800

Attention: Paul R. Kingsley, Esq.

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

XII.10 Fees and Expenses. Except as otherwise set forth herein or in any of the Related Agreements, all costs and expenses, including all fees and expenses of attorneys, investment bankers,

lenders, financial advisors and accountants, in connection with the negotiations, preparation, execution and delivery of this Agreement, the Related Agreements and the consummation of the transactions contemplated hereby and thereby, and any governmental or regulatory filings, including any required filings under the HSR Act or with respect to the European Union, shall be paid by the party incurring such costs and expenses.

XII.11 Table of Contents; Headings; Schedules. The table of contents and section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement. All references herein to Articles, Sections, Schedules and Exhibits, unless otherwise identified, are to Articles and Sections of, and Schedules and Exhibits to, this Agreement.

XII.12 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

XII.13 Publicity. So long as this Agreement is in effect, Buyer and Seller shall promptly advise, consult and cooperate with the other prior to issuing, or permitting any of its Subsidiaries, directors, officers, employees or Agents to issue, any press release or other statement to the press or any third party with respect to this Agreement, or the transactions contemplated hereby.

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

MICRON TECHNOLOGY, INC.

By: /s/ Steven R. Appleton

Name:
Title:

TEXAS INSTRUMENTS INCORPORATED

By: /s/ Thomas J. Engibous

Name:
Title:

EXHIBIT A

DESCRIPTION OF ACQUIRED ASSETS AND EXCLUDED ASSETS

ACQUIRED ASSETS:

The term "Acquired Assets" means all assets, properties and rights of Seller, its Subsidiaries or any of their Affiliates primarily related to or primarily used in the Business (excluding the Excluded Assets), including the following:

1. All of the capital stock of Italian Newco;

2. All of the capital stock of Singapore Newco;

3. All of the assets of Twinstar;

4. All Owned Facilities;

5. All tangible personal property assets (i) relating to research and development, marketing, and administrative functions of the Business located in: Dallas, Texas; Houston, Texas; Italy; Singapore and (ii) primarily used by employees of the Business and employed by Buyer after giving effect to the transactions contemplated hereby;

6. All of the capital stock in TECH and KTI owned by Seller or any Affiliate of Seller;

7. All rights of Seller, its Subsidiaries or any of their Affiliates under the JV Agreements;

8. All rights under all Transferred Contracts;

9. Wherever located, all inventory to the extent primarily relating to or primarily used in the Business (including any finished goods related to Texas Instruments-Acer Incorporated);

10. All accounts receivable to the extent primarily related to the Business (which shall not include accounts receivable that cannot be identified primarily related to the Business);

11. All Acquired Intellectual Property including all tangible embodiments of such Acquired Intellectual Property;

12. All assets identified on the CARS list included in Section 4.1 (e) to the Seller Disclosure Letter;

13. All software and computer programs owned by the Seller primarily related to or primarily used in the Business; and

14. Any other assets specified by Buyer and agreed to by Seller in writing.

For purposes of this Agreement, Acquired Assets shall also include all assets, properties and rights of Seller, its Subsidiaries or any of their Affiliates with respect to the operations and business of Italian Operating Company and Singapore Operating Company, and each of their Subsidiaries, primarily related to or primarily used in the Business (excluding Excluded Assets), including those assets of the nature set forth in 1 to 14 above.

EXCLUDED ASSETS:

The term "Excluded Assets" means the following:

1. Cash or cash equivalents;

2. Patents and Patent applications issued or filed prior to Closing;

3. Rights of Seller under Patent license agreements with third parties;

4. Insurance policies and claims thereunder;

5. The Transition Agreement;

6. Co-development and technology transfer agreements with Hitachi and Mitsubishi;

7. Rights of Seller under the agreement, dated March 3, 1998, by and among Seller, Acer Incorporated and Texas Instruments-Acer Incorporated, as amended;

8. Any land, building and/or facilities other than all of the land, buildings and facilities located at, or primarily used in connection with operations at, Avezzano, Twinstar and Singapore A/T sites (collectively, "Acquired Fab Sites");

9. Any mainframe, network or server equipment, other than network or server equipment (i) used exclusively in the Business (ii) located at any of the Acquired Fab Sites or (iii) located at any building, facility or office primarily relating to or primarily used in the Business;

10. Rights under the TI Undertaking, dated November 15, 1995, between Seller, TECH and Citicorp Investment Bank (Singapore) Limited with respect to the return of money placed in escrow by Seller pursuant thereto;

11. Any intercompany receivables, payables, loans or other accounts, to the extent the same are Excluded Liabilities;

12. (a) All equipment (except for tangible personal property such as personal computers and workstations primarily used by employees of the Business hired by Buyer as contemplated hereby) located at any of the following locations:

Kilby Building (KFAB)	(Design & R&D/Productization/ wafer fab)
Stafford II (Houston)	(QRA/Failure Analysis Laboratory)
Executive Center I, II, III	(Administration)

(b) All equipment located at the Floyd Road South site except for Test Technology Center (TTC) inventory, testers and equipment used exclusively in memory tester development and manufacturing, and tangible personal property such as personal computers and workstations primarily used by employees of the Business hired by Buyer as contempla ted hereby.

(c) All equipment located at any of the following locations except for tangible personal property such as personal computers and workstations primarily used by employees of the Business hired by Buyer of the Business as contemplated hereby:

Forest Lane	(Design & R&D/Production/Administration)
East Building/DP1	(Design & R&D/Productization/wafer fab/Failure Analysis lab)
DMOS 6	(Design & R&D/Productization/wafer fab)
Stafford I	(Sales/Marketing/Administration)
Hiji, Japan	(Assembly/Test)

(d) All assets located at any of the following locations:

Bangalore, India Design center
Miho, Japan Wafer fab and design engineering test
Shibaura, Tokyo, Japan Marketing, PDE, administration
Hsinchu, Taiwan Product and Design Engineering
Lubbock (LMOS) 6" wafer fab (EPROM and Flash production)
Security Building Calibration Laboratory
Local sales offices
Midland-Odessa military memory operation

All tangible personal property associated with personnel not hired by Buyer, other than any property located at any of the Acquired Fab Sites, provided that tangible personal property associated with certain administrative and marketing personnel located in Singapore that are not to be hired by Buyer as agreed by Buyer and Seller shall be considered Excluded Assets.

Notwithstanding anything herein to the contrary, none of the assets listed on the MMP CARS ledger as of 3/31/98 (other than as provided in clause 12(d)

above), as of the date hereof or as of the Closing Date, shall be Excluded Assets. In addition, for purposes of the definition of Excluded Assets, references to "located at" shall mean located at the referred to facility as of the date hereof.

13. Tax assets that (i) would be properly classified as a current asset if required to be included in the Closing Balance Sheet), (ii) constitute VAT related receivables, or (iii) constitute a refund or credit of Seller's Taxes.

14. Any other assets specified by Buyer and agreed to by Seller.

EXHIBIT B

DESCRIPTION OF ASSUMED LIABILITIES AND EXCLUDED LIABILITIES

ASSUMED LIABILITIES:

"Assumed Liabilities" means the following, and only the following, specific Liabilities of the Seller Group, other than Excluded Liabilities:

1. Liabilities (other than Tax Liabilities) existing immediately prior to the Closing (the "Effective Time") to the extent reflected as a Liability on the Closing Balance Sheet or reserved for in an identified reserve on such Closing Balance Sheet, but only to the extent of the obligation to make payment of any item so reflected or reserved for;

2. All outstanding principal and accrued and unpaid interest on the existing indebtedness relating directly to the Avezzano facility as of the Closing Date but in no event in excess of 345,296 million Italian Lire principal amount and the related guarantees of such indebtedness ;

3. All Liabilities (other than Excluded Liabilities) solely with regard to conditions or events occurring after the Effective Time arising under or pursuant to Transferred Contracts;

4. All accrued paid time off for Transferred Business Employees pursuant to Section 8.5(a) of this Agreement; and

5. Any other Liability specified by Buyer and agreed to by Seller in writing.

For purposes of this Agreement, Assumed Liabilities shall also include the specific Liabilities of Italian Operating Company and Singapore Operating Company of the type described in clause 1 through 5 above.

EXCLUDED LIABILITIES:

"Excluded Liabilities" means all liabilities, other than Assumed Liabilities, including the following liabilities of Seller, the Seller Group, Subsidiaries, any Affiliates thereof, or otherwise related to the Business or the Acquired Asset (except non-Tax Liabilities to the extent reflected as a liability on the Closing Balance Sheet or reserved for in an identified reserve on the Closing Balance Sheet):

1. Any Liabilities under and pursuant to any agreement on account of monies owed or owing on or prior to the Effective Time or liabilities accruing thereunder prior to the Effective Time;

2. All Liabilities with respect to Contracts which are not Transferred Contracts;

3. Transfer Taxes;

4. Seller's Taxes;

5. Any Liability or obligation arising out of or in any way relating to or resulting from any product sold on or prior to the Effective Time (including any liability for product returns or for claims made for injury to person, damage to property or other damage, whether made in product liability, tort, breach of warranty or otherwise);

6. Any Liability with respect to any claim asserted after the Effective Time where the conduct giving rise to such claim first occurred prior to the Effective Time;

7. Any Liability with respect to any suits, actions, claims or proceedings pending against Seller, its Subsidiaries or any of its Affiliates to the extent any such suits, actions, claims or proceedings exist on or prior to the Effective Time or relate to events, circumstances, conduct or transactions occurring or existing at or prior to the Effective Time except to the extent expressly included as an Assumed Liability;

8. Any Liability to a third party for infringement or other violation under Intellectual Property or other proprietary rights, including, but not limited to, claims arising out of the manufacture, use, offer for sale, import or sale of goods, devices or apparatus, the performance of any process or services, or the copying, modifying, distributing, performing or displaying of any work or mask work, to the extent such claims relate to events, circumstances, conduct or transactions occurring or existing at or prior to the Effective Time;

9. Any Liabilities, incurred by any member of the Seller Group in connection with performing its obligations under this Agreement or in consummating the transactions

contemplated hereby except to the extent Buyer has expressly agreed to pay a third party or reimburse Seller on this Agreement;

10. Any Liabilities for any breach or failure to perform any covenants and agreements contained in, or made pursuant to, this Agreement, or, on or prior to the Effective Time, any other Contract, whether or not assumed hereunder, including any breach arising from assignment of Contracts hereunder without consent of third parties;

11. Liabilities for any violation of or failure to comply with any Law, to the extent such violations or failures relate to events, circumstances, conduct or transactions occurring or existing at or prior to the Effective Time;

12. All Retained Environmental Liabilities;

13. The Transition Agreement;

14. All Liabilities under Title IV of ERISA or Section 412 of the Code or any plan or contract governed thereby; and

15. Any other Liability specified by Buyer and agreed to by Seller.

EXHIBIT D

MARCH BALANCE SHEET

		MARCH 31, 1998 ($M)
1)	Accounts receivables (Net)	244.4
2)	Inventory (Net)	146.9
	Prepaid Assets	2.7
	TOTAL CURRENT ASSETS	394.0
3)	Net Fixed Assets	621.6
	Investment in JVs (Net)	44.3
	Other Assets	8.8
	TOTAL ASSETS	1068.7
	LIABILITIES	
	Accounts Payable	109.6
4)	Accrued Income Taxes	0
	Accrued Profit Sharing	6.8
	Other Accrued Liabilities	62.1
5)	Long Term Debt -- Current	15.4
	TOTAL CURRENT LIABILITIES	193.9
5)	Long Term Debt	177.0
	Deferred Incentive Balance	1.7
4)	Accrued Pension/Retirement	17.8
	Deferred Credit	25.5
6)	TOTAL LIABILITIES	415.9

1) Any allocated receivables will either be specifically identified and included in Acquired Assets or excluded from the Preliminary Balance Sheet and the Adjusted Balance Sheet.
2) Excludes $5.7M of WIP inventory in Japan related to Miho production.
3) Excludes approximately $11M of CIP/PP&E associated with the Test Technology Center (TTC). These assets identified with MMP can be transferred as part of the Acquired Assets. Also excluded is PP&E in Miho, Japan and Bangalore, India.
4) Accrued income taxes and US pension obligations have been excluded and will be retained by Seller.
5) Total current and non-current long-term debt equivalent at 3/31 to 345,296 million lira.
6) Any other liability balances discharged or retained by TI as of the Closing will be excluded from the Preliminary Balance Sheet and the Adjusted Balance Sheet.

EXHIBIT E

SECURITIES RIGHTS AND RESTRICTIONS AGREEMENT

THIS SECURITIES RIGHTS AND RESTRICTIONS AGREEMENT (this "AGREEMENT") is made as of [_____], 1998, between MICRON TECHNOLOGY, INC., a Delaware corporation ("MICRON"), and TEXAS INSTRUMENTS INCORPORATED, a Delaware corporation ("TI").

RECITALS

A. Pursuant to the terms of the Acquisition Agreement dated as of June [__], 1998 (the "ACQUISITION AGREEMENT"), by and between Micron and TI, Micron (in part through certain of its subsidiaries) is simultaneously herewith acquiring from TI (and certain of its subsidiaries) the Acquired Assets (as defined in the Acquisition Agreement) and assuming from TI (and certain of its subsidiaries) the Assumed Liabilities (as defined in the Acquisition Agreement).

B. In connection with the transactions contemplated by the Acquisition Agreement, Micron has agreed to issue to TI (i) 28,933,092 unregistered shares (the "SHARES") of Micron's Common Stock par value, $0.10 per share (the "COMMON STOCK"), (ii) $740 million aggregate principal amount of Micron's 6-1/2% Convertible Subordinated Notes due [_____], 2005, convertible into Common Stock at a purchase price of $60 per share (the "2005 CONVERTIBLE NOTES") and (iii) $210 million aggregate principal amount of Micron's 6-1/2% Subordinated Notes due [_____], 2005 (THE "SUBORDINATED NOTES").

C. The Acquisition Agreement provides for the execution and delivery of this Agreement at the closing of the transactions contemplated thereby.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and conditions herein and in the Acquisition Agreement, the parties hereto hereby agree as follows:

SECTION 1

DEFINITIONS

1.1 Certain Definitions. As used in this Agreement:

(a) "AFFILIATE" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For purposes of this definition, "CONTROL" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

(b) "BENEFICIAL OWNERSHIP" or "BENEFICIAL OWNER" has the meaning provided in Rule 13d-3 promulgated under the Exchange Act. References to ownership of Voting Securities hereunder mean beneficial ownership.

(c) "CHANGE IN CONTROL OF MICRON" shall mean a merger, consolidation or other business combination or the sale of all or substantially all of the assets of Micron (other than a transaction pursuant to which the holders of the voting stock of Micron outstanding immediately prior to such transaction have the entitlement to exercise, directly or indirectly, fifty percent (50%) or more of the Total Voting Power of the continuing, surviving entity or transferee immediately after such transaction).

(d) "DEMAND REGISTRATION STATEMENT" has the meaning set forth in Section 4.1(a).

(e) "DEMAND REQUEST" has the meaning set forth in Section 4.1(a).

(f) "DEMAND/TRANCHE MANAGING UNDERWRITERS" has the meaning set forth in Section 4.4(c).

(g) "DEMAND/TRANCHE MARKET CUT-BACK" has the meaning set forth in Section 4.4(d).

(h) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

(i) "GROUP" or "GROUP" shall have the meaning provided in Section 13(d)(3) of the Exchange Act and the rules and regulations promulgated thereunder, but shall exclude any institutional underwriter purchasing Voting Securities of Micron in connection with an underwritten registered offering for purposes of a distribution of such securities.

(j) "INDEMNIFIED PARTY" has the meaning set forth in Section 4.6(c).

(k) "INDEMNIFYING PARTY" has the meaning set forth in Section 4.6(c).

(l) "MICRON PUBLIC OFFERING LOCK-UP" has the meaning set forth in Section 4.9(b).

(m) "PERSON" shall mean any person, individual, corporation, partnership, trust or other nongovernmental entity or any governmental agency, court, authority or other body (whether foreign, federal, state, local or otherwise).

(n) "PIGGYBACK MARKET CUT-BACK" has the meaning set forth in Section 4.3.(c).

(o) "PIGGYBACK REGISTRABLE SECURITIES" has the meaning set forth in Section 4.3.(a).

(p) "PIGGYBACK REGISTRATION STATEMENT" has the meaning set forth in Section 4.3(a).

(q) "PIGGYBACK REQUEST" has the meaning set forth in Section 4.3.(a).

(r) "PIGGYBACK UNDERWRITING AGREEMENT" has the meaning set forth in Section 4.3.(b).

(s) "REGISTER," "REGISTERED" and "REGISTRATION" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

(t) "REGISTRABLE SECURITIES" means (i) the Shares, (ii) the 2005 Convertible Notes, (iii) any Common Stock issued or issuable upon conversion of the 2005 Convertible Notes and (iv) any securities issued in respect of the foregoing as a result of any stock split, stock dividend, recapitalization, or similar transaction.

(u) "REGISTRATION EXPENSES" has the meaning set forth in Section 4.5(a).

(v) "RESTRICTED SECURITIES" has the meaning set forth in Section 3.3(a).

(w) "SECURITIES ACT" means the Securities Act of 1933, as amended.

(x) "SEC" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

(y) "SHELF REGISTRABLE SECURITIES" has the meaning set forth in Section 4.2(a).

(z) "SHELF REGISTRATION STATEMENT" has the meaning set forth in Section 4.2(a).

(aa) "SHELF REQUEST" has the meaning set forth in Section 4.2(a).

(bb) "SUSPENSION CONDITION" has the meaning set forth in Section 4.4(f).

(cc) "TI CONFLICT OF INTEREST TRANSACTION" means (i) any transaction (including the issuance of Micron securities or a transaction of which the issuance of such securities is a part) between Micron and a competitor of TI in any of the businesses in which TI is engaged, or has announced an intention to become engaged or (ii) any other transaction with respect to which TI has a significant interest that conflicts with the interests of Micron or the other stockholders of Micron as stockholders. For purposes of clause (i) of the preceding sentence, the "announced intentions" of TI at any time may be established by reference to press releases and any materials filed with the SEC or otherwise disclosed to the public pursuant to the Securities Act or the Exchange Act. For purposes of clause (ii) of such sentence, TI shall be deemed to have a substantial interest that conflicts with the interests of Micron and the other stockholders of Micron as stockholders in any situation in which TI has a substantial economic

interest (direct or indirect) in the transaction that is greater than and contrary to its economic interest as a stockholder of Micron.

(dd) "TI POOLING TRANSACTION LOCK-UP" has the meaning set forth in Section 4.9(a).

(ee) "TI PUBLIC OFFERING LOCK-UP" has the meaning set forth in Section 4.9(a).

(ff) "TRANCHE REGISTRABLE SECURITIES" has the meaning set forth in Section 4.2(b).

(gg) "TRANCHE REQUEST" has the meaning set forth in Section 4.2(b).

(hh) "VOTING SECURITIES" means (i) all securities of Micron, entitled, in the ordinary course, to vote in the election of directors of Micron and (ii) for the purposes of this Agreement only, all securities of Micron convertible into or exchangeable or exercisable for shares of Common Stock (including the Convertible Notes), the Voting Power of which shall be deemed equal to the number of shares of Common Stock issuable upon the conversion, exchange or exercise of such securities. Voting Securities shall not include stockholder rights or other comparable securities having Voting Power only upon the happening of a trigger event or comparable contingency and which can only be transferred together with the Voting Securities to which they attach. References herein to meetings of holders of Voting Securities shall include meetings of any class or type thereof (including without limitation meetings of holders of the Convertible Notes).

(ii) "VOTING POWER" or "TOTAL VOTING POWER" of Micron (or any other corporation) refer to the votes or total number of votes which at the time of calculation may be cast in the election of directors of Micron (or such corporation) at any meeting of stockholders of Micron (or such corporation) if all securities entitled to vote in the election of directors of Micron (or such corporation) were present and voted at such meeting; provided that for purposes of references herein made to any Person's "Voting Power" or percentage beneficial ownership of "Total Voting Power," any rights (other than rights referred to in any rights plan of Micron (or any such other corporation) or a successor to such rights plan so long as such rights can only be transferred together with the Voting Securities to which they attach) of such Person to acquire Voting Securities (whether or not the exercise of any such right shall be conditioned upon the passage of time or any other contingency) shall be deemed to have been exercised in full.

(jj) "180-DAY LIMITATION" has the meaning set forth in Section 4.4(a).

(kk) "2004 CONVERTIBLE NOTES" means Micron's 7% Convertible Subordinated Notes due July 1, 2004, and the term "CONVERTIBLE NOTES" means the 2004 Convertible Notes and the 2005 Convertible Notes.

All capitalized terms used and not defined herein shall have the respective meanings assigned to such terms in the Acquisition Agreement.

SECTION 2

STANDSTILL AND RELATED COVENANTS

2.1 TI Ownership of Micron Securities. On the date hereof, and without giving effect to the transactions contemplated by the Acquisition Agreement, neither TI nor any Affiliate of TI beneficially owns any Voting Securities of Micron (excluding any officers and directors of TI and any employee benefit or pension plan of TI).

2.2 Standstill Provisions. TI shall not acquire, directly or indirectly, and shall not cause or permit any Affiliate of TI (excluding any officers and directors of TI and any employee benefit or pension plan of TI) to acquire, directly or indirectly (through market purchases or otherwise), record or beneficial ownership of any Voting Securities of Micron without the prior written consent of the Board of Directors of Micron; provided, however, that the prior written consent of the Board of Directors of Micron shall not be required for the acquisition of any Voting Securities of Micron pursuant to the conversion of any of the 2005 Convertible Notes or resulting from a stock split, stock dividend or similar recapitalization by Micron. Nothing contained in this Section 2.2 shall adversely affect any right of TI to acquire record or beneficial ownership of Voting Securities of Micron pursuant to any rights plan instituted by Micron.

2.3 Voting. Unless the Board of Directors of Micron otherwise consents in writing in advance, TI shall take such action (and shall cause each Affiliate of TI that beneficially owns Voting Securities of Micron to take such action) as may be required so that all Voting Securities of Micron beneficially owned by TI (or any such Affiliate of TI) from time to time are voted on all matters to be voted on by holders of Voting Securities of Micron in the same proportion (for, against and abstain, with lost, damaged or disfigured ballots counting as abstentions to the extent that they cannot be counted as for or against under applicable law) as the votes cast by the other holders of Voting Securities of Micron with respect to such matters; provided, however, that all Voting Securities of Micron beneficially owned by TI (or any Affiliate of TI) from time to time may be voted as TI (or any such Affiliate of TI) determines in its sole discretion on any matter presented to the holders of Voting Securities of Micron (by any Person other than TI, any Affiliate of TI or an "ASSOCIATE" of any of them, as such term is defined in Rule 12b-2 under the Exchange Act), to approve (i) any merger, consolidation or other business combination involving Micron, (ii) any sale of all or substantially all of the assets of Micron, (iii) any issuance of equity or equity-linked securities of Micron requiring stockholder approval pursuant to applicable stock exchange rules; provided, however, that neither TI nor any Affiliate of TI shall be entitled to vote on any matter set forth in clauses (i), (ii) or (iii) hereof that constitutes, involves or is part of, a TI Conflict of Interest Transaction. TI (or any Affiliate of TI), as the holder of Voting Securities of Micron, shall use its best efforts to be present, in person or by proxy, at all meetings of the stockholders of Micron so that all Voting Securities of Micron beneficially owned by TI (or such Affiliate of TI) from time to time may be counted for the purposes of determining the presence of a quorum at such meetings. The foregoing provision shall also apply to the execution by TI of any written consent in lieu of a meeting of holders of Voting Securities of Micron or any class thereof.

2.4 Voting Trust. TI shall not, and shall not cause or permit any Affiliate of TI to, deposit any Voting Securities of Micron in a voting trust or, except as otherwise provided herein, subject any Voting Securities of Micron to any arrangement or agreement with respect to the voting of such Voting Securities of Micron.

2.5 Solicitation of Proxies. Without the prior written consent of the Board of Directors of Micron, TI shall not, and shall not cause or permit any Affiliate of TI to, directly or indirectly (i) initiate, propose or otherwise solicit Micron stockholders for the approval of one or more stockholder proposals with respect to Micron or induce or attempt to induce any other Person to initiate any stockholder proposal, (ii) make, or in any way participate in, any "SOLICITATION" of "PROXIES" (as such terms are defined or used in Regulation 14a-1 under the Exchange Act) with respect to any Voting Securities of Micron, or become a "PARTICIPANT" in any "ELECTION CONTEST" (as such terms are used in Rule 14a-11 of Regulation 14A under the Exchange Act), with respect to Micron or (iii) call or seek to have called any meeting of the holders of Voting Securities of Micron.

2.6 Acts in Concert with Others. Except as contemplated herein, TI shall not, and shall not cause or permit any Affiliate of TI, to participate in the formation, or encourage the formation, of any Person which owns or seeks to acquire beneficial ownership of, or otherwise acts in concert in respect of the voting or disposition of, Voting Securities of Micron. Without limiting the generality of the foregoing, and except as contemplated herein, TI shall not, and shall not cause or permit any Affiliate of TI to: (i) join a partnership, limited partnership, syndicate or other group, or otherwise act in concert with any third person, for the purpose of acquiring, holding, or disposing of Voting Securities of Micron; (ii) seek election to or seek to place a representative on the Board of Directors of Micron; (iii) seek the removal of any member of the Board of Directors of Micron; (iv) otherwise seek control of the management, Board of Directors or policies of Micron; (v) solicit, propose, seek to effect or negotiate with any other Person with respect to any form of business combination transaction with Micron or any Affiliate thereof, or any restructuring, recapitalization or similar transaction with respect to Micron or any Affiliate thereof; (vi) solicit, make or propose or encourage or negotiate with any other Person with respect to, or announce an intent to make, any tender offer or exchange offer for any Voting Securities of Micron; (vii) disclose an intent, purpose, plan or proposal with respect to Micron or any Voting Securities of Micron inconsistent with the provisions of this Agreement, including an intent, purpose, plan or proposal that is conditioned on or would require Micron to waive the benefit of or amend any provision of this Agreement; or (vii) assist, participate in, facilitate, encourage or solicit any effort or attempt by any Person to do or seek to do any of the foregoing. TI shall not, and shall not cause or permit any Affiliate of TI to, encourage or render advice to or make any recommendation or proposal to any Person to engage in any of the actions covered by Section 2.5 and this Section 2.6 hereof.

2.7 Termination. The provisions of this Article 2 shall terminate upon the earlier to occur of: (i) such time as TI (together with all Affiliates of TI) beneficially owns in the aggregate Voting Securities of Micron representing less than five percent (5%) of the Total Voting Power of Micron; or (ii) the closing or other completion of a Change in Control of Micron.

SECTION 3

RESTRICTIONS ON TRANSFER OF
SECURITIES; COMPLIANCE WITH SECURITIES LAWS

3.1 Restrictions on Transfer of Voting Securities of Micron. Subject to Section 3.6 hereof, TI shall not, and shall not cause or permit any Affiliate of TI to, directly or indirectly, offer to sell, contract to sell, make any short sale of, or otherwise sell, dispose of, loan, gift, pledge or grant any options or rights with respect to, any Voting Securities of Micron, now or hereafter acquired, or with respect to which TI (or any Affiliate of TI) has or hereafter acquires the power of disposition (or enter into any agreement or understanding with respect to the foregoing), except as set forth below:

(a) to Micron, or any Person or group approved in writing in advance by the Board of Directors of Micron;

(b) to any wholly-owned subsidiary of TI, so long as such subsidiary agrees in writing (in form reasonably acceptable to counsel for Micron) to hold such Voting Securities of Micron subject to all the provisions of this Agreement, and so agrees to transfer such Voting Securities of Micron to TI or another wholly-owned subsidiary of TI if it ceases to be a wholly-owned subsidiary of TI;

(c) pursuant to a firm commitment, underwritten public offering of Voting Securities of Micron registered under the Securities Act; provided, however, that such offering is structured to distribute such securities through an underwriter in accordance with procedures designed to ensure (as far as is practically possible) that beneficial ownership of the Voting Securities of Micron with aggregate Voting Power of more than five percent (5%) of the Total Voting Power of Micron then in effect shall not be transferred during such underwriting to any single Person or group;

(d) through a sale of Voting Securities of Micron pursuant to Rule 144 under the Securities Act; provided, however, that any such sale (i) complies with the manner of sale provisions under paragraph (f) of Rule 144 or (ii) is of securities with Voting Power aggregating less than five percent (5%) of the Total Voting Power of Micron and is not made knowingly directly or indirectly to: (A) any Person or group which has theretofore filed a Schedule 13D with the SEC with respect to any class of "EQUITY SECURITY" (as defined in Rule 13a11-1 under the Exchange Act) of Micron and which, at the time of such sale, continues to reflect beneficial ownership in excess of five percent (5%) of the Total Voting Power of Micron; (B) any Person or group known to TI (without inquiry or investigation) to beneficially own in excess of five percent (5%) of any Voting Securities of Micron or to be accumulating stock on behalf of or acting in concert with any such Person or group or a Person or group contemplated by clause (A) above; or (C) any Person or group that has announced or commenced an unsolicited offer for any Voting Securities of Micron or publicly initiated, proposed or otherwise solicited Micron stockholders for the approval of one or more stockholder proposals with respect to Micron or publicly made, or in any way participated in, any "SOLICITATION" of "PROXIES" (as such terms are defined or used in Regulation 14A under the Exchange Act) with respect to any Voting Securities

of Micron, or become a "PARTICIPANT" in any "ELECTION CONTEST" (as such terms are used in Rule 14a-11 of Regulation 14A under the Exchange Act);

(e) pursuant to any private sale of Voting Securities of Micron exempt from the registration requirements under the Securities Act, provided that no such sale may be made (i) to any Person or group which, after giving effect to such sale, will beneficially own or have the right to acquire Voting Securities of Micron with aggregate Voting Power of more than five percent (5%) of the Total Voting Power of Micron unless such Person or group is an institutional investor that acquires such Voting Securities solely for investment, in which case the total number of Voting Securities that may be sold to such Person or group shall be limited so that such Person or group shall not own or have the right to acquire more than ten percent (10%) of the Total Voting Power of Micron after giving effect to the proposed sale; and, provided, further, that any such purchaser (and any transferee of such purchaser) shall agree to take and hold such securities subject to the provisions and upon the conditions specified in this Article 3, and it will be a condition precedent to the effectiveness of any such transfer that TI shall have delivered to Micron a written agreement of such purchaser to that effect in form and substance reasonably satisfactory to Micron;

(f) in response to an offer to purchase or exchange for cash or other consideration any Voting Securities, which in any case is not opposed by the Board of Directors of Micron within the time such Board is required, pursuant to regulations under the Exchange Act, to advise the stockholders of Micron of such Board's position with respect to such offer, or, if no such regulations are applicable, within ten (10) business days of the commencement of such offer, or pursuant to a merger, consolidation or other business combination involving Micron approved by the Board of Directors of Micron; or

(g) subject to Micron's prior consent (which shall not be unreasonably withheld), pursuant to bona fide pledges of such Restricted Securities to institutional lenders (provided that the number of such lenders to which, or for the benefit of which, such pledges may be made, shall not exceed twenty (20) in the aggregate), to secure a loan, guarantee, letter of credit facility or other indebtedness or financial support; provided that each such lender to which, or for the benefit of which, such pledge is made agrees in writing to hold such Restricted Securities subject to all provisions of this Agreement, including the limitations on any sale or other disposition of such Restricted Securities.

3.2 Restrictions on Transfer of Subordinated Notes. Subject to Section 3.6 hereof, TI shall not, and shall not cause or permit any Affiliate of TI to, directly or indirectly, offer to sell, contract to sell, make any short sale of, or otherwise sell, dispose of, loan, gift, pledge or grant any options or rights with respect to, any of the Subordinated Notes, now or hereafter acquired, or with respect to which TI (or such Affiliate of TI) has or hereafter acquires the power of disposition (or enter into any agreement or understanding with respect to the foregoing), except through a sale of a minimum of $10,000,000 principal amount of Subordinated Notes (and of any integral multiple of $1,000,000 in excess thereof) under Rule 144A under the Securities Act to a "QUALIFIED INSTITUTIONAL BUYER" as defined in such Rule 144A.

3.3 Restrictive Legends.

(a) The certificate or certificates representing the (i) the Shares, (ii) the 2005 Convertible Notes, (iii) any Common Stock issued or issuable upon conversion of the 2005 Convertible Notes and (iv) any securities issued in respect of the foregoing as a result of any stock split, stock dividend, recapitalization, or similar transaction initially acquired by TI from Micron in accordance with the terms of this Agreement (collectively, the "RESTRICTED SECURITIES") shall be stamped or otherwise imprinted with a legend substantially in the following form (in addition to any legend required under applicable state securities laws):

> THE SHARES (or, as applicable, CONVERTIBLE NOTES) REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES (or, as applicable, CONVERTIBLE NOTES) MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER AS TO THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION.

(b) In addition to the legend provided for in Section 3.3(a), the certificate or certificates representing the Restricted Securities shall be stamped or otherwise imprinted with a legend substantially in the following form:

> THE SHARES (or, as applicable, CONVERTIBLE NOTES) REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER, INCLUDING ANY SALE, PLEDGE OR OTHER HYPOTHECATION SET FORTH IN AN AGREEMENT DATED AS OF [_____], 1998 BETWEEN THE ISSUER AND TEXAS INSTRUMENTS INCORPORATED, A COPY OF WHICH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE ISSUER AT THE ISSUER'S PRINCIPAL EXECUTIVE OFFICES.

(c) The certificate or certificates representing the Subordinated Notes shall be stamped or otherwise imprinted with legends substantially in the following form:

> THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.
>
> THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE ONLY (A) TO THE ISSUER, OR (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE

144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A.

3.4 Procedures for Certain Transfers.

(a) The holder of each certificate representing Restricted Securities, by acceptance thereof, agrees to comply in all respects with the provisions of this Article 3.

(b) Prior to any proposed transfer of any Restricted Securities pursuant to Sections 3.1(a), (b), (e) and (g) hereof, TI shall give written notice to Micron of TI's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, and shall be accompanied by either: (i) a written opinion of legal counsel (including in-house counsel), who shall be reasonably satisfactory to Micron, addressed to Micron and reasonably satisfactory in form and substance to Micron's counsel, to the effect that the proposed transfer of the Restricted Securities may be effected without registration under the Securities Act; or (ii) a "no action" letter from the SEC and a copy of any request by TI (together with all supplements or amendments thereto), which shall have been provided to Micron at or prior to the time of first delivery to the SEC's staff, to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto, whereupon TI shall be entitled to transfer such Restricted Securities in accordance with the terms of the notice delivered by TI to Micron.

(c) In connection with any proposed transfer of Restricted Securities pursuant to Section 3.1(d) hereof, TI shall comply with all of the requirements of Rule 144 under the Securities Act and the reasonable requirements of Micron's transfer agent with respect to sales of Restricted Securities pursuant to Rule 144.

(d) Each certificate evidencing the Restricted Securities transferred as herein provided (other than a transfer pursuant to Section 3.1(c)) shall bear the appropriate restrictive legend set forth (or described) in Section 3.4(a) above, except that such certificate shall not bear such restrictive legend if: (i) in the opinion of counsel for Micron, such legend is not required in order to establish compliance with any provisions of the Securities Act; (ii) the Restricted Securities have been held by the holder for more than two years, and the holder represents to counsel for Micron that it has not been an "AFFILIATE" (as such term is defined for purposes of Rule 144) of Micron during the three-month period prior to the sale and shall not become an affiliate (as such term is defined for purposes of Rule 144) of Micron without resubmitting the Restricted Securities for reimposition of the legend; or (iii) the Restricted Securities have been sold pursuant to Rule 144 and in compliance with Section 3.1(d). In addition, each certificate evidencing the Restricted Securities transferred pursuant to this Article 3 (other than transfers pursuant to Sections 3.1(c) and 3.1(d) hereof) shall bear the legend set forth in Section 3.3(b) above.

3.5 Covenant Regarding Exchange Act Filings. With a view to making available to TI the benefits of Rule 144 promulgated under the Securities Act, and any other rules or regulations of the SEC which may at any time permit TI to sell any Restricted Securities without registration, until the date of termination of this Agreement, Micron agrees to use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required to be filed under the Exchange Act.

3.6 Termination. The provisions of this Article 3 shall terminate upon the later to occur of: (i) the tenth anniversary date of this Agreement and (ii) such time as TI (together with all Affiliates of TI) beneficially owns in the aggregate Voting Securities of Micron representing less than five percent (5%) of the Total Voting Power of Micron or upon the closing or other completion of a Change in Control of Micron.

SECTION 4

REGISTRATION RIGHTS

4.1 Demand Registration.

(a) If at any time after the six month anniversary date of this Agreement, Micron shall receive from TI a written request (a "DEMAND REQUEST") that Micron register on Form S-3 under the Securities Act (or if such form is not available, any registration statement form then available to Micron) Registrable Securities equal to at least two percent (2%) of the Voting Securities of Micron outstanding on the date of such Demand Request, then Micron shall use commercially reasonable efforts to cause the Registrable Securities specified in such Demand Request (THE "DEMAND REGISTRABLE SECURITIES") to be registered as soon as reasonably practicable so as to permit the offering and sale thereof and, in connection therewith, shall prepare and file with the SEC as soon as practicable after receipt of such Demand Request, a registration statement (a "DEMAND REGISTRATION STATEMENT") to effect such registration; provided, however, that each such Demand Request shall: (i) specify the number of Demand Registrable Securities intended to be offered and sold by TI pursuant thereto (which number of Demand Registrable Securities shall not be less than two percent (2%) of the Voting Securities of Micron outstanding on the date of such Demand Request); (ii) express the present intention of TI to offer or cause the offering of such Demand Registrable Securities pursuant to such Demand Registration Statement, (iii) describe the nature or method of distribution of such Demand Registrable Securities pursuant to such Demand Registration Statement (including, in particular, whether TI plans to effect such distribution by means of an underwritten offering); and (iv) contain the undertaking of TI to provide all such information and materials and take all such actions as may be required in order to permit Micron to comply with all applicable requirements of the Securities Act, the Exchange Act and the rules and regulations of the SEC thereunder, and to obtain any desired acceleration of the effective date of such Demand Registration Statement.

(b) The procedures to be followed by Micron and TI, and the respective rights and obligations of Micron and TI, with respect to the preparation, filing and effectiveness of Demand Registration Statements and the distribution of Demand Registrable Securities pursuant to Demand Registration Statements under this Section 4.1 are set forth in Section 4.4 hereof.

4.2 Shelf Registration.

(a) If at any time after the six month anniversary date of this Agreement, Micron shall receive from TI a written request (a "SHELF REQUEST") that Micron register pursuant to Rule 415(a)(1)(i) under the Securities Act (or any successor rule with similar effect) a delayed offering of Registrable Securities, equal to at least five percent (5%) of the Voting Securities of Micron outstanding on the date of such Shelf Request, then Micron shall use commercially reasonable efforts to cause the Registrable Securities specified in such Shelf Request (the "SHELF REGISTRABLE SECURITIES") to be registered as soon as reasonably practicable so as to permit the sale thereof and, in connection therewith, shall (i) prepare and file with the SEC as soon as practicable after receipt of such Shelf Request, a shelf registration statement on Form S-3 relating to such Shelf Registrable Securities, if such Form S-3 is available for use by Micron (or any successor form of registration statement to such Form S-3), to effect such registration (a "SHELF REGISTRATION STATEMENT"), to enable the distribution of such Shelf Registrable Securities; provided, however, that each such Shelf Request shall: (i) specify the number of Shelf Registrable Securities intended to be offered and sold by TI pursuant thereto (which number of Shelf Registrable Securities shall not be less than five percent (5%) of the Voting Securities of Micron outstanding on the date of such Shelf Request); (ii) express the intention of TI to offer or cause the offering of such Shelf Registrable Securities pursuant to such Shelf Registration Statement on a delayed basis in the future; (iii) describe the nature or method of the proposed offer and sale of such Shelf Registrable Securities pursuant to such Shelf Registration Statement; and (iv) contain the undertaking of TI to provide all such information and materials and take all such actions as may be required in order to permit Micron to comply with all applicable requirements of the Securities Act, the Exchange Act and the rules and regulations of the SEC thereunder, and to obtain any desired acceleration of the effective date of such Shelf Registration Statement. TI shall not be entitled to make more than one Shelf Request during any three hundred sixty-five (365) day period.

(b) It is expressly agreed by the parties that the sole purpose of Micron filing and maintaining an effective a Shelf Registration Statement for the delayed offering of Shelf Registrable Securities by TI is to make the process of distributing Registrable Securities by TI more convenient for both parties by reducing or eliminating the need to file a new Demand Registration Statement each time that TI decides to sell Registrable Securities. After a Shelf Registration Statement has been declared effective under the Securities Act by the SEC, then, upon the written request of TI (a "TRANCHE REQUEST"), Micron shall prepare such amendments to such Shelf Registration Statement (including post-effective amendments), if any, and such amendments or supplements to the prospectus relating to the Registrable Securities to be offered thereunder pursuant to such Tranche Request (the "TRANCHE REGISTRABLE SECURITIES"), as is necessary to facilitate the distribution of such Tranche Registrable Securities pursuant to such Tranche Request; provided, however, that such Tranche Request shall: (i) specify the number of Tranche Registrable Securities intended to be offered and sold by TI pursuant

thereto (which number of Tranche Registrable Securities shall not be less than two percent (2%) of the Voting Securities of Micron outstanding on the date of such Tranche Request); (ii) express the present intention of TI to offer or cause the offering of such Tranche Registrable Securities pursuant to the Shelf Registration Statement, (iii) describe the nature or method of distribution of such Tranche Registrable Securities pursuant to the Shelf Registration Statement (including, in particular, whether TI plans to effect such distribution by means of an underwritten offering); and (iv) contain the undertaking of TI to provide all such information and materials and take all such actions as may be required in order to permit Micron to comply with all applicable requirements of the Securities Act, the Exchange Act and the rules and regulations of the SEC thereunder.

(c) The procedures to be followed by Micron and TI, and the respective rights and obligations of Micron and TI, with respect to the preparation, filing and effectiveness of Shelf Registration Statements and the distribution of Tranche Registrable Securities pursuant to Shelf Registration Statements under this Section 4.2 are set forth in Section 4.4 hereof.

4.3 Piggyback Registration.

(a) If at any time after the six month anniversary date of this Agreement, Micron shall determine to register any of its equity or equity-linked securities (other than registration statements relating to (i) employee, consultant or distributor compensation or incentive arrangements (including employee benefit plans), (ii) acquisitions or any transaction or transactions under Rule 145 under the Securities Act (or any successor rule with similar effect), (iii) distributions by principal stockholders, their Affiliates or transferees (unless consented to by such principal stockholders, Affiliates or transferees), or (iv) pursuant to Rule 415 under the Securities Act), then Micron will promptly give TI written notice thereof and include in such Micron-initiated, non-shelf, registration statement (a "PIGGYBACK REGISTRATION STATEMENT"), and in any underwriting involved therein, all Registrable Securities (the "PIGGYBACK REGISTRABLE SECURITIES") specified in a written request made by TI (a "PIGGYBACK REQUEST") within five (5) business days after receipt of such written notice from Micron; provided, however, that nothing in this Section 4.3(a), or any other provision of this Agreement, shall be construed to limit the absolute right of Micron, for any reason and in its sole discretion: (i) to delay, suspend or terminate the filing of any Piggyback Registration Statement; (ii) to delay the effectiveness of any Piggyback Registration Statement; (iii) to terminate or reduce the number of Piggyback Registrable Securities to be distributed pursuant to any Piggyback Registration Statement (including, without limitation, pursuant to Section 4.3(c) hereof); or (iv) to withdraw such Piggyback Registration Statement.

(b) If the Piggyback Registration Statement of which Micron gives notice is for an underwritten offering, Micron shall so advise TI as a part of the written notice given pursuant to Section 4.3(a). In such event, the right of TI to registration pursuant to this Section 4.3 shall be conditioned upon the agreement of TI to participate in such underwriting and in the inclusion of such Piggyback Registrable Securities in the underwriting to the extent provided herein. TI shall (together with Micron and any other holders distributing securities in such Piggyback Registration Statement, if

any) enter into an underwriting agreement (the "PIGGYBACK UNDERWRITING AGREEMENT") in customary form with the underwriter or underwriters selected for such underwriting by Micron.

(c) Notwithstanding any other provision of this Agreement, if the managing underwriters of any underwritten offering pursuant to a Piggyback Request determine, in their sole discretion that, after including all the shares to be offered by Micron and all the shares of any other Persons entitled to registration rights with respect to such Piggyback Registration Statement (pursuant to other agreements with Micron), marketing factors require a limitation of the number of Piggyback Registrable Securities to be underwritten, the managing underwriters of such offering may exclude any and all of the Piggyback Registrable Securities (a "PIGGYBACK MARKET CUT-BACK"). If TI disapproves of the terms of any such underwriting, it may elect to withdraw therefrom by written notice to Micron and the managing underwriters. Any Piggyback Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from such Piggyback Registration Statement.

(d) Except to the extent specifically provided in this Section 4.3 hereof, the procedures to be followed by Micron and TI, and the respective rights and obligations of Micron and TI, with respect to the distribution of any Piggyback Registrable Securities by TI pursuant to any Piggyback Registration Statement filed by Micron shall be as set forth in the Piggyback Underwriting Agreement, or any other agreement or agreements governing the distribution of such Piggyback Registrable Securities pursuant to such Piggyback Registration Statement.

4.4 Demand and Shelf Registration Procedures, Rights and Obligations. The procedures to be followed by Micron and TI, and the respective rights and obligations of Micron and TI, with respect to the preparation, filing and effectiveness of Demand Registration Statements and Shelf Registration Statements, respectively, and the distribution of Demand Registrable Securities and Tranche Registrable Securities, respectively, pursuant thereto, are as follows:

(a) TI shall not be entitled to make more than one Demand Request or Tranche Request during any one hundred eighty (180) day period (the "180-DAY LIMITATION"); provided, however, that (i) any Demand Request that: (A) does not result in the corresponding Demand Registration Statement being declared effective by the SEC; (B) is withdrawn by TI following the imposition of a stop order by the SEC with respect to the corresponding Demand Registration Statement; (C) is withdrawn by TI as a result of the exercise by Micron of its suspension rights pursuant to Sections 4.4(e) or (f) hereof; or (D) is withdrawn by TI as a result of a Demand/Tranche Market Cut-Back (as defined in Section 4.4(d) hereof); and (ii) any Tranche Request that: (A) is withdrawn by TI following the imposition of a stop order by the SEC with respect to the corresponding Shelf Registration Statement; (B) is withdrawn by TI as a result of the exercise by Micron of its suspension rights pursuant to Sections 4.4(e) or (f) hereof; or (C) is withdrawn by TI as a result of a Demand/Tranche Market Cut-Back, shall not count for the purposes of determining compliance with the 180-Day Limitation. Any Demand Request or Tranche Request that is withdrawn by TI for any reason other than as set forth in the previous sentence shall count for purposes of determining compliance with the 180-Day Limitation. Piggyback Requests shall not count for purposes of determining compliance with the 180-Day Limitation regardless of whether a Piggyback Registration Statement is filed, declared effective or

withdrawn or whether any distribution of Piggyback Registrable Securities is effected, terminated or cut-back (pursuant to Section 4.3(c) hereof, or otherwise).

(b) Micron shall use commercially reasonable efforts to cause each Demand Registration Statement and Shelf Registration Statement to be declared effective promptly and to keep such Demand Registration Statement and Shelf Registration Statement continuously effective until the earlier to occur of: (i) the sale or other disposition of the Registrable Securities so registered; (ii) sixty (60) days after (A) the effective date of any Demand Registration Statement or (B) the date of the final prospectus used to confirm sales in connection with any offering of Tranche Registrable Securities; and (iii) the termination of TI's registration rights pursuant to Section 4.10 hereof. Micron shall prepare and file with the SEC such amendments and supplements to each Demand Registration Statement and Shelf Registration Statement and each prospectus used in connection therewith as may be necessary to make and to keep such Demand Registration Statement and Shelf Registration Statement effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all Registrable Securities proposed to be distributed pursuant to such Demand Registration Statement and Shelf Registration Statement until the earlier to occur of: (i) the sale or other disposition of such Registrable Securities so registered; (ii) sixty (60) days after (A) the effective date of any Demand Registration Statement or (B) the date of the final prospectus used to confirm sales in connection with any offering of Tranche Registrable Securities; and (iii) the termination of TI's registration rights pursuant to Section 4.10 hereof.

(c) In connection with any underwritten offering pursuant to a Demand Registration Statement or a Shelf Registration Statement, Micron, on the one hand, and TI, on the other hand, shall each select one investment banking firm to serve as co-manager of such offering. The co-manager selected by Micron shall be subject to the prior approval of TI, which approval shall not be unreasonably withheld, and the co-manager selected by TI shall be subject to the prior approval of Micron, which approval shall not be unreasonably withheld. Each of the co-managers so selected by Micron and TI are hereinafter collectively referred to as the "DEMAND/TRANCHE MANAGING UNDERWRITERS." The Demand/Tranche Underwriter selected by TI shall be the lead Demand/Tranche Managing Underwriter, whose responsibilities shall include running the "books" for any offering. Micron shall, together with TI, enter into an underwriting agreement with the Demand/Tranche Managing Underwriters, which agreement shall contain representations, warranties, indemnities and agreements then customarily included by an issuer in underwriting agreements with respect to secondary distributions under demand registration statements or shelf registration statements, as the case may be, and shall stipulate that the Demand/Tranche Managing Underwriters will receive equal commissions and fees and other remuneration in connection with the distribution of any Demand Registrable Securities or Tranche Registrable Securities thereunder.

(d) Notwithstanding any other provision of this Agreement, the number of Demand Registrable Securities or Tranche Registrable Securities proposed to be distributed by TI pursuant to any Demand Request or Tranche Request may be limited by the Demand/Tranche Managing Underwriters if such Demand/Tranche Managing Underwriters determine that the sale of such Demand Registrable Securities or Tranche Registrable Securities would significantly and adversely affect the market price

of the Common Stock (a "DEMAND/TRANCHE MARKET CUT-BACK"). If TI disapproves of the terms of any proposed underwritten offering under a Demand Registration Statement or a Shelf Registration Statement (including, without limitation, any reduction in the number of Demand Registrable Securities or Tranche Registrable Securities, as the case may be, to be sold by TI thereunder pursuant to this Section 4.4(d)), TI may elect to withdraw therefrom by written notice to Micron and the Demand/Tranche Managing Underwriters. Any Demand Registrable Securities excluded or withdrawn from such underwriting shall also be withdrawn from any applicable Demand Registration Statement.

(e) Notwithstanding any other provisions of this Agreement, in the event that Micron receives a Demand Request, Shelf Request or Tranche Request at a time when Micron (i) shall have filed, or has a bona fide intention to file, a registration statement with respect to a proposed public offering of equity or equity-linked securities or (ii) has commenced, or has a bona fide intention to commence, a public offering of equity or equity-linked securities pursuant to an existing effective shelf or other registration statement, then Micron shall be entitled to suspend, for a period of up to ninety (90) days after the receipt by Micron of such Demand Request, Shelf Request or Tranche Request, the filing of any Demand Registration Statement or Shelf Registration Statement or the implementation of any Tranche Request.

(f) Notwithstanding any other provision of this Agreement, in the event that Micron determines that: (i) non-public material information regarding Micron exists, the immediate disclosure of which would be significantly disadvantageous to Micron; (ii) the prospectus constituting a part of any Demand Registration Statement or Shelf Registration Statement covering the distribution of any Demand Registrable Securities or Tranche Securities contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (iii) an offering of Demand Registrable Securities or Tranche Registrable Securities would materially interfere with any proposed material acquisition, disposition or other similar corporate transaction or event involving Micron (each of the events or conditions referred to in clauses (i), (ii) and (iii) of this sentence is hereinafter referred to as a "SUSPENSION CONDITION"), then Micron shall have the right to suspend the filing or effectiveness of any Demand Registration Statement or Shelf Registration Statement or to suspend any distribution of Demand Registrable Securities or Tranche Registrable Securities pursuant to any effective Demand Registration Statement or Shelf Registration Statement for so long as such Suspension Condition exists. Micron will as promptly as practicable provide written notice to TI when a Suspension Condition arises and when it ceases to exist. Upon receipt of notice from Micron of the existence of any Suspension Condition, TI shall forthwith discontinue efforts to: (i) file or cause any Demand Registration Statement or Shelf Registration Statement to be declared effective by the SEC (in the event that such Demand Registration Statement or Shelf Registration Statement has not been filed, or has been filed but not declared effective, at the time TI receives notice that a Suspension Condition has arisen); or (ii) offer or sell Demand Registrable Securities or Tranche Registrable Securities (in the event that such Demand Registration Statement or Shelf Registration Statement has been declared effective at the time TI receives notice that a Suspension Condition has arisen). In the event that TI had previously commenced or was about to commence the distribution of Demand Registrable Securities or Tranche Registrable Securities pursuant to a prospectus under an effective Demand Registration Statement or Shelf

Registration Statement, then Micron shall, as promptly as practicable after the Suspension Condition ceases to exist, make available to TI (and to each underwriter, if any, participating in such distribution) an amendment or supplement to such prospectus. If so directed by Micron, TI shall deliver to Micron all copies, other than permanent file copies then in TI's possession, of the most recent prospectus covering such Demand Registrable Securities or Tranche Registrable Securities at the time of receipt of such notice.

(g) Notwithstanding any other provision of this Agreement, Micron shall not be permitted to postpone (i) the filing or effectiveness of any Demand Registration Statement or Shelf Registration Statement or (ii) the distribution of any Demand Registrable Securities or Tranche Registrable Securities pursuant to an effective Demand Registration Statement or an effective Shelf Registration Statement pursuant to Sections 4.4(e), 4.4(f) or 4.9(a) hereof for an aggregate of more than two hundred seventy-five (275) days in any three hundred sixty-five (365) day period (including any market standoff periods applicable to TI pursuant to Section 4.9(a) hereof); provided, however, that in the event that any TI Pooling Transaction Lock-Up (as defined in Section 4.9(a) hereof) would expire by its terms on a date that would extend beyond the two hundred seventy-five (275) day limitation, then Micron shall have the right to (i) postpone the filing or effectiveness of any Demand Registration Statement or Shelf Registration Statement or (ii) the distribution of any Demand Registrable Securities or Tranche Registrable Securities pursuant to an effective Demand Registration Statement or an effective Shelf Registration Statement until such time as such TI Pooling Transaction Lock-Up expires.

(h) Micron shall promptly notify TI of any stop order issued or, to Micron's knowledge, threatened, to be issued by the SEC with respect to any Demand Registration Statement or Shelf Registration Statement as to which a Tranche Request is pending, and will use its best efforts to prevent the entry of such stop order or to remove it if entered at the earliest possible date.

(i) Micron shall furnish to TI (and any underwriters in connection with any underwritten offering) such number of copies of any prospectus (including any preliminary prospectus and any amended or supplemented prospectus), in conformity with the requirements of the Securities Act, as TI (and such underwriters) shall reasonably request in order to effect the offering and sale of any Demand Registrable Securities or Tranche Registrable Securities to be offered and sold, but only while Micron shall be required under the provisions hereof to cause the Demand Registration Statement or Shelf Registration Statement pursuant to which such Demand Registrable Securities or Tranche Registrable Securities are intended to be distributed to remain current.

(j) Micron shall use commercially reasonable efforts to register or qualify the Demand Registrable Securities and Tranche Registrable Securities covered by each Demand Registration Statement and Shelf Registration Statement, respectively, under the state securities or "blue sky" laws of such states as TI shall reasonably request, maintain any such registration or qualification current, until the earlier to occur of: (i) the sale of such Demand Registrable Securities or Tranche Registrable Securities so registered; (ii) sixty (60) days after (A) the effective date of any Demand Registration Statement or (B) the date of the final prospectus used to confirm sales in connection with such distribution (in the case of an offering of Tranche Registrable Securities pursuant to a Shelf Registration

Statement); and (iii) the termination of TI's registration rights pursuant to Section 4.10 hereof; provided, however, that Micron shall not be required to take any action that would subject it to the general jurisdiction of the courts of any jurisdiction in which it is not so subject or to qualify as a foreign corporation in any jurisdiction where Micron is not so qualified.

(k) Micron shall furnish to TI and to each underwriter engaged in an underwritten offering of Demand Registrable Securities or Tranche Registrable Securities, a signed counterpart, addressed to TI or such underwriter, of (i) an opinion or opinions of counsel to Micron (with respect to Micron and securities law compliance by Micron) and (ii) a comfort letter or comfort letters from Micron's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as TI or the managing underwriters may reasonably request.

(l) Micron shall use commercially reasonable efforts to make appropriate members of its management reasonably available for due diligence purposes, "road show" presentations and analyst presentations in connection with any distributions of Demand Registrable Securities or Tranche Registrable Securities pursuant to a Demand Registration Statement or a Shelf Registration Statement.

(m) Micron shall use commercially reasonable efforts to cause all Demand Registrable Securities and Tranche Registrable Securities to be listed on each securities exchange on which similar securities of Micron are then listed.

(n) At or prior to the effectiveness of any Demand Registration Statement or Shelf Registration Statement covering the offering of the 2005 Convertible Notes, Micron shall qualify the indenture (or any supplemental indenture) relating to such 2005 Convertible Notes under the Trust Indenture Act of 1939, as amended.

(o) Micron shall make generally available to its securityholders, as soon as reasonably practicable, an earnings statement covering a period of twelve (12) months, beginning three months after the effective date of any Demand Registration Statement relating to the distribution of Demand Registrable Securities or the date of any final prospectus used to confirm sales in connection with any offering of Tranche Registrable Securities, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act.

(p) Micron shall take all such other actions either reasonably necessary or desirable to permit the Registrable Securities held by TI to be registered and disposed of in accordance with the methods of disposition described herein.

4.5 Expenses.

(a) All of the out-of-pocket costs and expenses incurred by Micron in connection with any registration pursuant to Sections 4.1 and 4.2 shall (subject to Section 4.7) be borne by TI; provided that TI shall not be required to reimburse Micron for compensation of Micron's officers and employees, regular audit expenses, and normal corporate costs incurred in connection with such

registration. The costs and expenses of any such registration shall include, without limitation, the reasonable fees and expenses of Micron's counsel and its accountants and all other out-of-pocket costs and expenses of Micron incident to the preparation, printing and filing of the registration statement and all amendments and supplements thereto and the cost of furnishing copies of each preliminary prospectus, each final prospectus and each amendment or supplement thereto to underwriters, dealers and other purchasers of the securities so registered, the costs and expenses incurred in connection with the qualification of such securities so registered under the securities or "blue sky" laws of various jurisdictions, the fees and expenses of Micron's transfer agent and all other costs and expenses of complying with the provisions of this Section 4 with respect to such registration (collectively, the "REGISTRATION EXPENSES").

(b) Micron shall pay all Registration Expenses incurred by Micron in connection with any registration statements that are initiated pursuant to Section 4.3 of this Agreement. TI shall pay all expenses incurred on its behalf with respect to any registration pursuant to Section 4.3, including, without limitation, any counsel for TI and all underwriting discounts and selling commissions with respect to the Registrable Securities sold by it pursuant to such registration statement.

4.6 Indemnification.

(a) In the case of any offering registered pursuant to this Section 4, Micron hereby indemnifies and agrees to hold harmless TI (and its officers and directors), any underwriter (as defined in the Securities Act) of Registrable Securities offered by TI, and each Person, if any, who controls TI or any such underwriter within the meaning of Section 15 of the Securities Act against any losses, claims, damages or liabilities, joint or several, to which any such Persons may be subject, under the Securities Act or otherwise, and to reimburse any of such Persons for any legal or other expenses reasonably incurred by them in connection with investigating any claims or defending against any actions, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement under which such Registrable Securities were registered under the Securities Act pursuant to this Section 4, the prospectus contained therein (during the period that Micron is required to keep such prospectus current), or any amendment or supplement thereto, or the omission or alleged omission to state therein (if so used) a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, except insofar as such losses, claims, damages or liabilities arise out of or are (i) based upon any such untrue statement or omission or alleged untrue statement or omission made in reliance upon information furnished to Micron in writing by TI or any underwriter for TI specifically for use therein, or (ii) made in any preliminary prospectus, and the prospectus contained in the registration statement as declared effective or in the form filed by Micron with the SEC pursuant to Rule 424 under the Securities Act shall have corrected such statement or omission and a copy of such prospectus shall not have been sent or otherwise delivered to such Person at or prior to the confirmation of such sale to such Person.

(b) By requesting registration under this Section 4, TI agrees, if Registrable Securities held by TI are included in the securities as to which such registration is being effected, and

each underwriter shall agree, in the same manner and to the same extent as set forth in the preceding paragraph, to indemnify and to hold harmless Micron and its directors and officers and each Person, if any, who controls Micron within the meaning of the Securities Act against any losses, claims, damages or liabilities, joint or several, to which any of such Persons may be subject under the Securities Act or otherwise, and to reimburse any of such Persons for any legal or other expenses incurred in connection with investigating or defending against any such losses, claims, damages or liabilities, but only to the extent it arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission of a material fact in any registration statement under which the Registrable Securities were registered under the Securities Act pursuant to this Section 4, any prospectus contained therein, or any amendment or supplement thereto, which was based upon and made in conformity with information furnished to Micron in writing by TI or such underwriter expressly for use therein.

(c) Each party entitled to indemnification under this Section 4.6 (the "INDEMNIFIED PARTY") shall give notice to the party required to provide indemnification (the "INDEMNIFYING PARTY") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at its own expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 4 unless such failure resulted in actual detriment to the Indemnifying Party. No Indemnifying Party, (i) in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, which consent shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation, or (ii) shall be liable for amounts paid in any settlement if such settlement is effected without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

4.7 Issuances by Micron or Other Holders. As to each registration or distribution referred to in Sections 4.1 and 4.2, additional shares of the Common Stock to be sold for the account of Micron or other holders may be included therein, provided that the inclusion of such securities in such registration or distribution may be conditioned or restricted if, in the opinion of the Demand/Tranche Managing Underwriters, marketing factors require a limitation of the number of shares to be underwritten. The Registration Expenses incurred by Micron, TI and any other holders participating in such registration or distribution shall be borne by Micron, TI and any other holders participating in such registration or distribution in proportion to the aggregate number of shares to be sold by Micron, TI and such other holders.

4.8 Information by TI. TI shall furnish to Micron such information regarding TI in the distribution of Registrable Securities proposed by TI as Micron may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Article 4.

4.9 Market Standoff Agreements

(a) In connection with the public offering by Micron of any of its securities, TI agrees that, upon the request of Micron or the underwriters managing any underwritten offering of Micron's securities, TI shall agree in writing (the "TI PUBLIC OFFERING LOCK-UP") that neither TI (nor any Affiliate of TI) will, directly or indirectly, offer to sell, contract to sell, make any short sale of, or otherwise sell, dispose of, loan, gift, pledge or grant any options or rights with respect to, any securities of Micron (other than those included in such registration statement, if any) now or hereafter acquired by TI (or any Affiliate of TI) or with respect to which TI (or any Affiliate of TI) has or hereafter acquires the power of disposition without the prior written consent of Micron and such underwriters for such period of time (not to exceed fourteen (14) days prior to the date such offering is expected to commence and ninety (90) days after the date of the final prospectus delivered to the underwriters for use in confirming sales in such offering) as may be requested by Micron and the underwriters; provided, however, that neither TI (nor any Affiliate of TI) shall be bound by such TI Public Offering Lock-Up more than once during any twelve month period. Furthermore, TI agrees that, at the request of Micron, TI shall agree in writing (the "TI POOLING TRANSACTION LOCK-UP") that neither TI (nor any Affiliate of TI) shall, directly or indirectly, offer to sell, contract to sell, make any short sale of, or otherwise sell, dispose of, loan, pledge or grant any options or rights with respect to, any securities of Micron now or hereafter acquired directly by TI (or any Affiliate of TI) or with respect to which TI (or any Affiliate of TI) has or hereafter acquires the power of disposition without the prior written consent of Micron for such period of time as shall be necessary for Micron to complete any business combination transaction in the form of a pooling of interests; provided that Micron's independent accountants shall have concluded, after reasonable inquiry, that, at the relevant time with respect to such proposed pooling of interests transaction, TI is or was an "affiliate" of Micron for purposes of the accounting rules governing pooling of interests transactions. TI agrees that Micron may instruct its transfer agent to place stop-transfer notations in its records to enforce the provisions of the TI Public Offering Lock-Up and the TI Pooling Transaction Lock-Up contained in this Section 4.9(a).

(b) In connection with any proposed public offering by TI of any Registrable Securities, Micron agrees that, upon the request of TI or the underwriters managing any underwritten offering of TI's securities, Micron shall agree in writing (the "MICRON PUBLIC OFFERING LOCK-UP") that neither Micron (nor any Affiliate of Micron) will, directly or indirectly, offer to sell, contract to sell, make any short sale of, or otherwise sell, dispose of, loan, gift, pledge or grant any options or rights with respect to, any securities of Micron (other than those included in such registration statement, if any, or grants of stock options or issuances of Common Stock upon the exercise of outstanding stock options under Micron's existing employee benefit plans) now or hereafter acquired by Micron (or any Affiliate of Micron) or with respect to which Micron (or any Affiliate of Micron) has or hereafter acquires the power of disposition without the prior written consent of TI and such underwriters for such period of time (not to exceed fourteen (14) days prior to the date such offering is expected to commence and ninety (90) days) after the date of the final prospectus delivered to the underwriters for use in confirming sales in such offering) as may be requested by TI and the underwriters; provided, however, that neither

Micron (nor any Affiliate of Micron) shall bound by such Micron Public Offering Lock-Up more than once during any 180-day period.

4.10 Termination. The provisions of this Article 4 shall terminate upon the earlier to occur of: (i) five years after the date of the closing of transactions contemplated by the Acquisition Agreement; and (ii) such time as TI (and any Affiliates of TI) beneficially own in the aggregate less than 5,000,000 shares of Common Stock (assuming, for purposes of such calculation, the conversion of all Convertible Notes then held by TI (and any Affiliates of TI) into Common Stock).

SECTION 5

MISCELLANEOUS

5.1 Termination. This Agreement shall terminate upon the later to occur of: (i) the tenth anniversary date of this Agreement and (ii) such time as TI (together with all Affiliates of TI) beneficially owns in the aggregate Voting Securities of Micron representing less than five percent (5%) of the Total Voting Power of Micron or upon the closing or other completion of a Change in Control of Micron.

5.2 Governing Law. This Agreement shall be governed in all respects by the laws of the State of New York as applied to contracts entered into solely between residents of, and to be performed entirely within, such state.

5.3 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may not be assigned by a party without the prior written consent of the other party; provided that, without the consent of Micron, TI may assign this Agreement (and the rights and obligations hereunder) to any wholly-owned subsidiary in connection with a transfer of Voting Securities of Micron to such Affiliate of TI pursuant to Section 3.1(b), and without the consent of TI, Micron may assign all or part of this Agreement (and the rights and obligations hereunder) to the successor or an assignee of all or substantially all of Micron's business; provided that, in each case, such assignee expressly assumes the relevant obligations of this Agreement (by a written instrument delivered to the other party, in form and substance reasonably acceptable to it) and, notwithstanding such assignment, the parties hereto shall each continue to be bound by all of their respective obligations hereunder. This Agreement is not intended and shall not be construed to create any rights or remedies in any parties other than TI and Micron and no Person shall assert any rights as third party beneficiary hereunder.

5.4 Entire Agreement; Amendment. This Agreement contains the entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersedes all prior agreements and understandings among the parties relating to the subject matter hereof. Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by

a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

5.5 Notices and Dates.

(a) All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be delivered personally (including by courier) or given by facsimile transmission to the parties at the following addresses (or to such other address as a party may have specified by notice given to the other pursuant to this provision) and shall be deemed given when so received:

(i) if to Micron, to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho 83716-9632

Attention: Roderic W. Lewis, Esq.
General Counsel
Telephone: (208) 368-4517
Facsimile: (208) 368-4540

with a copy to:

Wilson Sonsini Goodrich & Rosati
650 Page Mill Road
Palo Alto, California 94304

Attention: Larry W. Sonsini, Esq.
John A. Fore, Esq.
Telephone: (650) 493-9300
Facsimile: (650) 493-6811

(ii) if to TI, to:

Texas Instruments Incorporated
7839 Churchill Way - MS
Dallas, Texas 75215

Attention: Richard J. Agnich, Esq.
General Counsel
Telephone: (972) 480-5050
Facsimile: (972) 480-5061

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017

Attention: Paul R. Kingsley, Esq.
Telephone: (212) 450-4277
Facsimile: (212) 450-5515

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

(b) In the event that any date provided for in this Agreement falls on a Saturday, Sunday or legal holiday, such date shall be deemed extended to the next business day.

5.6 Language Interpretation. In the interpretation of this Agreement, unless the context otherwise requires, (a) words importing the singular shall be deemed to import the plural and vice versa, (b) words denoting gender shall include all genders, (c) references to persons shall include corporations or other entities and vice versa, and (d) references to parties, sections, schedules, paragraphs and exhibits shall mean the parties, sections, schedules, paragraphs and exhibits of and to this Agreement, unless otherwise indicated by the context.

5.7 Table of Contents; Titles; Headings. The table of contents and section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement. All references herein to Articles and Sections, unless otherwise identified, are to Articles and Sections of this Agreement.

5.8 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by each party and delivered to the other party.

5.9 Severability. If any provision of this Agreement or portion thereof is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

5.10 Injunctive Relief. TI, on the one hand, and Micron, on the other, acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed

that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specific performance of the terms and provisions hereof in any court of the United States or any state thereof having jurisdiction, this being in addition to any other remedy to which they may be entitled at law or equity.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective authorized officers as of the date aforesaid.

MICRON TECHNOLOGY, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

TEXAS INSTRUMENTS INCORPORATED,
a Delaware corporation

By: _____

Name: _____

Title: _____

EXHIBIT F

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THIS NOTE IS SUBJECT TO THE TERMS OF A SECURITIES RIGHTS AND RESTRICTIONS AGREEMENT, DATED AS OF _____, 1998, AMONG THE COMPANY AND CERTAIN OTHER PARTIES INCLUDING THE INITIAL HOLDER OF THIS NOTE. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF ACKNOWLEDGES AND AGREES THAT IT IS BOUND BY THE TERMS OF SUCH AGREEMENT, INCLUDING, WITHOUT LIMITATION, A PROVISION THAT IT MAY NOT OFFER, SELL, ASSIGN, TRANSFER, PLEDGE, ENCUMBER OR OTHERWISE DISPOSE OF THIS NOTE OR ANY PORTION THEREOF OR INTEREST THEREIN TO ANY PERSON OTHER THAN (A) THE COMPANY, OR (B) PURSUANT TO A SALE TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A.

NOT LATER THAN 10 DAYS AFTER THE DATE OF ISSUANCE OF THIS NOTE, INFORMATION REGARDING THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE WILL BE MADE AVAILABLE TO THE HOLDER OF THIS NOTE UPON REQUEST TO THE CHIEF FINANCIAL OFFICER OF THE COMPANY.

MICRON TECHNOLOGY, INC.

SUBORDINATED PROMISSORY NOTE

Due [Insert 7th Anniversary of Closing Date], 2005

SN-1 Boise, Idaho
$210,000,000 [Time/Date],
1998

FOR VALUE RECEIVED, the undersigned, MICRON TECHNOLOGY, INC., a Delaware corporation (the "Company"), hereby promises to pay to the order of TEXAS INSTRUMENTS INCORPORATED, a Delaware corporation (together with its successors and assigns, "Holder" or "Holders"), the principal sum of Two Hundred Ten Million Dollars ($210,000,000) on [Insert 7th Anniversary of Closing Date], 2005, with interest from the date hereof (or the last interest payment date as to which interest has been paid, if earlier) on the unpaid balance

at a rate of six and one-half percent (6.5%) per annum. Accrued interest shall be payable semi-annually in arrears as provided in Section 2.1 hereof. Interest shall be calculated based on a 365/366-day year and the actual days elapsed. Payments of both principal and interest are to be made in lawful money of the United States of America as provided herein.

This Note, together with any other substantially identical (except as to denomination and name of the holder thereof) subordinated promissory notes of the Company which may be issued from time to time upon partial transfer hereof, are in an aggregate principal amount equal to $210,000,000 (collectively, the "Notes"). As used herein, the term "Note" includes this Note and any Note issued in exchange for this Note or in replacement hereof. Notes shall only be issued in denominations of $10,000,000 or any integral multiple of $1,000,000 in excess thereof.

Each Note shall be dated the date of its issuance, shall bear interest from its date of issuance stated therein (or the last interest payment date as to which interest had been paid (or the date of issuance of the first Note to have been issued, if no interest has yet been paid), if earlier). The Notes shall otherwise be substantially identical, except as to denomination and name of the Holder thereof. The Notes shall be issued only in fully registered form and shall each be substantially in the form hereof, appropriately completed. The Notes may have such letters, numbers or other marks of identification and such legends or endorsements not included hereon placed thereon as may be required to comply with any law or with any rules made pursuant thereto or with the rules of any securities exchange or governmental agency or as may, consistently herewith, be determined by the Company, as conclusively evidenced by its execution of such Notes.

The following is a statement of the rights of the Holder of this Note and the conditions to which this Note is subject, and to which the Holder hereof, by the acceptance of this Note, agrees:

1. Definitions. The following terms, as used herein, have the following
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meanings:

"Bankruptcy Code" means Title 11 of the United States Code.

"Bankruptcy, Insolvency or Liquidation Proceeding" means (i) any case commenced by or against the Company under any chapter of the Bankruptcy Code, any other proceeding for the reorganization, recapitalization or adjustment or marshaling of the assets or liabilities of the Company, any receivership or assignment for the benefit of creditors relating to the Company or any similar case or proceeding relative to the Company or its creditors, as such, in each case whether or not voluntary, (ii) any liquidation, dissolution, marshaling of assets or liabilities or other winding up of or relating to the Company, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency, and (iii) any other proceeding of any type or nature in which Claims against the Company generally are determined, proven or paid.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday, which is not a day in which banking institutions in Boise, Idaho, Dallas, Texas or New York, New York are authorized or obligated by law or executive order to close.

"Claim" is used as defined in the Bankruptcy Code, whether or not, in the context in which it appears, a case under the Bankruptcy Code is pending.

"Convertible Notes" means the 2005 Convertible Notes and the 2004 Convertible Notes.

"Designated Senior Debt" means the Company's obligations under any particular Senior Debt in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which the Company is a party) expressly provides that such Senior Debt shall be "Designated Senior Debt" for purposes of this Note (provided that such instrument, agreement or other document may place limitations and conditions on the right of such Senior Debt to exercise the rights of Designated Senior Debt).

"Holder" or "Holders" has the meaning given in the second paragraph hereof.

"Indenture" means that Indenture, dated as of June 15, 1997, between the Company and Norwest Bank Minnesota, National Association, as trustee, together with all amendments and supplements thereto.

"Note" and "Notes" have the meanings given in the preamble hereto.

"Person" shall mean and include an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Debt" means the principal of (and premium, if any) and interest, if any (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company whether or not such claim for post-petition interest is allowed in such proceeding), on, rent with respect to, and all fees and other amounts payable in connection with, the following, whether absolute or contingent, secured or unsecured, due or to become due, outstanding on the date hereof or hereafter created, incurred or assumed: (a) indebtedness of the Company evidenced by a credit or loan agreement, note, bond, debenture or other written obligation, including without limiting the generality of the foregoing the Convertible Notes, (b) all obligations of the Company for money borrowed, (c) all obligations of the Company evidenced by a note or similar instrument given in connection with the acquisition of any businesses, properties or assets of any kind, (d) obligations of the Company (i) as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles, (ii) as lessee under other leases for facilities, equipment or related assets, whether or not capitalized, entered into or leased

after the date hereof for financing purposes (as determined by the Company), (iii) under any lease or related document (including a purchase agreement) that provides that the Company is contractually obligated to purchase or cause a third party to purchase the leased property, and (iv) under such lease or related document to purchase or to cause a third party to purchase such leased property, (e) all obligations of the Company under interest rate and currency swaps, caps, floors, collars, hedge agreements, forward contracts, or similar agreements or arrangements, (f) all obligations of the Company with respect to letters of credit, bankers' acceptances or similar facilities (including reimbursement obligations and standby or commitment fees with respect to any of the foregoing), (g) all obligations of the Company issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable arising in the ordinary course of business), (h) all obligations of the type referred to in clauses (a) through (g) above of another Person and all dividends of another Person, the payment of which, in either case, the Company has assumed or guaranteed (or in effect guaranteed through an agreement to purchase or otherwise (including, without limitation, "take or pay" and similar arrangements)), or for which the Company is responsible or liable, directly or indirectly, jointly or severally, as obligor, guarantor or otherwise, or which is secured by a lien on property of the Company, and all obligations of the Company with respect thereto, and (i) renewals, extensions, modifications, replacements, restatements and refundings of, or any indebtedness or obligation issued in exchange for, any such indebtedness or obligation described in clauses (a) through (h) of this paragraph; provided, however, that Senior Debt shall not
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include the Notes or any such indebtedness or obligation if the terms of such indebtedness or obligation (or the terms of the instrument under which, or pursuant to which it is issued) expressly provide that such indebtedness or obligation is not superior in right of payment to the Notes.

"Subordinated Claims" means all present and future indebtedness and obligations of every type and description arising under or in respect of the Notes or other instrument, agreement, transaction, act or event in respect thereof and all other Claims in any manner based on, arising from or related to any such indebtedness or obligation, whether based on a contract or quasi-contract or founded on a tort or arising by law or otherwise.

"2004 Convertible Notes" means the Company's 7% Convertible Subordinated Notes due July 1, 2004 issued under the Indenture, as supplemented by the Supplemental Indenture dated as of June 15, 1997, between the Company and Norwest Bank Minnesota, National Association, as trustee.

"2005 Convertible Notes" means the Company's 6-1/2% Convertible Subordinated Notes due _____, 2005 issued under the Indenture, as supplemented by that certain supplemental indenture dated as of _____, 1998, between the Company and Norwest Bank Minnesota, National Association, as trustee.

2. Repayments and Payments of Principal and Interest on Notes.

2.1. Interest. Subject to the provisions of Section 6, interest is payable in arrears in cash on the last business day of each [Insert day and month of 6-month anniversary of Closing Date] and [Insert day and month of Closing Date] beginning [6-month anniversary of Closing Date]. Payment of all amounts due under the Notes shall be made by mail to the registered address of each Holder, or if such Holder shall elect, by wire transfer to the account designated by such Holder of immediately available funds; provided, however, that for any Holder to receive its interest or principal payments by wire transfer, the Company must receive such Holder's written bank wire transfer instructions by the record date (as defined below) for such payment. The Person in whose name any Note is registered at the close of business on the third business day prior to any interest or principal payment date (the "record date") shall be entitled to receive the interest, if any, payable on such interest payment date notwithstanding any transfer or exchange of such Note subsequent to the record date and prior to such interest or principal payment date.

2.2. Optional Prepayments of Notes. Subject to the provisions of Section 6, the Company may, at its option, prepay all or, from time to time, part of the principal amount of the Notes, without penalty or premium, together with interest on the principal amount so prepaid accrued to (but not including) the date fixed for such prepayment.

2.3. Allocation of Payments and Prepayments. Each payment or prepayment of principal of less than the entire unpaid principal amount of the Notes shall be allocated (in units of $1,000) by the Company among the Holders of the Notes at the time outstanding, in proportion, as nearly as practicable, to the respective aggregate unpaid principal amount of the Notes (not theretofore called for prepayment) then held by them, respectively, with adjustments, to the extent practicable, to equalize for any prior payments or prepayments not made in such proportion.

2.4. Notice of Prepayment to Holders. Not less than three (3) nor more than ten (10) days prior to the date fixed for each optional prepayment, the Company shall give notice thereof to the registered Holders of the Notes, specifying the date fixed for prepayment and the aggregate principal amount to be prepaid on such date. Such notice shall also contain instructions for the delivery of the Notes by the Holders to the Company. Subject to the provisions of Section 6, such notice shall be irrevocable.

2.5. Legal Holidays. In any case where any interest payment date or maturity date is not a Business Day, then (notwithstanding any other provision of the Notes), payment of interest or principal, as applicable, with respect to the Notes need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date or Maturity Date, as the case may be.

3. Certain Covenants of the Company.

3.1. Existence. The Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, provided that this Section 3.1 shall not apply to a consolidation or merger of the Company with or into another Person in which the Company is not the surviving Person or conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety to another Person provided that the transferee Person expressly assumes the due and punctual payment of the principal and interest on all of the Notes and the performance or observance of every covenant set forth in the Notes on the part of the Company to be performed or observed.

3.2. Maintenance of Properties. The Company will cause all properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as, and to the extent, in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business and not disadvantageous in any material respect to the Holders.

3.3. Payment of Taxes and Other Claims. The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all taxes, assessments and governmental charges levied or imposed upon the Company or upon the income, profits or property of the Company, and (b) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim (i) whose amount, applicability or validity is being contested in good faith by appropriate proceedings or (ii) if the failure to pay or discharge would not have a material adverse effect on the assets, business, operations, properties or condition (financial or otherwise) of the Company and its subsidiaries, taken as a whole.

3.4. 144A Information. For so long as any Notes remain outstanding, if the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company will furnish to Holders of Notes and to prospective purchasers of such Notes designated by such Holders the information required to be delivered pursuant to 144A(d)(4) under the Securities Act to permit compliance with Rule 144A under the Securities Act in connection with resales of Notes.

4. Events of Default; Acceleration.

4.1. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" with respect to the Notes:

(a) the Company defaults in the payment of the principal of any Note when the same becomes due and payable at maturity or otherwise (other than a default in the payment of principal resulting from application of Section 6 hereof); or

(b) the Company defaults in the payment of interest on any Note (other than a failure to pay interest resulting from application of Section 6 hereof) for 30 days after the same becomes due and payable; or

(c) the Company defaults in the performance of or breaches any covenant or warranty of the Company in this Note (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Holders of at least 25% in principal amount of the Notes at that time outstanding a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(d) any event or condition occurs which results in the acceleration of the maturity of any indebtedness under any bond, debenture, note or other evidence of indebtedness for money borrowed having an aggregate principal amount in excess of $50,000,000 or the Company fails to pay any such indebtedness at the final maturity thereof, and such indebtedness is not discharged, or such acceleration is not rescinded or annulled, within a period of 30 days after there has been given, by registered or certified mail, to the Company by the Holders of at least 25% in principal amount of the Notes at that time outstanding a written notice specifying such acceleration or failure to pay and stating that such notice is a "Notice of Default" hereunder; provided, however, -------- -------
that if any such failure, default or acceleration shall thereafter cease or be cured, waived, rescinded or annulled, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon cured, notwithstanding any receipt by the Company of a Notice of Default with respect thereto; or

(e) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

(f) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the

consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

4.2. Acceleration. In the event an Event of Default has occurred and is continuing, subject to the provisions of Section 6, the Holder or Holders of 25% or more in principal amount of the Notes at the time outstanding at its or their option may, by written notice or notices to the Company, declare the Notes due and payable, whereupon the same shall forthwith mature and become due and payable together with interest accrued thereon, without presentment, demand, protest or notice, all of which are hereby waived; provided, however, that such acceleration shall be automatic without the necessity of any such notice in the case of Events of Default under clause (e) or (f) above.

4.3. Waiver of Past Defaults. The Holders of not less than a majority in principal amount of the outstanding Notes may on behalf of the Holders of the Notes waive any past default thereunder and its consequences, except a default in the payment of principal of or any interest on the Note. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for all purposes; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

4.4. Rescission and Annulment. At any time after a declaration of acceleration with respect to the Notes has been made and before a judgment or decree for payment of the money due has been obtained, the Holders of a majority in principal amount of the outstanding Notes, by written notice to the Company, may rescind and annul such declaration and its consequences if the Company has paid all overdue interest on all Notes and the principal of any Notes which has become due otherwise than by such declaration of acceleration and all Events of Default with respect to the Notes, other than the non-payment of the principal of Notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 4.3.

5. Remedies. Subject to the provisions of Section 6 hereof, upon the acceleration of the amounts due under the Notes in accordance with Section 4 or if such amounts remain unpaid after the maturity date of the Notes, any Holder may proceed to protect and enforce any right, power or remedy granted to it under applicable law. If any Holder of any Note or holder of any other indebtedness of the Company gives any notice or takes any other action in respect of a claimed de fault, the Company will forthwith give written notice thereof to all Holders of the Notes at the time outstanding describing the notice or action and the nature of the claimed default. No course of

dealing and no delay on the part of any Holder of any Note in exercising any right, power or remedy will operate as a waiver thereof or otherwise prejudice such Holder's rights, powers or remedies. No right, power or remedy conferred hereby is exclusive of any other right, power or remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise.

6. Subordination of Notes.

6.1. Subordination. The Company hereby agrees and each Holder by its acceptance of this Note agrees that the Subordinated Claims are and shall be postponed, subordinated and junior in right of payment to the prior payment in full of all Senior Debt on the terms and conditions herein set forth.

6.2. Permitted Payments; Deferral of Payments. So long as there shall not have occurred and be continuing (i) a default in the payment of principal, premium, if any, or interest (including a default under any repurchase or redemption obligation) or other amounts with respect to any Senior Debt or (ii) any other event of default which has been declared in writing, or is automatically effective in the case of Bankruptcy, Insolvency or Liquidation Proceedings, with respect to any Designated Senior Debt (as such event of default is defined therein or in the instrument under which it is outstanding) and of which the Holder has received a notice (a "Blockage Notice") from the holders of such Designated Senior Debt (each of the events specified in clause (i) or clause (ii), a "Senior Default"), the Company shall be permitted to make, and each Holder to accept and receive, regularly scheduled payments of principal and accrued interest under this Note and any prepayment of principal that the Company has decided to make, as heretofore set forth. Notwithstanding any provision to the contrary contained in this Note, the Company shall not make, and no Holder shall demand, accept, receive or retain, any payment or distribution of any kind or character, whether in cash, property, securities or otherwise, on account or in respect of any Subordinated Claim after a Senior Default has occurred or deferral of interest on any Convertible Notes for a period of time (a "Deferral Period") in accordance with the terms thereof has occurred. Payments due under the Notes may be resumed (x) in the case of a deferral of interest, after the end of a Deferral Period (such payment to resume as set forth in the next paragraph of this Note), and (y) in the case of defaults referred to in clauses (i) and (ii) above, upon the earlier of:

(A) the date upon which the default is cured or waived or ceases to exist, or

(B) in the case of a default referred to in clause (ii) above, the date which is 179 days after the Blockage Notice is received,

unless this Section 6.2 otherwise prohibits the payment at the time of such payment (including, without limitation, as a result of a payment default with respect to the applicable Senior Debt as a consequence of the acceleration of the maturity thereof or otherwise).

If a Deferral Period shall occur, interest payable on all of the Notes on regular payment dates occurring during such Deferral Period shall be deferred and the Company shall be responsible for

the payment of, and the Company shall pay to the Person in whose name this Note is registered at the close of business on the record date immediately preceding the regular payment date hereunder next occurring after the termination of the Deferral Period, all interest then accrued and unpaid together with, to the extent permitted by law, interest thereon (compounded semi-annually on regular payment dates) at the rate specified for the Notes. The foregoing provisions shall apply during successive Deferral Periods with respect to the 2004 Convertible Notes and the 2005 Convertible Notes. The Company shall provide to the Holders written notice of the occurrence of any Deferral Period at the time notice thereof is given to the trustee under the Indenture, provided that any failure to do so shall not affect the deferral of interest payments which would occur pursuant to the terms hereof.

6.3. Prior Payment to Senior Debt Upon Acceleration. In the event that any Notes are declared due and payable before their stated maturity, then and in such event the Holders of the Senior Debt outstanding at the time such Notes so become due and payable shall be entitled to receive payment in full in cash or other payment satisfactory to the Holders of Senior Debt of all amounts due or to become due on or in respect of all Senior Debt before the Holders of the Notes are entitled to receive any payment by the Company on account of any Subordinated Claim. If the payment of Notes is accelerated because of an Event of Default, the Company shall promptly notify Holders of Senior Debt of the acceleration.

The provisions of this Section 6.3 shall not apply to any payment with respect to which Section 6.4 would be applicable.

6.4. Bankruptcy, Insolvency or Liquidation Proceedings. In the event of any Bankruptcy, Insolvency or Liquidation Proceeding:

(a) Priority of Payment. All Senior Debt shall be paid in full in cash (but excluding indemnification obligations which are then contingent and as to which no payment is then due and no claim or demand has then been made) before any Holder shall be entitled to receive any payment or distribution of any kind or character, whether in cash, property, securities or otherwise, in respect of this Note in such Bankruptcy, Insolvency or Liquidation Proceeding.

(b) Payments and Distributions on Subordinated Claims. Each holder of Senior Debt shall be entitled to receive any payment or distribution of any kind or character, whether in cash, property, securities or otherwise (including, without limitation, any such payment or distribution which may become payable or deliverable by reason of the payment of any other claim against the Company being subordinated to the payment of the Subordinated Claims), that may become payable or deliverable to Holders on account or in respect of any Subordinated Claim, for application to the payment of all Senior Debt, until all holders of Senior Debt have received payment in full in cash of all Senior Debt (but excluding indemnification obligations which are then contingent and as to which no payment is then due and no claim or demand has then been made).

(c) Delivery and Application. All such payments and distributions on account or in respect of Subordinated Claims shall be delivered by the debtor, trustee, receiver, disbursing agent or other Person making such payment or distribution in such Bankruptcy, Insolvency or Liquidation Proceeding directly to the holders of Senior Debt. If such payment or distribution consists of any property or securities other than cash, (i) such payment or distribution shall not be deemed applied to the payment of Senior Debt at any adjudicated or imputed value and (ii) such payment or distribution and all other and future non-cash payments and distributions on account or in respect of Subordinated Claims shall be delivered to and held by the holders of Senior Debt, until cash proceeds from such non-cash payments and distributions have been received by the holders of Senior Debt in an amount sufficient (with any other cash paid or distributed to them by or on behalf of the Company) to pay, in full and in cash, all of the Senior Debt (but excluding indemnification obligations which are then contingent and as to which no payment is then due and no claim or demand has then been made).

(d) Proof of Claim.

(1) If any Holder fails to file a proof of claim or other statement or demand in respect of its Subordinated Claims in such Bankruptcy, Insolvency or Liquidation Proceeding prior to the 30th day preceding any bar date or other deadline for filing a proof of claim or other such statement or demand therein, or if any such proof of claim, statement or demand filed by any Holder prior to such day is in any respect inadequate or insufficient (in the good faith opinion of any holder of Senior Debt), then each holder of Senior Debt shall have the right, but not the obligation, to execute and deliver (in the name of such Holder or in its own name but on behalf of such Holder, as such holder of Senior Debt may elect) and file in such Bankruptcy, Insolvency or Liquidation Proceeding any proof of claim, statement or demand which such holder of Senior Debt may determine to be required or appropriate in respect of such Subordinated Claim.

(2) To the extent necessary or reasonably appropriate to permit the holders of Senior Debt to exercise the right granted to them under this Section 6.4(d), each Holder hereby constitutes and appoints each holder of Senior Debt as its attorney-in-fact and agent, with full power of substitution and delegation, to execute, deliver and file any such proof of claim, statement or demand as herein provided, and the power of attorney granted herein (being coupled with an inter est) is and shall be in all respects irrevocable.

(3) No holder of Senior Debt shall, by executing, delivering or filing any such proof of claim, statement or demand, become liable or responsible in any respect for the legality, adequacy or sufficiency thereof.

(4) Each holder of Senior Debt filing any such proof of claim, statement or demand shall deliver or mail a copy thereof to the Company at least 10 days prior to filing such proof of claim, statement or demand, but the failure to deliver or mail such copy shall not in any respect (i) impose any liability on such holder or upon any other holder of Senior Debt or (ii) destroy, affect or impair the subordination provided hereby or any right, power or benefit hereby

granted to any holder of Senior Debt. The Company shall, promptly after its receipt thereof, deliver or mail a copy of such proof of claim, statement or demand to each Holder.

6.5. Enforcement Rights. No Holder shall have any right to enforce any Subordinated Claim, institute or attempt to institute any Bankruptcy, Insolvency or Liquidation Proceeding against the Company or otherwise to take any action against the Company or the Company's property during any periods payments on or distributions in respect of Subordinated Claims are prohibited under Section 6.2, 6.3 or 6.4 hereof.

6.6. Turnover. If and in each instance that any Holder receives any payment or distribution of any kind or character, whether in cash, property, securities or otherwise (including, without limitation, any such payment or distribution which may become payable or deliverable by reason of the payment of any other Claim against the Company being subordinated to the payment of any Subordinated Claim) on account or in respect of any Subordinated Claim which payment or distribution is prohibited by Section 6.2, 6.3 or 6.4, at any time when any Senior Debt or any commitment to extend credit which would constitute Senior Debt is outstanding, or at any time when payment of interest on any Convertible Notes is deferred as aforesaid, then and in each such event:

(a) Transfer and Delivery. Each Holder shall forthwith pay over, transfer and deliver such payment or distribution to the holders of Senior Debt, whether or not any Bankruptcy, Insolvency or Liquidation Proceeding is then pending, until the holders of Senior Debt have received payment in full and in cash of all outstanding Senior Debt (but excluding indemnification obligations which are then contingent and as to which no payment is then due and no claim or demand has then been made).

(b) Held in Trust. Each Holder hereby agrees to hold in trust for the holders of Senior Debt, in the identical form received (except for any necessary endorsement to the holders of Senior Debt) and as trustee of an express trust, all payments and distributions required to be paid over, transferred and delivered pursuant to this Section 6.6.

6.7. Subrogation. Subject to the prior payment in full and cash of any and all Senior Debt (but excluding indemnification obligations which are then contingent and as to which no payment is then due and no claim or demand has then been made), each Holder shall be subrogated to the rights of the holders of such Senior Debt to receive payments and distributions, whether in cash, property, securities or otherwise, applicable to the Senior Debt until such Holder's Subordinated Claim is paid in full. For such purposes:

(a) Postponement of Subrogation. No right of subrogation shall be available to or may be enforced by any Holder, unless and until the payment in full and in cash of all outstanding Senior Debt (but excluding indemnification obligations which are then contingent and as to which no payment is then due and no claim or demand has then been made).

(b) No Representation, Warranty or Responsibility. No holder of any Senior Debt makes any representation or warranty, or shall otherwise have any responsibility, as to whether any such right of subrogation is accorded or available to any Holder or is enforceable by it in any particular circumstance.

(c) No Duty; No Exoneration. No holder of any Senior Debt shall have any duty to any Holder to ensure, perfect, protect, enforce or maintain any right of subrogation that might otherwise be accorded or available to or enforceable by such Holder. The subordination provided herein and the rights of the holders of Senior Debt hereunder shall remain fully enforceable on the terms set forth herein, regardless of any act, omission or circumstance (whether or not attributable to any holder of any Senior Debt and whether or not wrongful) which does or might in any manner or in any respect destroy, limit, reduce, affect or impair any right of subrogation otherwise accorded or available to or enforceable by any Holder. Each holder of any Senior Debt shall remain utterly free to take or fail to take any and all actions in respect of any Senior Debt or any Person liable therefor or any collateral security therefor (including, without limitation, each and all of the acts, omissions and matters described in Section 6.8), without exonerating Holders, even if any right of subrogation is destroyed, limited, reduced, affected or impaired thereby.

(d) Disallowed Senior Debt. The subordination provided herein and the rights of the holders of Senior Debt hereunder shall be fully enforceable as to all Senior Debt which is not allowed, allowable or enforceable in any Bankruptcy, Insolvency or Liquidation Proceeding, even if and even though no right of subrogation is available in respect of such Senior Debt.

(e) Payment of Senior Debt. For purposes of enforcing any right of subrogation on the terms set forth in this Section 6.7, no payment or distribution on account of any Subordinated Claim arising in respect of this Note applied to the payment of Senior Debt shall, as between the Company and Holders and to the extent of the payment or distribution so applied, discharge the liability of the Company for the payment of such Senior Debt and, to this end, the Company shall remain obligated to pay such Senior Debt in full notwithstanding any such application.

6.8. Subordination Not Prejudiced, Affected or Impaired. No right of any present or future holder of any Senior Debt to enforce subordination as provided in this Note shall at any time in any way be prejudiced, affected or impaired by any act or failure to act on the part of the Company or by any act or failure to act on the part of any holder of Senior Debt or by any breach or default by the Company in the performance or observance of any promise, covenant or obligation enforceable by any Holder, regardless of any knowledge thereof that any holder of Senior Debt may have or otherwise be charged with.

(a) Certain Acts, Omissions and Events. Without in any way limiting the generality of the foregoing, each holder of any Senior Debt may at any time and from time to time, without the consent of or notice to Holder, without incurring any responsibility or liability to any

Holder and without in any manner prejudicing, affecting or impairing the subordination provided herein or the obligations of Holders to the holders of Senior Debt:

(1) Make loans and advances to the Company or issue, guaranty or obtain letters of credit for the account of the Company or otherwise extend credit to the Company, in any amount and on any terms, whether pursuant to a commitment or as a discretionary advance and whether or not any default or event of default or failure of condition is then continuing;

(2) Change the manner, place or terms of payment or extend the time of payment of, or renew or alter, compromise, accelerate, extend or refinance, any Senior Debt or any agreement, guaranty, lien or obligation of the Company or any other Person in any manner related thereto, or otherwise amend, supplement or change in any manner any Senior Debt or any such agreement, guaranty, lien or obligation;

(3) Increase or reduce the amount of any Senior Debt or the interest accruing thereon;

(4) Release or discharge any Senior Debt or any guaranty thereof or any agreement or obligation of the Company or any other Person with respect thereto;

(5) Take or fail to take any collateral security for any Senior Debt or take or fail to take any action which may be necessary or appropriate to ensure that any lien upon any property securing any Senior Debt is duly enforceable or perfected or entitled to priority as against any other lien or to ensure that any proceeds of any property subject to any lien are applied to the payment of any Senior Debt;

(6) Release, discharge or permit the lapse of any or all liens upon any property at any time securing any Senior Debt;

(7) Exercise or enforce, in any manner, order or sequence, or fail to exercise or enforce, any right or remedy against the Company or any collateral security or any other Person or property in respect of any Senior Debt or lien securing any Senior Debt or any right under this Note; or

(8) Sell, exchange, release, foreclose upon or otherwise deal with any property that may at any time be subject to any lien securing any Senior Debt.

(b) No Release or Exoneration. No exercise, delay in exercising or failure
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to exercise any right arising under this Section 6, no act or omission of any holder of any Senior Debt in respect of the Company or any other Person or any collateral security for any Senior Debt or any right arising under this Section 6, no change, impairment, or suspension of any right or remedy of any holder of any Senior Debt, and no other act, failure to act, circumstance, occurrence or event which, but for this provision, would or could act as a release or exoneration of the

obligations of any Holder hereunder shall in any way affect, decrease, diminish or impair any of the obligations of any Holder under this Note or give any Holder or any other Person any recourse or defense against any holder of Senior Debt in respect of any right arising under this Section 6.

6.9. Reinstatement. If any payment or distribution at any time made on account or in respect of any Senior Debt is thereafter rescinded, recovered, set aside, avoided or required to be returned, then such Senior Debt and all rights of the holder of such Senior Debt to enforce subordination as set forth herein shall be automatically and unconditionally reinstated, as fully as if such payment or distribution had never been made.

70 Amendments and Waivers. Neither this Note nor any term hereof may be amended or waived orally or in writing, except that any term of the Notes may be amended and the observance of any term of the Notes may be waived (either generally or in a particular instance and either retroactively or prospectively), and such amendment or waiver shall be applicable to all of the Notes, upon the approval of the Company and the Holders of fifty percent (50%) or more of the outstanding principal amount of all then outstanding Notes; provided, however, that any amendment to (i) the outstanding principal amount of the Notes, (ii) the rate of interest borne by the Notes, (iii) the date of maturity or interest payment dates of the Notes or (iv) this Section 7 shall require the approval of the Holder of each Note to which such amendment shall apply. The Company will not amend any provision of any other Note in a manner favorable to any Holder thereof unless a similar amendment is made or offered with respect to all of the Notes. Each Holder of this Note by its acceptance hereof acknowledges and agrees that the subordination provisions of this instrument are for the benefit of the holders of the Senior Debt and that, accordingly, no provision of Section 6 hereof may be amended or otherwise modified without the prior written consent of each holder of Senior Debt at such time outstanding.

80 Notices. Any notice or communication to the Company shall be given in writing and delivered in person or by overnight courier or mailed by certified or registered mail, return receipt requested, addressed as follows:

Micron Technology, Inc.
8000 South Federal Way
P. O. Box 6
Boise, Idaho 8379-9632
Attention: General Counsel.

Any notice or communication to a Holder shall be given in writing and delivered by telecopier, in person or by overnight courier or mailed by certified or registered mail, return receipt requested, addressed to the address of the Holder in the Note Register on the date of such notice or communication. The address of Seller, as original Holder, is as follows:

Texas Instruments Incorporated
7839 Churchill Way - MS

Dallas, Texas 75215

Attention: General Counsel

Any such notice or communication shall be effective (x) when received, if delivered in person, (y) on the next business day, if delivered by overnight courier and (z) when received, if delivered by mail.

90 Restrictions on Transfer. This Note has not been registered under the Securities Act, or the securities laws of any state or other jurisdiction. Neither this Note nor any interest or participation herein may be reoffered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of in the absence of such registration or unless such transaction is exempt from, or not subject to, registration. Each Holder by its acceptance of this Note agrees that it shall not offer, sell, assign, transfer, pledge, encumber or otherwise dispose of this note or any portion thereof or interest therein other than in a minimum denomination of $10,000,000 principal amount (or any integral multiple of $1,000,000 in excess thereof) and then only (a) to the Company, or (b) for so long as the securities are eligible for resale pursuant to Rule 144A, pursuant to a sale to a Person it reasonably believes is a "qualified institutional buyer" as defined in Rule 144A.

100 Transfer Agent and Registrar; Transfers of Notes.

10.1. Company Own Transfer Agent and Note Registrar. The Company shall serve as its own agent for the transfer and exchange of Notes and registrar to keep a register or registers in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration of Notes and the registration of transfers of Notes (the "Note Register"). The Note Register will be maintained at the office of the Company set forth in Section 8 hereof.

10.2. Transfer of Notes. Upon presentation of any Note for registration of transfer at the office of the Company set forth in Section 8 hereof accompanied by (i) certification by the transferor that such transfer is in compliance with the terms hereof and (ii) by a written instrument of transfer in a form approved by the Company executed by the registered Holder, in person or by such holder's attorney thereunto duly authorized in writing, and including the name, address and telephone and fax numbers of the transferee and name of the contact person of the transferee, such Note shall be transferred on the Note Register, and a new Note of like tenor and bearing the same legends shall be issued in the name of the transferee and sent to the transferee at the address and c/o the contact person so indicated. Transfers and exchanges of Notes shall be subject to such additional restrictions as are set forth in the legends on the Notes and to such additional reasonable regulations as may be prescribed by the Company. Successive registrations of transfers as aforesaid may be made from time to time as desired, and each such registration shall be noted on the Note Register. No service charge shall be made for any registration of transfer or exchange of the Notes, but the Company may require payment of a sum sufficient to cover any stamp or other tax or governmental charge in connection therewith.

10.3. Registered Holders Treated as Absolute Owners. The Company may deem and treat the Person in whose name any Note is registered on the Note Register as the absolute owner of such Note (whether or not such Note shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of and, subject to the provisions of this Agreement, interest on such Note and for all other purposes; and neither the Company nor any agent of the Company shall be affected by any notice to the contrary. All such payments so made to any such Person, or upon such Person's order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on any such Note.

10.4. Loss, Theft, Destruction or Mutilation of Note. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of a Note, and in the case of loss, theft or destruction, receipt of indemnity or security reasonably satisfactory to the Company, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of such Note, if mutilated, the Company will deliver a new Note of like tenor and dated as of such cancellation, in lieu of such Note.

110 Holder Representations. By its acceptance hereof, each Holder represents and warrants as follows:

11.1. Qualified Institutional Buyer. Such Holder is a "qualified institutional buyer" as such term is defined in Rule 144A under the Securities Act. Such Holder has been advised that this Note has not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless it is registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. Such Holder is aware that the Company is under no obligation to effect any such registration or to file for or comply with any exemption from registration. Such Holder has not been formed solely for the purpose of making this investment and is acquiring the Note for its own account, or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A, for investment, and not with a view to, or for resale in connection with, the distribution thereof.

11.2. Access to Information. The initial Holder of this Note acknowledges that the Company has given such Holder access to the corporate records and accounts of the Company and to all information in its possession relating to the Company, has made its officers and representatives available for interview by such Holder, and has furnished such Holder with all documents and other information required for such Holder to make an informed decision with respect to the acquisition of the Note.

120 General. This Note shall be governed by and shall be construed and enforced in accordance with the laws of the State of New York.

MICRON TECHNOLOGY, INC.

By_____
Name:
Title:

EXHIBIT G

This Supplemental Trust Indenture, dated as of June 15, 1997 (the "Supplemental Indenture"), between Micron Technology, Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), and Norwest Bank Minnesota, National Association, a national banking association organized and existing under the laws of the United States of America, as Trustee (the "Trustee"), supplementing that certain Indenture, dated as of June 15, 1997, between the Company and the Trustee (the "Indenture").

Recitals

A. The Company has duly authorized the execution and delivery of the Indenture to provide for the issuance from time to time of its unsecured debentures, notes, or other evidences of indebtedness to be issued in one or more series as provided for in the Indenture.

B. The Indenture provides that the Securities of each series shall be in substantially the form set forth in the Indenture, or in such other form as may be established by or pursuant to a Board Resolution or in one or more supplemental indentures thereto, in each case with such appropriate insertions, omissions, substitutions, and other variations as are required or permitted by the Indenture, and may have such letters, numbers, or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined to be required by the officers executing such securities, as evidenced by their execution thereof.

C. The Company and the Trustee have agreed that the Company shall issue and deliver, and the Trustee shall authenticate, Securities denominated "7% Convertible Subordinated Notes due July 1, 2004" (the "Notes") pursuant to the terms of this Supplemental Indenture and substantially in the form set forth below, in each case with such appropriate insertions, omissions, substitutions, and other variations as are required or permitted by the Indenture and this Supplemental Indenture, and with such letters, numbers, or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of such Securities.

[Form of Face of Security]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

MICRON TECHNOLOGY, INC.

7% Convertible Subordinated Note due July 1, 2004

No. _____ $_____

Micron Technology, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on July 1, 2004 and to pay interest thereon from June 24, 1997 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on January 1 and July 1 in each year, commencing January 1, 1998, at the rate of 7% per annum, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the December 15 or June 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date, subject to the right of the Company to defer interest during an Extension Period. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

So long as no Event of Default under the Indenture has occurred and is continuing, the Company shall have the right at any time during the term of the Securities to defer interest payments from time to time by extending the interest payment period for successive periods (each, an "Extension Period") not exceeding 4 consecutive semi-annual interest payment periods for each such period; provided, that no Extension Period may extend beyond the Stated Maturity
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of the Securities. At the end of each Extension Period, the Company shall be responsible for the payment of, and the Company shall pay to the Person in whose name this Security is registered at the close of business on the Regular Record Date next preceding such payment date all interest then accrued and unpaid together with interest thereon compounded semi-annually at the rate specified for the Securities to the extent permitted by applicable law; provided, that
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during any Extension Period, the Company shall not, and shall not allow any of its Subsidiaries to, (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the Company's capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities (including guarantees of indebtedness for money

borrowed) of the Company that rank pari passu with or junior to the Notes (other than (a) any dividend, redemption, liquidation, interest, principal or guarantee payment by the Company where the payment is made by way of securities (including capital stock) that rank pari passu with or junior to the securities on which such dividend, redemption, interest, principal or guarantee payment is being made, (b) purchases of the Company's Common Stock related to the issuance of the Company's Common Stock under any of the Company's benefit plans for its directors, officers or employees, (c) as a result of a reclassification of the Company's capital stock or the exchange or conversion of one series or class of the Company's capital stock for another series or class of the Company's capital stock, and (d) the purchase of fractional interests in shares of the Company's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged). Prior to the termination of any such Extension Period, the Company may further extend such Extension Period; provided, that such Extension Period together with all previous and further
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extensions thereof may not exceed 4 consecutive semi-annual interest payment periods and may not extend beyond the Stated Maturity of the Securities. Upon the termination of any Extension Period and the payment of all amounts then due, the Company may commence a new Extension Period, subject to the above requirements. No interest during an Extension Period shall be due and payable except at the end thereof.

The Company shall give written notice to the Trustee of its election to begin an Extension Period at least one Business Day prior to the earlier of (i) the Regular Record Date for the Interest Payment Date on the Securities that would have been payable but for the election to begin such Extension Period or (ii) if the Securities are listed on the New York Stock Exchange, Inc. ("NYSE") or other stock exchange or quotation system, the date the Company is required to give notice to the NYSE or other applicable self-regulatory organization or to Holders of the Securities of the Regular Record Date or the date such interest is payable.

Payment of the principal of (and premium, if any) and any interest on this Security will be made at Corporate Trust Office of the Trustee in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the
option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

MICRON TECHNOLOGY, INC.

By:

Title:

Attest:

The Trustee's certificates of authentication shall be in substantially the following form:

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

Dated:

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION,
As Trustee

By:

Authorized Officer

FORM OF REVERSE OF SECURITY

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of June 15, 1997 (herein called the "Indenture," which term shall have the meaning assigned to it in such instrument), between the Company and Norwest Bank Minnesota, National Association, as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture and all indentures supplemental thereto for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, the holders of Senior Debt and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to $500,000,000.

The Securities will not be subject to redemption prior to July 2, 1999 and will be redeemable on and after such date at the option of the Company, in whole or in part, upon not less than 20 nor more than 60 days notice to the Holders, at the Redemption Prices (expressed as percentages of the principal amount) set forth below; provided, however, that the Securities will not be redeemable
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following July 2, 1999 and before July 3, 2001 unless the Closing Price Per Share of the Company's

Common Stock is at least 130% of the Conversion Price for at least 20 Trading Days within a period of 30 consecutive Trading Days ending within five Trading Days of the call for redemption.

The Redemption Price (expressed as a percentage of principal amount) is as follows for the 12-month periods beginning on July 1 of the following years (beginning on July 2, 1999, and ending on June 30, 2000, in the case of the first such period):

Year	Redemption Price
1999.....	105%
2000.....	104%
2001.....	103%
2002.....	102%
2003.....	101%

and thereafter is equal to 100% of the principal amount, in each case together with accrued and unpaid interest (including any unpaid interest, compounded semi-annually, that has accrued during any Extension Period) to, but excluding, the Redemption Date; provided, however, that interest installments whose Stated
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Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

If a Change in Control occurs, the Holder of this Security, at the Holder's option, shall have the right, in accordance with the provisions of the Indenture, to require the Company to repurchase this Security (or any portion of the principal amount hereof that is $1,000 or any integral multiple of $1,000 in excess thereof, provided that the portion of the principal amount of this
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Security to be Outstanding after such repurchase is at least equal to $1,000) for cash at a Repurchase Price equal to 100% of the principal amount thereof plus interest accrued to, but excluding, the Repurchase Date (including any unpaid interest, compounded semi-annually, that has accrued during any Extension Period). At the option of the Company, the Repurchase Price may be paid in cash or, subject to the conditions provided in the Indenture, by delivery of shares of Common Stock having a fair market value equal to the Repurchase Price. For purposes of this paragraph, the fair market value of shares of Common Stock shall be determined by the Company and shall be equal to 95% of the average of the Closing Prices Per Share for the five consecutive Trading Days immediately preceding the second Trading Day prior to the Repurchase Date. Whenever in this Security there is a reference, in any context, to the principal of any Security as of any time, such reference shall be deemed to include reference to the Repurchase Price payable in respect of such Security to the extent that such Repurchase Price is, was or would be so payable at such time, and express mention of the Repurchase Price in any provision of this Security shall not be construed as excluding the Repurchase Price so payable in those provisions of this Security when such express mention is not

made; provided, however, that, for the purposes of the succeeding paragraph, such reference shall be deemed to include reference to the Repurchase Price only to the extent the Repurchase Price is payable in cash.

The indebtedness evidenced by this Security is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Debt of the Company, and this Security is issued subject to such provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to effectuate the subordination so provided and (c) appoints the Trustee as his or her attorney-in-fact for any and all such purposes.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

Subject to the provisions of the Indenture, the Holder of this Security is entitled, at its option, at any time on or before July 1, 2004 (except that, in case this Security or any portion hereof shall be called for redemption or submitted for repurchase, such right shall terminate with respect to this Security or portion hereof, as the case may be, so called for redemption or submitted for repurchase, as the case may be, at the close of business on the first Business Day next preceding the date fixed for redemption or repurchase, as the case may be, as provided in the Indenture unless the Company defaults in making the payment due upon redemption or repurchase, as the case may be), to convert the principal amount of this Security (or any portion hereof which is $1,000 or an integral multiple thereof) into fully paid and non-assessable shares of the Common Stock of the Company, as said shares shall be constituted at the date of conversion, at the Conversion Rate of 14.8272 shares of Common Stock for each $1,000 principal amount of Securities, or at the adjusted Conversion Rate in effect at the date of conversion determined as provided in the Indenture, upon surrender of this Security, together with the conversion notice hereon duly executed, to the Corporate Trust Office of the Trustee accompanied (if so required by the Company) by instruments of transfer, in form satisfactory to the Company and to the Trustee, duly executed by the Holder or by its duly authorized attorney in writing. Such surrender (other than during an Extension Period) shall, if made during any period beginning at the close of business on a Regular Record Date and ending at the opening of business on the Interest Payment Date next following such Regular Record Date (unless this Security or the portion being converted shall have been called for redemption on a Redemption Date during the period beginning at the close of business on a Regular Record Date and ending at the opening of business on the first Business Day after the next succeeding Interest Payment Date, or if such Interest Payment Date is not a Business Day, the second such Business Day), also be accompanied by payment in funds acceptable to the Company of an amount equal to the interest payable on such Interest Payment Date on the principal amount of this Security then being converted. Subject to the aforesaid requirement for payment and, in the case of a conversion after the Regular Record Date next preceding any Interest Payment Date and on or before such Interest Payment Date, to the right of the Holder of this Security (or any Predecessor Security) of record at such Regular Record Date to

receive an installment of interest (with certain exceptions provided in the Indenture), no adjustment is to be made on conversion for interest accrued hereon or for dividends on shares of Common Stock issued on conversion. If, during any Extension Period, this Security (or portion hereof) called for redemption is surrendered for conversion, any accrued and unpaid interest on this Security (or portion hereof) as of the Interest Payment Date occurring on or immediately preceding the conversion date for this Security shall be paid in cash to the Holder surrendering such Security for conversion. The Company is not required to issue fractional shares upon any such conversion, but shall make adjustment therefor as provided in the Indenture. The Conversion Rate is subject to adjustment as provided in the Indenture. In addition, the Indenture provides that in case of certain consolidations or mergers to which the Company is a party or the sale of substantially all of the assets of the Company, the Indenture shall be amended, without the consent of any Holders of Securities, so that this Security, if then outstanding, will be convertible thereafter, during the period this Security shall be convertible as specified above, only into the kind and amount of securities, cash and other property receivable upon the consolidation, merger or sale by a holder of the number of shares of Common Stock into which this Security might have been converted immediately prior to such consolidation, merger or sale (assuming such holder of Common Stock failed to exercise any rights of election and received per share the kind and amount received per share by a plurality of non-electing shares). In the event of conversion of this Security in part only, a new Security or Securities for the unconverted portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of more than 50% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time

Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Security, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common	UNIF GIFT MIN ACT -_____
TEN ENT	-	as tenants by the entireties (Cust)	
JT TEN	-	as joint tenants with right of Uniform survivorship and not as tenants in common	Custodian_____ under (Minor) Gifts to Minors Act_____ (State)

Additional abbreviations may also be used though not in the above list.

CONVERSION NOTICE

To Micron Technology, Inc.:

The undersigned owner of this Security hereby irrevocably exercises the option to convert this Security, or portion hereof (which is $1,000 or an integral multiple thereof) below designated, into shares of Common Stock of the Company in accordance with the terms of the Indenture referred to in this Security, and directs that the shares issuable and deliverable upon the conversion, together with any check in payment for fractional shares and any Securities representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If this Notice is being delivered (other than during an Extension Period) on a date after the close of business on a Regular Record Date and prior to the opening of business on the related Interest Payment Date (unless this Security or the portion thereof being converted has been called for redemption on a Redemption Date after the close of business on a Regular Record Date and prior to the opening of business on the first Business Day after the next succeeding Interest Payment Date, or if such Interest Payment Date is not a Business Day, the next such Business Day), this Notice is accompanied by payment, in funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date of the principal of this Security to be converted. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect hereto. Any amount required to be paid by the undersigned on account of interest accompanies this Security.

Principal Amount to be Converted
(in an integral multiple of $1,000, if less than all)
$ _____

Dated: _____ _____

_____

Signature(s) must be guaranteed by a qualified guarantor institution if shares of Common Stock are to be delivered, or Securities to be issued, other than to and in the name of the registered owner.

_____

Signature Guaranty

Fill in for registration of shares of Common Stock and Security if to be issued otherwise than to the registered Holder.

_____

(Name) Social Security or Other Taxpayer Identification Number

(Address)

ELECTION OF HOLDER TO REQUIRE REPURCHASE

(1) Pursuant to Section 601 of the Supplemental Indenture, the undersigned hereby elects to have this Security repurchased by the Company.

(2) The undersigned hereby directs the Trustee or the Company to pay it or _____ an amount in cash or, at the Company's election, Common Stock valued as set forth in the Indenture, equal to 100% of the principal amount to be repurchased (as set forth below), plus interest accrued to, but excluding, the Repurchase Date (including any unpaid interest, compounded semi-annually, that has accrued during any Extension Period), as provided in the Supplemental Indenture.

Dated:_____

_____
Signature(s)

Signature(s) must be guaranteed by an Eligible Guarantor Institution with membership in an approved signature guarantee program pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1943.

_____
Signature Guaranteed

Principal amount to be repurchased
(an integral multiple of $1,000): _____

Remaining principal amount following such repurchase
(not less than $1,000):_____

NOTICE: The signature to the foregoing Election must correspond to the Name as written upon the face of this Security in every particular, without alteration or any change whatsoever.

ARTICLE ONE
ISSUANCE OF NOTES.

Section 101 Issuance of Notes; Principal Amount; Maturity.

(a) On June 24, 1997, the Company shall issue and deliver to the Trustee, and the Trustee shall authenticate, Notes substantially in the form set forth above, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Indenture and this Supplemental Indenture, and with such letters, numbers, or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of such Notes.

(b) The Notes shall be issued in the aggregate principal amount of $435,000,000 (or $500,000,000 if the over-allotment option set forth in Section 3 of the Underwriting Agreement dated June 19, 1997 (as amended from time to time by the parties thereto) by and between the Company and the Underwriters is exercised in full) and shall mature on July 1, 2004.

Section 102 Interest on the Notes; Payment of Interest.

(a) The Notes shall bear interest at the rate of 7% per annum from June 24, 1997.

(b) The interest so payable, and punctually paid or duty provided for, on any Interest Payment Date shall, as provided in such Indenture, be paid to the Person in whose name a Note is registered at the close of business on the Regular Record Date for such interest, which shall be the December 15 or June 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date, subject to the right of the Company to defer interest during an Extension Period pursuant to 102(c). Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name the Note is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes of this series not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any Notes exchange on which the Notes of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

(c) So long as no Event of Default under the Indenture has occurred and is continuing, the Company shall have the right at any time during the term of the Notes to defer interest payments from time to time by extending the interest payment period for successive periods (each, an "Extension Period") not exceeding 4 consecutive semi-annual interest payment periods for each such period; provided, that no Extension Period may extend beyond the Stated Maturity
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of the Notes. At the end of each Extension Period, the Company shall be responsible for the payment of, and the Company shall pay to the Person in whose name this Security is registered at the close of business

on the Regular Record Date next preceding such payment date all interest then accrued and unpaid together with interest thereon compounded semi-annually at the rate specified for the Notes to the extent permitted by applicable law; provided, that during any Extension Period, the Company shall not, and shall not
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allow any of its Subsidiaries to, (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the Company's capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities (including guarantees of indebtedness for money borrowed) of the Company that rank pari passu with or junior to the Notes (other than (a) any dividend, redemption, liquidation, interest, principal or guarantee payment by the Company where the payment is made by way of securities (including capital stock) that rank pari passu with or junior to the securities on which such dividend, redemption, interest, principal or guarantee payment is being made, (b) purchases of the Company's Common Stock related to the issuance of the Company's Common Stock under any of the Company's benefit plans for its directors, officers or employees, (c) as a result of a reclassification of the Company's capital stock or the exchange or conversion of one series or class of the Company's capital stock for another series or class of the Company's capital stock, and (d) the purchase of fractional interests in shares of the Company's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged). Prior to the termination of any such Extension Period, the Company may further extend such Extension Period; provided, that such Extension Period together with all previous and
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further extensions thereof may not exceed 4 consecutive semi-annual interest payment periods and may not extend beyond the Stated Maturity of the Notes. Upon the termination of any Extension Period and the payment of all amounts then due, the Company may commence a new Extension Period, subject to the above requirements. No interest during an Extension Period shall be due and payable except at the end thereof.

The Company shall give written notice to the Trustee of its election to begin such Extension Period at least one Business Day prior to the earlier of (i) the Regular Record Date for the Interest Payment Date on the Notes that would have been payable but for the election to begin such Extension Period or (ii) if the Notes are listed on the New York Stock Exchange, Inc. ("NYSE") or other stock exchange or quotation system, the date the Company is required to give notice to the NYSE or other applicable self-regulatory organization or to Holders of the Notes of the Regular Record Date or the date such interest is payable.

(d) Payment of the principal of (and premium, if any) and any interest on the Notes shall be made at the Corporate Trust Office of the Trustee in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address appears in the Security Register.

ARTICLE TWO CERTAIN DEFINITIONS.

Section 201 Certain Definitions.

The terms defined in this Section 201 (except as herein otherwise expressly provided or unless the context of this Supplemental Indenture otherwise requires) for all purposes of this Supplemental Indenture and of any indenture supplemental hereto have the respective meanings specified in this Section 201. All other terms used in this Supplemental Indenture that are defined in the Indenture or the Trust Indenture Act, either directly or by reference therein (except as herein otherwise expressly provided or unless the context of this Supplemental Indenture otherwise requires), have the respective meanings assigned to such terms in the Indenture or the Trust Indenture Act, as the case may be, as in force at the date of this Supplemental Indenture as originally executed.

"Change of Control" has the meaning specified in Section 604 of this Supplemental Indenture.

"Closing Price Per Share" means, with respect to the Common Stock of the Company, for any day, the reported last sales price regular way per share or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case (i) on the New York Stock Exchange as reported in The Wall Street Journal (or other similar newspaper) for New York Stock Exchange Composite Transactions or, if the Common Stock is not listed or admitted to trading on such Exchange, on the principal (as determined by the Company's Board of Directors) national securities exchange on which the Common Stock is listed or admitted to trading or (ii) if not listed or admitted to trading on any national securities exchange, on the Nasdaq National Market, or, if the Common Stock is not listed or admitted to trading on any national securities exchange or quoted on the Nasdaq National Market, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by the Company for that purpose. If no such prices are available, the Closing Price Per Share shall be the fair value of a share as determined by the Board of Directors of the Company.

"Conversion Price" shall equal $1,000 divided by the Conversion Rate.

"Conversion Rate" has the meaning specified in Section 501 of this Supplemental Indenture.

"Extension Period" has the meaning specified in Section 102(c) of this Supplemental Indenture.

"Purchased Shares" has the meaning specified in Section 502(6) of this Supplemental Indenture.

"Record Date" shall mean any Regular Record Date or any Special Record Date.

"Redemption Date", when used with respect to any Note to be redeemed, means the date fixed for such redemption by or pursuant to this Supplemental Indenture.

"Redemption Price", when used with respect to any Note to be redeemed, means the price at which it is to be redeemed pursuant to this Supplemental Indenture.

"Repurchase Date" has the meaning specified in Section 601 of this Supplemental Indenture.

"Repurchase Price" has the meaning specified in Section 601 of this Supplemental Indenture.

"Trading Days" means (i) if the Common Stock is listed or admitted for trading on any national securities exchange, days on which such national securities exchange is open for business or (ii) if the Common Stock is quoted on the Nasdaq National Market or any similar system of automated dissemination of quotations of securities prices, days on which trades may be made on such system or (iii) if the Common Stock is not listed or admitted to trading on any national securities exchange or quoted on the Nasdaq National Market or similar system, days on which the Common Stock is traded regular way in the over-the-counter market and for which a closing bid and a closing asked price for the Common Stock are available.

ARTICLE THREE
CERTAIN COVENANTS.

The following covenant shall be applicable to the Company for so long as any of the Notes are outstanding. Nothing in this paragraph will, however, affect the Company's obligations under any provision of the Indenture or, except for Article Three hereof, this Supplemental Indenture.

Section 301 Registration and Listing.

The Company (i) will effect all registrations with, and obtain all approvals by, all governmental authorities that may be necessary under any United States Federal or state law (including the Securities Act, the Exchange Act and state securities and Blue Sky laws) before the shares of Common Stock issuable upon conversion of Notes may be lawfully issued and delivered, and thereafter publicly traded, and qualified or listed as contemplated by clause (ii); and (ii) will list the shares of Common Stock required to be issued and delivered upon conversion of the Notes prior to such issuance or delivery on The New York Stock Exchange or such other exchange or automated quotation as the Common Stock is then listed at such date of conversion.

ARTICLE FOUR
REDEMPTION OF NOTES

Section 401 Right of Redemption.

The Notes may be redeemed in accordance with the provisions of the form of Security set forth herein.

ARTICLE FIVE
CONVERSION OF NOTES

Section 501 Conversion Privilege and Conversion Rate.

Subject to and upon compliance with the provisions of this Article, at the option of the Holder thereof, any Note may be converted into fully paid and nonassessable shares (calculated as to each conversion to the nearest 1/100 of a share) of Common Stock of the Company at the Conversion Rate, determined as hereinafter provided, in effect at the time of conversion. Such conversion right shall commence immediately and expire at the close of business on July 1, 2004, subject, in the case of the conversion of any Global Security, to any applicable book-entry procedures of the Depositary therefor. In case a Note is called for redemption at the election of the Company or the Holder thereof exercises his right to require the Company to repurchase the Note, such conversion right in respect of the Note shall expire at the close of business on the Business Day next preceding the Redemption Date or the Repurchase Date (as defined in Article Six), as the case may be, unless the Company defaults in making the payment due upon redemption or repurchase, as the case may be (in each case subject as aforesaid to any applicable book entry procedures).

If, during any Extension Period, a Note (or portion thereof) called for redemption is surrendered for conversion, any accrued and unpaid interest on such Note (or portion thereof) as of the Interest Payment Date occurring on or immediately preceding the conversion date for such Note (or portion thereof) shall be paid in cash to the Holder surrendering such Note for conversion.

The rate at which shares of Common Stock shall be delivered upon conversion (herein called the "Conversion Rate") shall be initially 14.8272 shares of Common Stock for each $1,000 principal amount of Notes. The Conversion Rate shall be adjusted in certain instances as provided in this Article Five.

Section 502 Adjustment of Conversion Rate.

The Conversion Rate shall be subject to adjustment from time to time as follows:

(1) In case the Company shall pay or make a dividend or other distribution on Common Stock payable in shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by dividing such Conversion Rate by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such increase to become effective immediately after the opening of business on the day following the

date fixed for such determination. If, after any such date fixed for determination, any dividend or distribution is not in fact paid, the Conversion Rate shall be immediately readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution, to the Conversion Rate that would have been in effect if such determination date had not been fixed. For the purposes of this paragraph (1), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(2) In case the Company shall issue rights, options or warrants to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share (determined as provided in paragraph (8) of this Section 502) of the Common Stock on the date fixed for the determination of stockholders entitled to receive such rights, options or warrants (other than any rights, options or warrants that by their terms will also be issued to any Holder upon conversion of a Note into shares of Common Stock without any action required by the Company or any other Person), the Conversion Rate in effect at the opening of business on the day following the date fixed for such determination shall be increased by dividing such Conversion Rate by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such current market price and the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase, such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. If, after any such date fixed for determination, any such rights, options or warrants are not in fact issued, or are not exercised prior to the expiration thereof, the Conversion Rate shall be immediately readjusted, effective as of the date such rights, options or warrants expire, or the date the Board of Directors determines not to issue such rights, options or warrants, to the Conversion Rate that would have been in effect if the unexercised rights, options or warrants had never been granted or such determination date had not been fixed, as the case may be. For the purposes of this paragraph (2), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not issue any rights, options or warrants in respect of shares of Common Stock held in the treasury of the Company.

(3) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of Common Stock shall each be combined into a smaller number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be

proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(4) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock evidences of its indebtedness, shares of any class of capital stock, or other property (including securities, but excluding (i) any rights, options or warrants referred to in paragraph (2) of this Section, (ii) any dividend or distribution paid exclusively in cash, (iii) any dividend or distribution referred to in paragraph (1) of this Section) the Conversion Rate shall be adjusted so that the same shall equal the rate determined by dividing the Conversion Rate in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction of which the numerator shall be the current market price per share (determined as provided in paragraph (8) of this Section 502) of the Common Stock on the date fixed for such determination less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution filed with the Trustee) of the portion of the assets, shares or evidences of indebtedness so distributed applicable to one share of Common Stock and the denominator shall be such current market price per share of the Common Stock, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such distribution. If, after any such date fixed for determination, any such distribution is not in fact made, the Conversion Rate shall be immediately readjusted, effective as of the date the Board of Directors determines not to make such distribution, to the Conversion Rate that would have been in effect if such determination date had not been fixed.

(5) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash (excluding any cash that is distributed as part of a distribution referred to in paragraph (4) of this Section) in an aggregate amount that, combined together with (I) the aggregate amount of any other cash distributions to all holders of its Common Stock made exclusively in cash within the 12 months preceding the date of payment of such distribution and in respect of which no adjustment pursuant to this paragraph (5) has been made and (II) the aggregate of any cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution) of consideration payable in respect of any tender offer by the Company or any of its subsidiaries for all or any portion of the Common Stock concluded within the 12 months preceding the date of payment of such distribution and in respect of which no adjustment pursuant to paragraph (6) of this Section 502 has been made (the "combined cash and tender amount") exceeds 12.5% of the product of the current market price per share (determined as provided in paragraph (8) of this Section 502) of the Common Stock on the date for the determination of holders of shares of Common Stock entitled to receive such distribution times the number of shares of Common Stock outstanding on such date (the "aggregate current market price"), then, and in each such case, immediately after the close of business on such date for determination, the Conversion Rate shall be adjusted so that the same shall equal the rate determined by dividing the Conversion Rate in effect immediately prior to the close of business on the date fixed for determination of the stockholders entitled to receive such distribution by a fraction (i) the numerator

of which shall be equal to the current market price per share (determined as provided in paragraph (8) of this Section 502) of the Common Stock on the date fixed for such determination less an amount equal to the quotient of (x) the excess of such combined cash and tender amount over such aggregate current market price divided by (y) the number of shares of Common Stock outstanding on such date for determination and (ii) the denominator of which shall be equal to the current market price per share (determined as provided in paragraph (8) of this Section 502) of the Common Stock on such date for determination.

(6) In case a tender offer made by the Company or any Subsidiary for all or any portion of the Common Stock shall expire and such tender offer (as amended upon the expiration thereof) shall require the payment to stockholders (based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares (as defined below)) of an aggregate consideration having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution) that combined together with (I) the aggregate of the cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution), as of the expiration of such tender offer, of consideration payable in respect of any other tender offer by the Company or any Subsidiary for all or any portion of the Common Stock expiring within the 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this paragraph (6) has been made and (II) the aggregate amount of any cash distributions to all holders of the Company's Common Stock within 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to paragraph (5) of this Section has been made (the "combined tender and cash amount") exceeds 12.5% of the product of the current market price per share of the Common Stock (determined as provided in paragraph (8) of this Section 502) as of the last time (the "Expiration Time") tenders could have been made pursuant to such tender offer (as it may be amended) times the number of shares of Common Stock outstanding (including any tendered shares) as of the Expiration Time, then, and in each such case, immediately prior to the opening of business on the day after the date of the Expiration Time, the Conversion Rate shall be adjusted so that the same shall equal the rate determined by dividing the Conversion Rate immediately prior to close of business on the date of the Expiration Time by a fraction (i) the numerator of which shall be equal to (A) the product of (I) the current market price per share of the Common Stock (determined as provided in paragraph (8) of this Section 502) on the date of the Expiration Time multiplied by (II) the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time less (B) the combined tender and cash amount, and (ii) the denominator of which shall be equal to the product of (A) the current market price per share of the Common Stock (determined as provided in paragraph (8) of this Section 502) as of the Expiration Time multiplied by (B) the number of shares of Common Stock outstanding (including any tendered shares) as of the Expiration Time less the number of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the "Purchased Shares").

(7) The reclassification of Common Stock into securities including other than Common Stock (other than any reclassification upon a consolidation or merger to which Section 1409 of the Indenture applies) shall be deemed to involve (a) a distribution of such securities other than Common Stock to all holders of Common Stock (and the effective date of such reclassification shall

be deemed to be "the date fixed for the determination of stockholders entitled to receive such distribution" and "the date fixed for such determination" within the meaning of paragraph (4) of this Section), and (b) a subdivision or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision becomes effective" or "the day upon which such combination becomes effective", as the case may be, and "the day upon which such subdivision or combination becomes effective" within the meaning of paragraph (3) of this Section 502).

(8) For the purpose of any computation under paragraphs (2), (4), (5) or (6) of this Section 502, the current market price per share of Common Stock on any date shall be calculated by the Company and be deemed to be the average of the daily Closing Prices Per Share for the five consecutive Trading Days selected by the Company commencing not more than 10 Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. For purposes of this paragraph, the term "'ex' date", when used with respect to any issuance or distribution, means the first date on which the Common Stock trades regular way in the applicable securities market or on the applicable securities exchange without the right to receive such issuance or distribution.

(9) No adjustment in the Conversion Rate shall be required unless such adjustment (plus any adjustments not previously made by reason of this paragraph (9)) would require an increase or decrease of at least one percent in such rate; provided, however, that any adjustments which by reason of this paragraph (9) - -------- -------
are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be.

(10) The Company may make such increases in the Conversion Rate, for the remaining term of the Notes or any shorter term, in addition to those required by paragraphs (1), (2), (3), (4), (5) and (6) of this Section 502, as it considers to be advisable in order to avoid or diminish any income tax to any holders of shares of Common Stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such for income tax purposes. The Company shall have the power to resolve any ambiguity or correct any error in this paragraph (10) and its actions in so doing shall, absent manifest error, be final and conclusive.

(11) Notwithstanding the foregoing provisions of this Section, no adjustment of the Conversion Rate shall be required to be made (a) upon the issuance of shares of Common Stock pursuant to any present or future plan for the reinvestment of dividends or (b) because of a tender or exchange offer of the character described in Rule 13e-4(h)(5) under the Exchange Act or any successor rule thereto.

(12) To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least twenty

(20) days, the increase is irrevocable during such period, and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive; provided, however, that no such increase shall be taken into account for purposes of determining whether the Closing Price Per Share of the Common Stock exceeds the Conversion Price by 105% in connection with an event which would otherwise be a Change of Control pursuant to Section 604(4). Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall give notice of the increase to the Holders in the manner provided in Section 106 of the Indenture at least fifteen (15) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

ARTICLE SIX REPURCHASE OF NOTES AT THE OPTION OF THE HOLDER UPON A CHANGE OF CONTROL.

Section 601 Right to Require Repurchase.

In the event that a Change in Control (as hereinafter defined) shall occur, then each Holder shall have the right, at the Holder's option, but subject to the provisions of Section 602, to require the Company to repurchase, and upon the exercise of such right the Company shall repurchase, all of such Holder's Notes not theretofore called for redemption, or any portion of the principal amount thereof that is equal to $1,000 or any integral multiple of $1,000 in excess thereof (provided that no single Note may be repurchased in part unless the portion of the principal amount of such Note to be Outstanding after such repurchase is equal to $1,000 or integral multiples of $1,000 in excess thereof), on the date (the "Repurchase Date") that is 45 days after the date of the Company Notice (as defined in Section 603) at a purchase price equal to 100% of the principal amount of the Notes to be repurchased plus interest accrued to, but excluding, the Repurchase Date (including any unpaid interest that has accrued during the Extension Period) (the "Repurchase Price"); provided, however, that installments of interest on Notes whose Stated Maturity is on or prior to the Repurchase Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such on the relevant Record Date according to their terms and the provisions of Section 307 of the Indenture. Such right to require the repurchase of the Notes shall not continue after a discharge of the Company from its obligations with respect to the Notes in accordance with Article Four of the Indenture, unless a Change in Control shall have occurred prior to such discharge. At the option of the Company, the Repurchase Price may be paid in cash or, subject to the fulfillment by the Company of the conditions set forth Section 602, by delivery of shares of Common Stock having a fair market value equal to the Repurchase Price. Whenever in this Supplemental Indenture or the Indenture (including in the Form of Note, Section 101 of this Supplemental Indenture, and Sections 501(1) and 508 of the Indenture) there is a reference, in any context, to the principal of any Note as of any time, such reference shall be deemed to include reference to the Repurchase Price payable in respect of such Note to the extent that such Repurchase Price is, was or would be so payable at such time, and express mention of the Repurchase Price in any provision of this Supplemental Indenture shall not be construed as excluding the Repurchase Price in those provisions of this Supplemental Indenture or Indenture when such express mention is not made; provided,

however, that for the purposes of Article Fifteen of the Indenture such reference shall be deemed to include reference to the Repurchase Price only to the extent the Repurchase Price is payable in cash.

Section 602 Conditions to the Company's Election to Pay the Repurchase Price in Common Stock.

The Company may elect to pay the Repurchase Price by delivery of shares of Common Stock pursuant to Section 601 if and only if the following conditions shall have been satisfied:

(1) The shares of Common Stock deliverable in payment of the Repurchase Price shall have a fair market value as of the Repurchase Date of not less than the Repurchase Price. For purposes of Section 601 and this Section 602, the fair market value of shares of Common Stock shall be determined by the Company and shall be equal to 95% of the average of the Closing Prices Per Share for the five consecutive Trading Days immediately preceding the second Trading Day prior to the Repurchase Date;

(2) The Repurchase Price shall be paid only in cash in the event any shares of Common Stock to be issued upon repurchase of Notes hereunder (i) require registration under any federal securities law before such shares may be freely transferrable without being subject to any transfer restrictions under the Securities Act upon repurchase and if such registration is not completed or does not become effective prior to the Repurchase Date, and/or (ii) require registration with or approval of any governmental authority under any state law or any other federal law before such shares may be validly issued or delivered upon repurchase and if such registration is not completed or does not become effective or such approval is not obtained prior to the Repurchase Date;

(3) Payment of the Repurchase Price may not be made in Common Stock unless such stock is, or shall have been, approved for listing on the New York Stock Exchange or quotation on the Nasdaq National Market, in either case, prior to the Repurchase Date; and

(4) All shares of Common Stock which may be issued upon repurchase of Notes will be issued out of the Company's authorized but unissued Common Stock and, will upon issue, be duly and validly issued and fully paid and non-assessable and free of any preemptive rights.

If all of the conditions set forth in this Section 602 are not satisfied in accordance with the terms thereof, the Repurchase Price shall be paid by the Company only in cash.

Section 603 Notices; Method of Exercising Repurchase Right, Etc.

(1) Unless the Company shall have theretofore called for redemption all of the Outstanding Notes, on or before the 30th day after the occurrence of a Change in Control, the Company or, at the request and expense of the Company on or before the 15th day after such occurrence, the Trustee, shall give to all Holders of Notes, in the manner provided in Section 106 of the Indenture, notice (the "Company Notice") of the occurrence of the Change in Control and of the

repurchase right set forth herein arising as a result thereof. The Company shall also deliver a copy of such notice of a repurchase right to the Trustee.

Each notice of a repurchase right shall state:

(i) the Repurchase Date,

(ii) the date by which the repurchase right must be exercised,

(iii) the Repurchase Price, and whether the Repurchase Price shall be paid by the Company in cash or by delivery of shares of Common Stock,

(iv) a description of the procedure which a Holder must follow to exercise a repurchase right, and the place or places where such Notes, are to be surrendered for payment of the Repurchase Price and accrued interest, if any,

(v) that on the Repurchase Date the Repurchase Price, and accrued interest, if any, will become due and payable upon each such Note designated by the Holder to be repurchased, and that interest thereon shall cease to accrue on and after said date,

(vi) the Conversion Rate then in effect, the date on which the right to convert the principal amount of the Notes to be repurchased will terminate and the place or places where such Notes may be surrendered for conversion, and

(vii) the place or places that the Note certificate with the Election of Holder to Require Repurchase as specified in the form of Note shall be delivered.

No failure of the Company to give the foregoing notices or defect therein shall limit any Holder's right to exercise a repurchase right or affect the validity of the proceedings for the repurchase of Notes.

If any of the foregoing provisions or other provisions of this Article Six are inconsistent with applicable law, such law shall govern.

(2) To exercise a repurchase right, a Holder shall deliver to the Trustee on or before the 30th day after the date of the Company Notice (i) written notice of the Holder's exercise of such right, which notice shall set forth the name of the Holder, the principal amount of the Notes to be repurchased (and, if any Note is to repurchased in part, the serial number thereof, the portion of the principal amount thereof to be repurchased and the name of the Person in which the portion thereof to remain Outstanding after such repurchase is to be registered) and a statement that an election to exercise the repurchase right is being made thereby, and, in the event that the Repurchase Price shall be paid in shares of Common Stock, the name or names (with addresses) in which the certificate or

certificates for shares of Common Stock shall be issued, and (ii) the Notes with respect to which the repurchase right is being exercised. Such written notice shall be irrevocable, except that the right of the Holder to convert the Notes with respect to which the repurchase right is being exercised shall continue until the close of business on the Business Day prior to the Repurchase Date.

(3) In the event a repurchase right shall be exercised in accordance with the terms hereof, the Company shall pay or cause to be paid to the Trustee the Repurchase Price in cash or shares of Common Stock, as provided above, for payment to the Holder on the Repurchase Date or, if shares of Common Stock are to be paid, as promptly after the Repurchase Date as practicable, together with accrued and unpaid interest to the Repurchase Date payable with respect to the Notes as to which the repurchase right has been exercised; provided, however, -------- -------
that installments of interest that mature on or prior to the Repurchase Date shall be payable in cash to the Holders of such Notes, or one or more Predecessor Securities, registered as such at the close of business on the relevant Regular Record Date.

(4) If any Note (or portion thereof) surrendered for repurchase shall not be so paid on the Repurchase Date, the principal amount of such Note (or portion thereof, as the case may be) shall, until paid, bear interest to the extent permitted by applicable law from the Repurchase Date at the rate of 7% per annum, and each Note shall remain convertible into Common Stock until the principal of such Note (or portion thereof, as the case may be) shall have been paid or duly provided for.

(5) Any Note which is to be repurchased only in part shall be surrendered to the Trustee (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and make available for delivery to the Holder of such Note without service charge, a new Note or Notes, containing identical terms and conditions, each in an authorized denomination in aggregate principal amount equal to and in exchange for the unrepurchased portion of the principal of the Note so surrendered.

(6) Any issuance of shares of Common Stock in respect of the Repurchase Price shall be deemed to have been effected immediately prior to the close of business on the Repurchase Date and the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such repurchase shall be deemed to have become on the Repurchase Date the holder or holders of record of the shares represented thereby; provided, --------
however, that any surrender for repurchase on a date when the stock transfer - -------
books of the Company shall be closed shall constitute the Person or Persons in whose name or names the certificate or certificates for such shares are to be issued as the record holder or holders thereof for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open. No payment or adjustment shall be made for dividends or distributions on any Common Stock issued upon repurchase of any Note declared prior to the Repurchase Date.

(7) No fractions of shares shall be issued upon repurchase of Notes. If more than one Note shall be repurchased from the same Holder and the Repurchase Price shall be payable in shares of Common Stock, the number of full shares which shall be issuable upon such repurchase shall be computed on the basis of the aggregate principal amount of the Notes so repurchased. Instead of any fractional share of Common Stock which would otherwise be issuable on the repurchase of any Note or Notes, the Company will deliver to the applicable Holder a check for the current market value of such fractional share. The current market value of a fraction of a share is determined by multiplying the current market price of a full share by the fraction, and rounding the result to the nearest cent. For purposes of this Section, the current market price of a share of Common Stock is the Closing Price Per Share of the Common Stock on the Trading Day immediately preceding the Repurchase Date.

(8) Any issuance and delivery of certificates for shares of Common Stock on repurchase of Notes shall be made without charge to the Holder of Notes being repurchased for such certificates or for any tax or duty in respect of the issuance or delivery of such certificates or the Notes represented thereby; provided, however, that the Company shall not be required to pay any tax or duty
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which may be payable in respect of (i) income of the Holder or (ii) any transfer involved in the issuance or delivery of certificates for shares of Common Stock in a name other than that of the Holder of the Notes being repurchased, and no such issuance or delivery shall be made unless and until the Person requesting such issuance or delivery has paid to the Company the amount of any such tax or duty or has established, to the satisfaction of the Company, that such tax or duty has been paid.

(9) All Notes delivered for repurchase shall be delivered to the Trustee to be canceled at the direction of the Trustee, which shall dispose of the same as provided in Section 309 of the Indenture.

Section 604 Certain Definitions.

For purposes of this Article Six,

(1) the term "beneficial owner" shall be determined in accordance with Rule 13d-3, as in effect on the date of the original execution of this Supplemental Indenture, promulgated by the Commission pursuant to the Exchange Act;

(2) a "Change in Control" shall be deemed to have occurred at the time, after the original issuance of the Notes, of:

(i) the acquisition by any Person (including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act) of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of transactions, of shares of capital stock of the Company entitling such person to exercise 50% or more of the total voting power of all shares of capital stock of the Company entitled to vote generally in the elections

of directors (any shares of voting stock of which such person or group is the beneficial owner that are not then outstanding being deemed outstanding for purposes of calculating such percentage), other than any such acquisition by the Company, any Subsidiary of the Company or any employee benefit plan of the Company existing on the date of this Supplemental Indenture; or

(ii) any consolidation of the Company with, or merger of the Company into, any other Person, any merger of another Person into the Company, or any sale or transfer of all or substantially all of the assets (other than to a wholly-owned subsidiary of the Company) of the Company to any other Person (other than (a) any such transaction pursuant to which the holders of 50% or more of the total voting power of all shares of capital stock of the Company entitled to vote generally in elections of directors immediately prior to such transaction have, directly or indirectly, at least 50% or more of the total voting power of all shares of capital stock of the continuing or surviving corporation entitled to vote generally in elections of directors of the continuing or surviving corporation immediately after such transaction and (b) a merger (x) which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of capital stock of the Company or (y) which is effected solely to change the jurisdiction of incorporation of the Company and results in a reclassification, conversion or exchange of outstanding shares of Common Stock into solely shares of common stock);

provided, however, that a Change in Control shall not be deemed to have occurred
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if either (a) the Closing Price Per Share of the Common Stock for any five Trading Days within the period of 10 consecutive Trading Days ending immediately after the later of the Change in Control or the public announcement of the Change in Control (in the case of a Change in Control under clause 604(2)(i) above) or the period of 10 consecutive Trading Days ending immediately before the Change in Control (in the case of a Change in Control under clause 604(2)(ii) above) shall equal or exceed 105% of the Conversion Price of the Notes in effect on each such Trading Day, or (b) all of the consideration (excluding cash payments for fractional shares and cash payments made pursuant to dissenters' appraisal rights) in a merger or consolidation constituting the Change in Control described in clause 604(2)(i) and/or clause 604(2)(ii) above consists of shares of common stock traded on a national securities exchange or quoted on the Nasdaq National Market (or will be so traded or quoted immediately following the Change in Control) and as a result of such transaction or transactions the Notes become convertible solely into such common stock.

(3) for purposes of Section 604(2)(i), the term "person" shall include any syndicate or group which would be deemed to be a "person" under Section 13(d)(3) of the Exchange Act, as in effect on the date of the original execution of this Supplemental Indenture.

Section 605 Consolidation, Merger, etc.

In the case of any consolidation, conveyance, sale, transfer or lease of all or substantially all of the assets of the Company to which Section 1409 applies, in which the Common Stock of the Company is changed or exchanged as a result into the right to receive shares of stock and other securities or property or assets (including cash) which includes shares of Common Stock of the

Company or common stock of another Person that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States and such shares constitute at the time such change or exchange becomes effective in excess of 50% of the aggregate fair market value of such shares of stock and other securities, property and assets (including cash) (as determined by the Company, which determination shall be conclusive and binding), then the Person formed by such consolidation or resulting from such merger or combination or which acquires the properties or assets (including cash) of the Company, as the case may be, shall execute and deliver to the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) modifying the provisions of this Supplemental Indenture relating to the right of Holders to cause the Company to repurchase the Notes following a Change in Control, including without limitation the applicable provisions of this Article Six and the definitions of the Common Stock and Change in Control, as appropriate, and such other related definitions set forth herein as determined in good faith by the Company (which determination shall be conclusive and binding), to make such provisions apply in the event of a subsequent Change of Control to the common stock and the issuer thereof if different from the Company and Common Stock of the Company (in lieu of the Company and the Common Stock of the Company).

ARTICLE SEVEN
EVENT OF DEFAULT

Section 701 Event of Default.

In addition to the Events of Default set forth in Section 501 of the Indenture, the following will be an Event of Default under the Supplemental Indenture: any indebtedness under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company in a principal amount then outstanding in excess of $50,000,000 is not paid at final maturity thereof (either at its stated maturity or upon acceleration thereof), and such indebtedness is not discharged, or such acceleration is not rescinded or annulled, within a period of 30 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder.

ARTICLE EIGHT
MISCELLANEOUS

Section 801 Applicability of Certain Indenture Provisions.

Each of the defeasance and covenant defeasance provisions of Article Thirteen of the Indenture shall apply to the Notes.

Section 802 Reference to and Effect on the Indenture.

This Supplemental Indenture shall be construed as supplemental to the Indenture and all the terms and conditions of this Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture. Except as set forth herein, the Indenture heretofore executed and delivered is hereby (i) incorporated by reference in this Supplemental Indenture and (ii) ratified, approved and confirmed.

Section 803 Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision, or condition set forth in Article Three hereof if the Holders of a majority in principal amount of the outstanding Notes shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision, or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision, or condition shall remain in full force and effect.

Section 804 Supplemental Indenture May be Executed In Counterparts.

This instrument may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 805 Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed all as of the day and year first above written.

Micron Technology, Inc.

By:

Name:
Title:

Norwest Bank of Minnesota, National Association, as Trustee

By:

Name:
Title:

EXHIBIT H

PRICE ALLOCATION/TAX PARAMETERS:

1. The value of the Buyer Common Stock shall equal the average trading price on the Closing Date.

2. The Subordinated Notes and the Convertible Notes are indebtedness for Tax purposes. The Cash Payment is being made in the exchange described in Section 3.4 with Seller Note Purchasing Subsidiary.

3. The allocation can include an allocation among the assets acquired by Singapore Newco and Italian Newco pursuant to the Reorganization.

4. The transactions described in this Agreement shall be treated as taxable transactions. The contribution of assets to Singapore Newco and Italian Newco pursuant to the Reorganization will be, for U.S. federal and state Tax purposes, taxable transactions that do not qualify under Section 351 of the Code (or comparable provisions of state law).

5. No portion of the transaction represents consideration being paid to the Buyer, Italian Newco, or Singapore Newco (including in the form of a purchase price reduction) for the purpose of assuming liabilities or undertaking certain activities or obligations. There is no deemed consideration that is being paid to the Seller Group and repaid to the Buyer, Italian Newco, or Singapore Newco.

EXHIBIT I

TRANSITION SERVICES AGREEMENT

By and Between

PERRY
and
DIXIE

THIS TRANSITION SERVICES AGREEMENT (this "Agreement") is made effective as of the Closing Date by and between Perry, a Delaware corporation ("Seller" or "Perry") and Dixie, a Delaware corporation ("Buyer").

WITNESSETH

WHEREAS, Seller and Dixie have entered into that certain Acquisition Agreement dated as of June __, 1998 (the "Acquisition Agreement"), pursuant to which Seller agreed to sell to Dixie the "Acquired Assets" and Dixie has agreed to assume from Seller the "Assumed Liabilities" (all defined terms not defined herein shall have the meaning set forth in the Acquisition Agreement).

WHEREAS, in consideration of the historical interconnections between the Acquired Assets and Perry, the parties desire to provide certain support, services, goods, and facilities to each other in order to promote the efficient operation of their respective businesses, during the period in which the functional separation contemplated by the Acquisition Agreement will occur (the "Transition Services").

WHEREAS, such Transition Services shall be provided for the period specified in any applicable Supplemental Agreement, as defined below, or, if no such Supplemental Agreement, then for a period of twelve (12) months (the "Transition Period");

WHEREAS, Seller has agreed to provide to Buyer, and Buyer desires the right to purchase from Seller certain Transition Services on the terms and conditions more particularly set forth herein or as the parties may otherwise agree in writing;

WHEREAS, Seller desires Buyer to continue to provide, and the Buyer has agreed to continue to provide to Seller, certain Transition Services currently provided by the Business to Seller on the terms and conditions more particularly set forth herein or as the parties may otherwise agree in writing;

NOW, THEREFORE, in consideration of the mutual promises and agreement herein set forth, Seller and Buyer, intending to be legally bound, hereby agree as follows:

ARTICLE 1

NATURE OF THE AGREEMENT

1.1 The following are general terms and conditions under which Seller will provide to Buyer, and Buyer shall provided to Seller, the Transition Services. The Transition Services will be provided in accordance with these general terms and conditions and in accordance with the terms and conditions set forth in the Supplements attached hereto as Supplements _____ through _____ and made a part of this Agreement, and any future Supplemental Agreement hereto entered into between Seller and Buyer, as such agreements may be modified, amended or extended.

1.2 The terms of this Agreement and the applicable Supplemental Agreement shall both apply to the Services being performed. To the extent general terms contained herein are not contradicted by the terms of the Supplemental Agreement, the general terms in this Agreement shall govern. In any case where the terms of this Agreement and the terms of a Supplemental Agreement are in conflict, the terms of the Supplemental Agreement shall take precedence. In this regard it is agreed by the parties that the Supplemental Agreement may provide terms and conditions as to the nature, scope, volume and type of the Transition Services covered thereby, in which case the terms of the Supplemental Agreement shall prevail as to such matters.

1.3 In the event of any conflict between any preprinted terms on a purchase order that may be used between Seller and Buyer relating to the Services and the terms of this Agreement or any applicable Supplemental Agreement, the terms of this Agreement or the applicable Supplemental Agreement shall control and such purchase order shall be deemed binding, only if accepted in writing by the vendee thereof.

ARTICLE 2
SERVICES

2.1 The Transition Services shall include the Transition Services anticipated by the "Supplemental Agreements" described below. It is the basic intent of the parties that Transition Services of like kind, quality and amount, as performed prior to the date hereof by the Seller Group members for the Business, as customers, or as presently performed by the Business for the Seller Group members (other than the Buyer Operating Group members), as customers, will be made available to the party or parties needing such Transition Service as necessary to promote a smooth and efficient functional separation of the Business from the operations of Seller. In addition, the parties acknowledge that they may in good faith agree to include in the Supplemental Agreements services beyond (in volume, type and nature) those historically provided to the Business. When mutually agreed upon in a Supplemental Agreement, these Transition Services may include those reasonably necessary to support continued operation of the Business as such Business was conducted at the time of Closing and those reasonably necessary to provide for a smooth and orderly transition by Buyer into the operation of the Business as soon as reasonably practicable during the Transition Period. The Supplemental Agreements are:

2.1.1 Facilities Agreements. During the Transition Period, Seller will provide certain facilities and shared occupancy-related services to Buyer and Buyer will provide certain facilities and shared occupancy-related services to Seller, at the sites described on attached Supplement 1(a) upon the terms and conditions substantially in the form set forth in attached Supplement 1(b) (the "Facilities Agreements"). Seller and Buyer acknowledge that certain relocations, consolidations, and modifications to certain premises covered by the Facilities Agreements may be necessary in order to accomplish a functional separation of the respective operations of Seller and Buyer (the "Facilities Transition Activities"), and that the terms and conditions for such Facility Transition Activities will be set forth in the Facility Agreement for such premises. During the Transition Period, Seller and Buyer agree to use commercially reasonable efforts to facilitate a functional separation of their respective operations and complete the Transition Activities as soon as reasonably practicable. During the Transition Period, Seller and Buyer agree to cooperate in good faith to facilitate a smooth transition with minimal disruption to ongoing operations of both parties. If appropriate under the circumstances, a summary of any such anticipated Facilities Transition Activities, and the process and schedule therefore, shall be attached hereto as Supplement 1(c) (the "Facilities Transition Summary").

2.1.2 IT Transition Services Agreement. During the Transition Period, Seller will provide certain information technology systems and services support to Buyer, and Buyer will provide certain information technology systems and services support to Seller upon the terms and conditions set forth in Supplemental Agreement 2, and "IT Transition Services Agreement."

2.1.3 Finance and Accounting Transition Services Agreement. During the Transition Period, Seller will provide certain finance and accounting services support to Buyer, and Buyer will provide certain finance and accounting services support to Seller upon the terms and conditions set forth in Supplemental Agreement 3, the "Finance and Accounting Transition Services Agreement."

2.1.4 EPROM/FLASH Purchase Agreement. Seller shall provide Buyer with EPROM/FLASH products and related services upon the terms and conditions set forth in Supplemental Agreement 4, the "EPROM/FLASH Purchase Agreement."

2.1.5 Design Automation Service Agreement. Seller shall provide Buyer with design automation services upon the terms and conditions set forth in Supplemental Agreement 5, the "Design Automation Services Agreement."

2.1.6 Research and Development Services Agreement. Seller shall provide Buyer with SiTD research and development services upon the terms and conditions set forth in Supplemental Agreement 6, the "Research and Development Agreement."

2.1.7 Test Systems Service and Support Agreement. Seller shall provide Buyer with test systems service and support, [including, without limitation as appropriate, Laser Scriber and Product Redundancy Analyzing System services and support] upon the terms and conditions set forth in Supplemental Agreement 7, the "Test Systems Service and Support Agreement."

2.1.8 Wire Bonder Equipment Service and Support Agreement. Seller shall provide Buyer with wire bonder equipment service and support upon the terms and conditions set forth in Supplemental Agreement 8, the "Wire Bonder Equipment Service and Support Agreement."

2.1.9 Military Memory Products Purchase Agreement. Buyer shall provide Seller military memory product and related services support upon the terms and conditions set forth in Supplemental Agreement 9, the "Military Memory Products Purchase Agreement."

2.1.10 Quartz Material Purchase Agreement. Buyer shall provide Seller with quartz material and related services from the facility in Avezzano, Italy (to be conveyed from Seller to Buyer at Closing), upon the terms and conditions set forth in Supplemental Agreement 10, the "Quartz Material Purchase Agreement."

2.1.11 Human Resources Administration Transition Services Agreement. Seller shall provide Buyer certain human resources administrative and consulting services and Buyer shall provide certain human resources administrative and consulting services to Seller upon the terms and conditions set forth in Supplemental Agreement 11, the "Human Resources Administration Transition Services Agreement."

2.1.12 Purchasing and Logistics Transition Services Agreement Seller shall provide certain purchasing, inventory management, shipping, receiving and other logistics services and support to Buyer, and Buyer shall provide certain purchasing, inventory management, shipping, receiving and other logistics services and support to Seller, upon the terms and conditions set forth in Supplemental Agreement 12 the "Purchasing and Logistics and Transition Services Agreement."

2.1.xx [Insert such other Transition Services as the Buyer and Seller shall, after good faith discussions, agree upon in writing prior to the Closing in order to implement the spirit and intent of this Agreement, which Transition Services may include, as appropriate, administrative or commercial support commitments, such as (perhaps) manufacturing equipment installation assistance.]

2.2 The parties acknowledge and agree that there may be some services Seller or another Seller Group member (other than the Buyer Operating Group) provided to the Business, or the Business provided to Seller, that are not specifically identified in this Agreement, the Supplemental Agreements or the other agreements referred to herein, of which Buyer or Seller may not be aware until the time such service is needed (including during the Transition Period). Accordingly, in addition to the Transition Services described in Section 2.1, above, the parties further agree that, if "Additional Transition Services" not contemplated by this Agreement or the Supplemental Agreements under the provisions of Section 2.1, above, should be required to implement the spirit and intent of this Agreement, then, such Additional Transition Services as may be identified and mutually agreed upon in writing by the parties, shall be provided to the appropriate Buyer, a Buyer Operating Group member, Seller or a Seller Group member. Buyer and Seller shall document the inclusion in this Agreement of such Additional Transition Services hereunder by an amendment, letter agreement, or memorandum signed by duly authorized

representatives of both parties, referencing and incorporating (unless the parties agree otherwise in such document) this Agreement, as appropriate and agreed upon by the parties.

2.3 Except where otherwise specified in any Supplemental Agreement, the party providing the Services shall retain the right, in its reasonable discretion to select, change or outsource any equipment, materials, procedures, or personnel (including vendors, suppliers, or contractors) used in performing the Services so long as such action does not materially and adversely affect the costs, quality, kind or amount of the Services being provided including any required specifications in or pursuant to a Supplemental Agreement are satisfied. At its option, the party providing the services, without the consent of the other party, may assign or subcontract any or all of its rights and/or obligations hereunder to any of its subsidiaries or any entity acquiring substantially all of the assets of the business unit of the party by whom any particular service is provided under any of the Supplemental Agreements. As used herein, "subsidiary" has the meaning set forth in the Acquisition Agreement. If a party intends to assign or subcontract its rights and obligations hereunder or under any of the Supplemental Agreements as permitted by this Section 2.2, such party shall notify the other party within thirty (30) days prior to such assignment or subcontracting. Further, any permitted assignee or subcontractor shall be bound by the terms of this Agreement and any applicable Supplemental Agreement.

2.4 Unless otherwise specifically agreed, the party receiving a Service hereunder may terminate such Service or a portion thereof at any time by giving written notice to the other party. The parties shall cooperate to provide as much advance notice of termination as possible, but not fewer than thirty (30) days, unless mutually agreed.

ARTICLE 3
COMPENSATION

3.1 Unless otherwise specifically provided in any Supplemental Agreement, amounts payable for Transition Services shall be charged at the service provider's cost, it being the intent and agreement of the parties that the service provider shall not make a profit on charges for Transition Services, except as otherwise specifically agreed [CHECK WITH TAX: or to the extent the billing for the Transition Service is made by a service provider located in one country to a service recipient located in another, in which case any profit shall be limited to the minimum amount required by applicable Law].

3.2 In the event a service recipient for any reason, or a service provider in accordance with its rights under a Supplemental Agreement, elects to terminate a Transition Service, the recipient shall be liable for charges for such Transition Service performed accruing through the effective date of termination.

3.3 Where practical (i.e., where Transition Service-related charges are collected on Seller's financial systems) and unless otherwise provided in any Supplemental Agreement, Seller will account for all charges to be paid by Buyer to Seller and any charges to be paid by Seller to Buyer under this Agreement, any Supplemental Agreement, and any similar service-related agreements through a consolidated statement of account. As appropriate, such consolidated statements may be prepared and

administered on a country-specific basis reasonably agreed upon by Buyer and Seller. To facilitate the generation of these consolidated statements, Buyer shall collect Transition Service-related charges resident on Buyer financial systems and promptly forward such information to Seller for inclusion in the appropriate consolidated statement of account.

The consolidated statements shall include a summary of charges and a report detailing each category of charges for the previous billing month. The consolidated statements of account shall be issued no later than the fourteenth working day following the month to which the statement of account applies. Beginning on the Closing Date, Seller will issue the consolidated statements of account on a monthly basis.

3.4 Statements issued pursuant to 3.3 shall be due and payable within thirty (30) days from date of invoice, which shall be attached to the consolidated statement. All charges are in U.S. dollars unless otherwise stated and agreed by Buyer and Seller, and are net of any applicable taxes and fees imposed by any Government Agency as a result of either party's use of any services provided hereunder, which shall be such party's sole obligation to pay.

ARTICLE 4
COMMUNICATION AND ADMINISTRATION

4.1 Unless otherwise indicated in the relevant Supplemental Agreement, all notices, approvals, and other communications required or permitted by this Agreement to be given to Seller or Buyer shall be in writing and shall be delivered (i) in person or by a reputable courier service that provides receipt of delivery, (ii) by deposit in the U.S. or relevant country mail, postage prepaid, by certified or registered mail, return receipt requested, provided, however, the delivery of payment of routine invoices shall not be required to be by certified or registered mail; (iii) by an internationally recognized overnight courier service, or (iv) by facsimile delivery, confirmed, delivery in accordance with subparagraphs (i) or (iii) above; in each case addressed to the party concerned at its address or facsimile number as set forth below (or at such other address as a party may specify by written notice pursuant to this paragraph to the other party):

If to Perry: Perry
- -----------

Dallas, Texas _____ (on-site deliveries), or
P.O. Box _____, Mail Station ____
Dallas, Texas _____ (U.S. mail delivery)
Attention:
Facsimile No.: 972-_____

with a copy to: Perry
8505 Forest Lane, M/S 8658
P.O. Box 660199, M/S 8658

Dallas, TX 75266-0199 (U.S. mail delivery)
Attention: General Counsel MS 8658
Telecopy: (972) 480-5061

Perry
P.O. Box 650311, MS 3995
Dallas, Texas 75265
Attention: Manager, Corporate Development
Telecopy: (972) 917-3804

If to Buyer: Dixie
- -----------

Attention:_____
Facsimile No.:_____

with a copy to: Dixie

Attention:_____
Telecopy No.:_____

Communications sent by personal delivery, courier service, facsimile transmission as set forth above shall be effective upon receipt, provided any required confirmatory delivery is made. Communications sent by mail as set forth above shall be effective ten (10) days after deposit in the U.S. mail; twenty (20) days after deposit in non-U.S. mail.

ARTICLE 5
STANDARD OF CARE; DISCLAIMER

5.1 Each party hereby represents to the other and such party acknowledges that the Transition Services to be performed hereunder and under each of the Supplemental Agreements shall be performed in a professional and competent manner.

5.2 EXCEPT AS EXPRESSLY SET FORTH IN A SUPPLEMENTAL AGREEMENT, SELLER AND BUYER HEREBY DISCLAIM ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE TRANSITION SERVICES (OR ANY SERVICES PROVIDED BY THIRD PARTIES WITH WHOM EITHER PARTY CONTRACTS IN CONNECTION WITH THE PERFORMANCE OF THE TRANSITION SERVICES) OR GOODS OR PRODUCTS FURNISHED IN CONNECTION THEREWITH. FURTHER, NEITHER SELLER NOR BUYER REPRESENT

AND HEREBY SPECIFICALLY DISCLAIM ANY WARRANTY THAT GOODS OR SERVICES FURNISHED HEREUNDER WILL BE COMPLIANT WITH OR COMPREHEND THE YEAR 2000 CENTURY DATE CHANGE. SUCH DISCLAIMER IS NOT INTENDED TO AFFECT ANY DIRECT CLAIMS EITHER PARTY MAY ASSERT AGAINST ANY THIRD PARTY, NOR PREVENT THE PASS-THROUGH OR ASSIGNMENT OR ANY RIGHTS EITHER PARTY MAY HAVE AGAINST ANY THIRD PARTY, AND, WITH RESPECT TO YEAR 2000 MATTERS, TO EXPAND OR DIMINISH ANY OBLIGATIONS OF THE PARTIES SET FORTH IN THE ACQUISITION AGREEMENT.

5.3 The Transition Service provider hereunder (and/or under a Supplemental Agreements) shall use commercially reasonable efforts to obtain, for the benefit of the service recipient, the Permits and/or Approvals required to be obtained for the provision of such Transition Service, but such Transition Service provider shall not be liable for its inability to provide such Transition Service to the extent such failure results from the denial of necessary governmental approvals and consents, if such Transition Service provider has used all such commercially reasonable efforts to obtain such approval or consent.

ARTICLE 6
INDEMNIFICATION

6.1 Except to the extent of the negligence or willful misconduct of Seller or its Agents (as hereinafter defined), Buyer agrees to and shall defend, indemnify, and hold harmless Seller and its Agents from and against any and all third party claims, losses, liabilities, damages, fines, penalties, bodily injury, sickness, disease, death, obligations, costs and expenses whatsoever (including, without limitation, attorneys' fees, consultants' fees, experts' fees and court costs for third party claims) to the extent arising out of (i) the negligence of Buyer or its Agents, including, without limitation, their negligence in the performance or failure to perform the Transition Services to be performed by Buyer hereunder, or (ii) a third party claim by any employee, independent contractor or invitee of Seller related to the Seller's provision of Transition Services.

6.2 Except to the extent of the negligence or willful misconduct of Buyer or its Agents, Seller agrees to and shall defend, indemnify, and hold harmless the Buyer and its Agents from and against any and all third party claims, losses, liabilities, damages, costs, fines, penalties, bodily injury, sickness, disease, death, obligations, costs and expenses whatsoever (including, without limitation, attorneys' fees, consultants' fees, experts' fees and court costs for third party claims) arising out of the negligence of Seller or its Agents, including, without limitation, (i) their negligence in the performance or failure to perform the Transition Services to be performed by Seller hereunder, or (ii) a third party claim by any employee, independent contractor or invitee of Buyer related to the Buyer's provision of Transition Services.

6.3 The amount of any recovery, which a party seeking indemnification hereunder shall be entitled to receive shall be offset by the amount of insurance or other third party proceeds, if any, actually received by such party in respect of such liability.

6.4 EXCEPT AS RESULTING FROM A PARTY'S WILLFUL BREACH OF THIS AGREEMENT OR A PARTY'S WILLFUL MISCONDUCT, NEITHER PARTY SHALL HAVE ANY LIABILITY TO THE OTHER UNDER THIS AGREEMENT OR ANY SUPPLEMENTAL AGREEMENT FOR LOSS OF PRODUCT, LOSS OF PROFIT, LOSS OF USE, OR ANY OTHER INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGE.

6.5 The indemnification obligations set forth herein or in any of the Supplemental Agreements shall survive any termination of this Agreement.

[Prior to the closing, the parties' risk management departments will confer to determine the appropriate insurance or self-insurance policy to be implemented by the parties in connection with the Transition Services and the Supplemental Agreements.]

ARTICLE 7
CONFIDENTIAL INFORMATION AND MATERIAL

7.1 Seller and Buyer shall maintain and treat as confidential and secret all information and materials which may be disclosed by the other party in connection with such party's performance of Services hereunder and identified in writing thereon as being proprietary, confidential or secret (the "Confidential Information").

7.2 Seller and Buyer shall not disclose the Confidential Information to any third party, shall restrict disclosure of such information and material to employees who have a need to know, and shall employ the same standard of care each uses to protect its own proprietary, confidential or secret information and material of like importance.

7.3 Notwithstanding the foregoing, a party may disclose Confidential Information of the other party hereto to the extent that (a) disclosure is compelled by judicial or administrative process or, in the opinion of the disclosing party's counsel, by other requirements of law, or (b) such party can show that such Confidential Information (i) was publicly available prior to the date of this Agreement or thereafter becomes publicly available without any violation of this Agreement on the part of such party or its employees, agents, affiliates, associates or representatives, or (ii) became available to such party from a person other than the other party hereto that is subject to any legally binding obligation to keep such Confidential Information confidential.

7.4 The existence of this Agreement and any Supplemental Agreement and the terms and conditions hereof or thereof shall not be disclosed by any party without the prior written consent of the other parties (which shall not be unreasonably withheld), or as may be required by law or as may be necessary to establish a party's rights hereunder in a court of law or other legal proceeding.

7.5 The obligations of this Article 7 shall survive the expiration or termination of this Agreement.

ARTICLE 8
TERM AND TERMINATION

8.1 This Agreement shall commence as of the Closing Date and shall remain in effect for the Transition Period.

8.2 This clause shall not be deemed to waive, prejudice or diminish any rights Buyer or Seller may have at law or in equity against any third party.

ARTICLE 9
FORCE MAJEURE

9.1 Neither party shall be responsible for any delay or failure in performance or for any loss, damage, costs, charges and expenses incurred or suffered by the other party by reason thereof if such delay or failure results from the occurrence of an event beyond the reasonable control of such party and without the fault or negligence of such party ("force majeure") including, but not limited to, acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather, failure of suppliers, terrorism, or civil strife. If any party to this Agreement is rendered wholly or partially unable by an event or force majeure to carry out its obligations under this Agreement, and if that party gives prompt written notice and full particulars of such event of force majeure to the other party, the notifying party shall be excused from performance of its obligations hereunder during the continuance of any inability so caused, but for no longer period. Both parties shall use all commercially reasonable efforts to remove or avoid the condition as soon as commercially practicable.

ARTICLE 10
GOVERNING LAW

10.1 This Agreement and the Supplemental Agreements shall not be governed by the provisions of the 1980 United Nations Convention or Contracts for the International Sale of Goods, but shall be governed by, construed and interpreted and the rights of the parties determined in accordance with the laws of the State of New York without regard to the choice of law principles thereof.

10.2 Seller and Buyer recognize that application of non-U.S. law to the Agreement and/or the Supplemental Agreements (collectively, the "Transition Agreements") could serve to frustrate the intent or expectations of the parties as expressed therein (the "Intent"). Under such circumstances, the parties agree to cooperate reasonably to make such changes in this Agreement and the Supplemental Agreements, and to take such other actions as may be reasonably necessary, to implement the Intent under any applicable non-U.S. law or in any non-U.S. jurisdiction.

ARTICLE 11
ASSIGNMENT

11.1 Except as expressly provided in Section 2.3 hereof, no assignment of this Agreement or any Supplemental Agreement by any party hereto shall be permitted without the prior written consent to the other party, which consent shall not be unreasonably withheld or delayed.

ARTICLE 12
ADDITIONAL DOCUMENTS

12.1 Each party shall promptly execute and deliver or cause to be executed and delivered such additional documents, including but not limited to the Supplemental Agreements, as are reasonably required by any other party for the purpose of implementing this Agreement.

ARTICLE 13
GENERAL PROVISIONS

13.1 This Agreement, the Supplemental Agreements and the other Agreements referred to herein constitute the entire Agreement between the parties with respect to the subject matter hereof and supersede all previous communications, representations, understandings and agreements, either written or oral, between the parties.

13.2 If any provision of this Agreement or of any Supplemental Agreement or the application thereof to any party or circumstance shall be held to be invalid and unenforceable to any extent, the remainder of this Agreement or such Supplemental Agreement or the application thereof to any other party or circumstance shall not be affected thereby and each provision shall be valid and shall be enforced to the highest extent permitted by law.

13.3 The parties hereto shall act in all matters pertaining to this Agreement and the Supplemental Agreements as independent contractors and nothing contained herein or in any of the Supplemental Agreements and no action taken with respect to the provision of the Services shall constitute one party to be the agent, partner or joint venturer of any other party for any purpose whatsoever. Either party may delegate its obligations under this Agreement to any subsidiary of said party.

13.4 This Agreement and any Supplemental Agreement shall be modified only by an instrument in writing executed by duly authorized representatives of the parties thereto.

13.5 A waiver of breach, delay or failure to take action with respect to any previous default or failure by a party to fulfill its obligations under this Agreement or any Supplemental Agreement shall not be deemed to constitute a waiver of any other or subsequent default or failure by such party to fulfill

such obligations and shall not constitute or be construed as a continuing waiver and/or as a waiver of other subsequent defaults or breaches of the same or other (similar or otherwise) obligations or as a waiver of any remedy available.

13.6 Words of any gender used in this Agreement or any Supplemental Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural and vice versa, unless the context requires otherwise.

13.7 The article headings and section captions of this Agreement or any Supplemental Agreement are inserted for convenience only, and shall not be deemed to constitute part thereof or to affect the construction thereof.

13.8 As used herein "Agents" means, with respect to any principal, the officers, employees, servants, subsidiaries, agents of the principal and/or other persons for whom the principal is legally responsible. Any other capitalized term used, but not defined in this Agreement, shall have the meaning given it in the Acquisition Agreement.

13.9 Nothing herein or in any Supplemental Agreement is intended to confer on any person other than the Parties hereto or thereto any rights or remedies under or by reason of this Agreement or any Supplemental Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the Closing Date.

PERRY	DIXIE
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

Supplement 1(a)

FACILITIES TRANSITION SUMMARY

[Upon Closing, Buyer and Seller will occupy the following premises as further described in the applicable Facilities Agreements]:

I. Seller will lease or sublease portions of the following Buyer facilities (to be conveyed or assigned from Seller to Buyer at Closing):

Site	Addresses	Overlandlord (if applicable)	Approx. Sq.Ftg. subject to transition lease/sublease
Avezzano	Via Antonio Pacinotti 5/7 Nucleo Industriale 67051 Avezzano (AQ) Bldg. 2	N/A	
Singapore	Singapore (PTE) LTD. 990 Bendemeer Road Singapore 1233	Yes	

II. Buyer will lease or sublease portions of the following Seller facilities:

Site	Addresses	Overlandlord (if applicable)	Approx. Sq.Ftg. subject to transition lease/sublease
Jack Kilby Center (R&D1)	13570 N. Central Expy. Dallas, Texas 75243	N/A	
East Bldg.	13353 N. Central Expy. Dallas, Texas 75243	N/A	
DMOS 6	13011 Floyd Road Dallas, Texas 75265	N/A	
Forest Lane	8505 Forest Lane Dallas, Texas 75243	N/A	
Executive Center I	8390 LBJ Frwy. Dallas, Texas 75243	Yes	
Executive Center II	8360 LBJ Frwy. Dallas, Texas 75243	Yes	
Executive Center III	8330 LBJ Frwy.	Yes	

Site	Addresses	Overlandlord (if applicable)	Approx. Sq.Ftg. subject to transition lease/sublease
	Dallas, Texas 75243		
PAC Building	Floyd Road South Dallas, Texas	N/A	
Stafford (Houston)	12201 Southwest Freeway Stafford, Texas 77477	N/A	
Bangalore, India	Golf View Homes Wind Tunnel Road Murugeshpalayam Bangalore 560-017 India	Yes	
Hsinchu, Taiwan	6 Creation 2ns Rd. Hsinchu Science Based Industrial Park Hsinchu, Taiwan, R.O.C.	Yes	
Miscellaneous:	Additional leases/ subleases of other real property owned or leased by Seller Group member in connection with the Business, which is leased pursuant to the [Facilities Agreement] for the term stated therein as agreed upon by Buyer.	Yes	

EXHIBIT J

LIST OF CERTAIN EXCLUDED LIABILITIES

- Liabilities, Claims and Losses with respect to the Italian 1989 program contract relating to Italian government subsidies.

- Taxes with respect to Italy to the extent a tax clearance certificate is not obtained prior to Closing.

- Liabilities, Claims and Losses transferred to Italian Newco or Singapore Newco to the extent transferred by Seller or any Affiliate of Seller to such entity in violation of the terms of this Agreement.

EXHIBIT 10.110

MICRON TECHNOLOGY, INC.
1994 STOCK OPTION PLAN

1. Purposes of the Plan. The purposes of this Stock Option Plan are:

. to attract and retain the best available personnel for positions of substantial responsibility,

. to provide additional incentive to Employees and Consultants, and

. to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal requirements relating to the administration of stock option plans under Delaware corporate and securities laws and the Code.

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" means the acquisition by any person or entity, directly, indirectly or beneficially, acting alone or in concert, of more than thirty-five percent (35%) of the Common Stock of the Company outstanding at any time.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Committee" means a Committee appointed by the Board in accordance with Section 4 of the Plan.

(g) "Common Stock" means the Common Stock of the Company.

(h) "Company" means Micron Technology, Inc., a Delaware corporation.

(i) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services and who is compensated for such services. The term "Consultant" shall also include Directors who are not Employees of the Company.

(j) "Continuous Status as and Employee or Consultant" means that the employment or consulting relationship with the Company, any Parent, or Subsidiary, is not interrupted or terminated. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. A leave of absence approved by the Company shall include sick leave, military leave, or any other personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no such leave may exceed 90 days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 91st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

(k) "Director" means a member of the Board.

(l) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(m) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(o) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange, including without limitation the New York Stock Exchange ("NYSE"), or a national market system, the Fair Market Value of a Share of Common Stock shall be the average closing price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system (or the exchange with the greatest volume of trading in Common Stock) for the five business days preceding the day of determination, as reported in the The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is quoted on the over-the-counter market or is regularly quoted by a recognized securities dealer, but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(p) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(q) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(r) "Notice of Grant" means a written notice evidencing certain terms and conditions of an individual Option grant. The Notice of Grant is subject to the terms and conditions of the Option Agreement.

(s) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(t) "Option" means a stock option granted pursuant to the Plan.

(u) "Option Agreement" means a written agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(v) "Option Exchange Program" means a program whereby outstanding options are surrendered in exchange for options with a lower exercise price.

(w) "Optioned Stock" means the Common Stock subject to an Option.

(x) "Optionee" means an Employee or Consultant who holds an outstanding Option.

(y) "Parent" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Plan" means this 1994 Option Plan.

(aa) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(bb) "Share" means a share of the Common Stock, as adjusted in accordance with Section 12 of the Plan.

(cc) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code. In the case of an Option that is not intended to qualify as an Incentive Stock Option, the term "Subsidiary" shall also include any other entity in which the Company, or any Parent or Subsidiary of the Company has a significant ownership interest.

3. Stock Subject to the Plan. Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 32,000,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated); provided, however, that Shares that have actually been issued under the Plan shall not be returned to the Plan and shall not become available for future distribution under the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to different groups of Employees and Consultants.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Options granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy applicable laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of the Common Stock, in accordance with Section 2(o) of the Plan;

(ii) to select the Consultants and Employees to whom Options may be granted hereunder;

(iii) to determine whether and to what extent Options are granted hereunder;

(iv) to determine the number of shares of Common Stock to be covered by each Option granted hereunder;

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to reduce the exercise price of any Option to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option shall have declined since the date the Option was granted;

(viii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(ix) to prescribe, amend, and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(x) to modify or amend each Option (subject to Section 14(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option previously granted by the Administrator;

(xii) to institute and Option Exchange Program; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(xiv) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by an Optionee to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations, and interpretations shall be final and binding on all Optionees and any other holders of Options.

5. Eligibility. Nonstatutory Stock Options may be granted to Employees and Consultants. Incentive Stock Options may be granted only to Employees. If otherwise eligible, an Employee or Consultant who has been granted an Option may be granted additional Options.

6. Limitations.

(a) Each Option shall be designated in the Notice of Grant as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designations, to the extent that the aggregate Fair Market Value:

(i) of Shares subject to an Optionee's Incentive Stock Options granted by the Company or any Parent or Subsidiary, which

(ii) become exercisable for the first time during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time of grant.

(b) Neither the Plan nor any Option shall confer upon an Optionee any right with respect to continuing the Optionee's employment or consulting relationship with the Company, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such employment or consulting relationship at any time, with or without cause.

(c) The following limitations shall apply to grants of Options to Employees:

(i) No employee shall be granted, in any fiscal year of the Company, Options to purchase more than 500,000 Shares.

(ii) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 12.

(iii) If an Option is canceled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 12), the canceled Option will be counted against the limit set forth in Section 6(c)(i). For this purpose, if the exercise price of an Option is reduced, the transaction will be treated as a cancellation of the Option and the grant of a new Option.

7. Term of Plan. Subject to Section 18 of the Plan, the Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the shareholders of the Company as described in Section 18 of the Plan. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 14 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Notice of Grant; provided, however, that in the case of an Incentive Stock Option, the term shall be ten (10) years

from the date of grant or such shorter term as may be provided in the Notice of Grant. Moreover, in the case of an Incentive Stock Option granted to an Optionee who, at the time Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Notice of Grant.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be determined by the Administrator. In the case of a Nonstatutory Stock Option intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a merger or other corporate transaction.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised. In doing so, the Administrator may specify that an Option may not be exercised until the completion of a service period.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) promissory note;

(iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(v) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Shareholder. Any Option granted thereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate, either in book entry form or in certificate form, promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Employment or Consulting Relationship. Upon termination of an Optionee's Continuous Status as an Employee or Consultant, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option, but only within such period of time as is specified in the Notice of Grant, and only to the extent that the Optionee was entitled to exercise it as the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). In the absence of a specified time in the Notice of Grant, the Option shall remain exercisable for 30 days following the Optionee's termination of Continuous Status as an Employee or Consultant. In the case of an Incentive Stock Option, such period of time shall not exceed thirty (30) days from the date of termination. If, at the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. In the event that an Optionee's Continuous Status as an Employee or Consultant terminates as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within twelve (12) months from the date of such termination, but only to the extent that the Optionee was entitled to exercise it at the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). If, at the date of termination, the Optionee does not exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. In the event of the death of an Optionee, the Option may be exercised at any time within twelve (12) months following the date of death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent that the Optionee was entitled to exercise the Option at the date of death. If, at any time of death, the Optionee was not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall immediately revert to the Plan. If, after death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Suspension. Any Optionee who is also a participant in the Retirement at Micron ("RAM") Section 401(k) Plan and who requests and receives a hardship distribution from the RAM Plan, is prohibited from making, and must suspend, his or her employee elective contributions and employee contributions including, without limitation on the foregoing, the exercise of any Option granted from the date of receipt by that employee of the RAM hardship distribution.

11. Non-Transferability of Options. Unless determined otherwise by the Administrator, an Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. If the Administrator makes an Option transferable, such Option shall contain such additional terms and conditions as the Administrator deems appropriate.

12. Adjustments Upon Changes in Capitalization, Dissolution, Merger, or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option, and the number of issued shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per share of Common Stock covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding, and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, it will terminate immediately prior to the consummation of such proposed action. The Board may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each Optionee the right to exercise his or her Option as to all or any part of the Optioned stock, including Shares as to which the Option would not otherwise be exercisable.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option and Stock Purchase Right shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or Stock Purchase Right, the Optionee shall fully vest in and have the right to exercise the Option or Stock Purchase Right as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or Stock Purchase Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee in writing or electronically that the Option or Stock Purchase Right shall be fully vested and exercisable for a period of fifteen (15) days from the

date of such notice, and the Option or Stock Purchase Right shall terminate upon the expiration of such period.

(d) Change in Control. In the event of a Change in Control, the unexercised portion of the Option shall become immediately exercisable, to the extent such acceleration does not disqualify the Plan, or cause an Incentive Stock Option to be treated as a Nonstatutory Stock Option without the consent of the Optionee.

13. Date of Grant. The date of grant of an Option shall be, for all purposes, the date on which the Administrator makes the determination granting such Option, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend, or terminate the Plan.

(b) Shareholder Approval. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Section 422 of the Code (or any successor rule or statute or other applicable law, rule, or regulation, including the requirements of any exchange or quotation system on which the Common Stock is listed or quoted). Such shareholder approval, if required, shall be obtained in such a manner and to such a degree as is required by the applicable law, rule, or regulation.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension, or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

15. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, Applicable Laws, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

16. Liability of Company.

(a) Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

(b) Grants Exceeding Allotted Shares. If the Optioned Stock covered by an Option exceeds, as of the date of grant, the number of Shares which may be issued under the Plan without additional shareholder approval, such Option shall be void with respect to such excess Optioned Stock, unless shareholder approval of an amendment sufficiently increasing the number of shares subject to the Plan is timely obtained in accordance with Section 14(b) of the Plan.

17. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

18. Shareholder Approval. Continuance of the Plan shall be subject to approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under applicable federal and Delaware law.

EXHIBIT 10.113

MICRON TECHNOLOGY, INC.
NONSTATUTORY STOCK OPTION PLAN

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide additional incentive to Employees and Consultants, and
- to promote the success of the Company's business.

Nonstatutory stock options may be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal requirements relating to the administration of stock option plans and the issuance of stock and stock options under federal securities laws, Delaware corporate and securities laws, the Code, and the applicable laws of any foreign country or jurisdiction where options will be or are being granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" means the acquisition by any person or entity, directly, indirectly or beneficially, acting alone or in concert, of more than thirty-five percent (35%) of the Common Stock of the Company outstanding at any time.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Committee" means a Committee appointed by the Board in accordance with Section 4 of the Plan.

(g) "Common Stock" means the Common Stock of the Company.

(h) "Company" means Micron Technology, Inc., a Delaware corporation.

(i) "Consultant" means any person, including an advisor, engaged by the Company or a parent, subsidiary or affiliate to render services. The term "Consultant" shall not include any person who is also an Officer or Director of the Company.

(j) "Continuous Status as an Employee or Consultant" means that the employment or consulting relationship with the Company, any parent, subsidiary, or affiliate, is not interrupted or terminated. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of (i) any leave of absence approved by the Company, (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor or (iii) change in status from either an Employee to a Consultant or a Consultant to an Employee. A leave of absence approved by the Company shall include sick leave, military leave, or any other personal leave approved by an authorized representative of the Company.

(k) "Director" means a member of the Board.

(l) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(m) "Employee" means any person, except Officers and Directors, employed by the Company or any parent, subsidiary or affiliate of the Company.

(n) "Fair Market Value" means, as of any date, the average closing price for the Company's Common Stock (or the closing bid, if no sales were reported) as quoted on any established stock exchange, including without limitation the New York Stock Exchange ("NYSE"), or a national market system (or the exchange with the greatest volume of trading in Common Stock) for the five business days preceding the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable.

(o) "Notice of Grant" means a written notice evidencing certain terms and conditions of an individual Option grant. The Notice of Grant is subject to the terms and conditions of the Option Agreement.

(p) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(q) "Option" means a nonstatutory stock option granted pursuant to the Plan. Such option is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(r) "Option Agreement" means a written agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(s) "Option Exchange Program" means a program whereby outstanding options are surrendered in exchange for options with a lower exercise price.

(t) "Optioned Stock" means the Common Stock subject to an Option.

(u) "Optionee" means an Employee or Consultant who holds an outstanding Option.

(v) "Plan" means this Nonstatutory Stock Option Plan.

(w) "Share" means a share of the Common Stock, as adjusted in accordance with Section 12 of the Plan.

3. Stock Subject to the Plan. Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 9,801,544. The Shares may be authorized, but, unissued, or reacquired Common Stock.

If an Option expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated).

4. Administration of the Plan.

(a) Procedure. The Plan shall be administered by (A) the Board or (B) a committee designated by the Board, which committee shall be constituted to satisfy Applicable Laws. Once appointed, such Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of the Common Stock;

(ii) to select the Consultants and Employees to whom Options may be granted hereunder;

(iii) to determine whether and to what extent Options are granted hereunder;

(iv) to determine the number of shares of Common Stock to be covered by each Option granted hereunder;

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to reduce the exercise price of any Option to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option shall have declined since the date the Option was granted;

(viii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(ix) to prescribe, amend, and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(x) to modify or amend each Option (subject to Section 14(b) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option previously granted by the Administrator;

(xii) to institute and Option Exchange Program;

(xiii) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option that number of Shares having a Fair Market Value equal to the amount required to be withheld; and

(xiv) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations, and interpretations shall be final and binding on all Optionees and any other holders of Options.

5. Eligibility. Options may be granted to Employees and Consultants.

6. Limitations. Neither the Plan nor any Option shall confer upon an Optionee any right with respect to continuing the Optionee's employment or consulting relationship with the Company, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such employment or consulting relationship at any time, with or without cause.

7. Term of Plan. The Plan shall become effective upon its adoption by the Board. It shall continue in effect until terminated under Section 14 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Notice of Grant.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator.

(b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised. In doing so, the Administrator may specify that an Option may not be exercised until either the completion of a service period or the achievement of performance criteria with respect to the Company or the Optionee.

(c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) promissory note;

(iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(v) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Shareholder. Any Option granted thereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives: (i) written notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares, promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Employment or Consulting Relationship. Upon termination of an Optionee's Continuous Status as an Employee or Consultant, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option, but only within such period of time as is specified in the Notice of Grant, and only to the extent that the Optionee was entitled to exercise it as the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). In the absence of a specified time in the Notice of Grant, the Option shall remain exercisable for 30 days following the Optionee's termination of Continuous Status as an Employee or Consultant. If, at the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. In the event that an Optionee's Continuous Status as an Employee or Consultant terminates as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within twelve (12) months from the date of such termination, but only to the extent that the Optionee was entitled to exercise it at the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). If, at the date of termination, the Optionee does not exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not

exercise his or her option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. In the event of the death of an Optionee, the Option may be exercised at any time within twelve (12) months following the date of death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent that the Optionee was entitled to exercise the Option at the date of death. If, at any time of death, the Optionee was not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall immediately revert to the Plan. If, after death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Suspension. Any Optionee who is also a participant in the Retirement at Micron ("RAM") Section 401(k) Plan and who requests and receives a hardship distribution from the RAM Plan, is prohibited from making, and must suspend, his or her employee elective contributions and employee contributions including, without limitation on the foregoing, the exercise of any Option granted from the date of receipt by that employee of the RAM hardship distribution.

11. Non-Transferability of Options. Unless otherwise specified by the Administrator in the Option Agreement, an Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

12. Adjustments Upon Changes in Capitalization, Dissolution, Merger, or Asset Sale.
- ----

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option, and the number of issued shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per share of Common Stock covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding, and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, it will terminate immediately prior to the consummation of such proposed action. The Board may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each Optionee the right to exercise his or her Option as to all or any part of the Optioned stock, including Shares as to which the Option would not otherwise be exercisable.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option may be assumed or an equivalent option or right may be substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. The Administrator may, in lieu of such assumption or substitution, provide for the Optionee to have the right to exercise the Option as to all or a portion of the Optioned Stock, including Shares as to which it would not otherwise be exercisable. If the Administrator makes an Option exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee that the Option shall be fully exercisable for a period of thirty (30) days from the date of such notice, and the Option will terminate upon the expiration of such period. For the purposes of this paragraph, the Option shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase, for each Share of Optioned Stock subject to the Option immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, for each Share of Optioned Stock subject to the Option, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

(d) Change in Control. In the event of a Change in Control, the unexercised portion of the Option shall become immediately exercisable.

13. Date of Grant. The date of grant of an Option shall be, for all purposes, the date on which the Administrator makes the determination granting such Option, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend, or terminate the Plan.

(b) Effect of Amendment or Termination. No amendment, alteration, suspension, or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

15. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares shall comply with all Applicable Laws and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

16. Liability of Company. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

17. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

EXHIBIT 10.123

THIRD AMENDMENT TO FIRST AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

THIS THIRD AMENDMENT TO FIRST AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT (the "Amendment"), dated as of May 28, 1998, is entered into by and among MICRON TECHNOLOGY, INC. (the "Company"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent for itself and the Banks (the "Agent"), and the several financial institutions party to the Credit Agreement (collectively, the "Banks").

RECITALS

A. The Company, Banks, and Agent are parties to a First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997, as amended by a First Amendment to First Amended and Restated Revolving Credit Agreement dated as of November 28, 1997 and a Second Amendment to First Amended and Restated Revolving Credit Agreement dated as of February 26, 1998 (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 Agent and the Banks agree to certain amendments of the Credit Agreement.

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

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

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Credit Agreement.

2. Amendments to Credit Agreement.

(a) Section 1.01 of the Credit Agreement shall be amended at the defined term "Applicable Fee Percentage" by amending and restating such defined term in its entirety to read as follows:

"Applicable Fee Percentage" means, for any date, the per annum percentage amount set forth below based on the Leverage Ratio set forth in the Compliance Certificate most recently delivered pursuant to Section 6.02(a):

Level	Leverage Ratio	Applicable Fee Percentage
1	Less than 0.250	0.200%
2	Greater than or equal to 0.250 but less than 0.350	0.275%
3	Greater than or equal to 0.350 but less than 0.500	0.325%
4	Greater than or equal to 0.500	0.400%

The Applicable Fee Percentage shall be adjusted automatically as to the commitment fee then accruing effective as of the 90th day after the end of each fiscal year and the 45th day of the end of the first three fiscal quarters of each fiscal year based on the Leverage Ratio set forth in the most recently delivered Compliance Certificate; provided, however, that
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for the period from the Third Amendment Effective Date through the 45th day after the end of the Company's fiscal quarter ending May 28, 1998, the Applicable Percentage shall be Level 3.

(b) Section 1.01 of the Credit Agreement shall be amended at the defined term "Applicable Margin" by amending and restating such defined term in its entirety to read as follows:

"Applicable Margin" means, for any date, with respect to each Offshore
----
Rate Loan or Base Rate Loan outstanding on such date, the applicable margin (on a per annum basis) set forth below based on the Leverage Ratio set forth in the Compliance Certificate most recently delivered pursuant to Section 6.02(a):

Level	Leverage Ratio	Applicable Offshore Rate Loans	Margin Base Rate Loans
1	Less than 0.250	0.525%	00.00%
2	Greater than or equal to 0.250 but less than 0.350	0.775%	00.00%
3	Greater than or equal to 0.350 but less than 0.500	0.875%	00.00%
4	Greater than or equal to 0.500	1.000%	00.00%

provided, that at any time as the aggregate outstanding principal amount of Loans equals or exceeds 50% of the combined Commitments, the Applicable Margin in respect of any Offshore Rate Loans and Base Rate Loans then outstanding shall be increased by an additional 0.250%.

The Applicable Margin shall be adjusted automatically as to all Loans then outstanding effective as of the 90th day after the end of each fiscal year and the 45th day of the end of the first three fiscal quarters of each fiscal year based on the Leverage Ratio set forth in the most recently delivered Compliance Certificate; provided, however, that for the period from the Third Amendment Effective Date through the 45th day after the end of the Company's fiscal quarter ending May 31, 1998, the Applicable Percentage shall be Level 3.

(c) Section 1.01 of the Credit Agreement shall be amended by adding the following defined term in appropriate alphabetical order:

"Third Amendment Effective Date" means the "Effective Date" as defined in the Third Amendment to First Amended and Restated Revolving Credit Agreement dated as of May 28, 1998 among the Company, the Agent and the Banks.

(d) Section 7.13 of the Credit Agreement shall be amended and restated in its entirety to read as follows:

7.13 Adjusted Quick Ratio. The Company shall not permit, as of the last day of any fiscal quarter, the ratio of (a) the sum of (i) cash, cash equivalents and liquid investments, and (ii) net trade accounts receivable of the Company and its Semiconductor Operations Subsidiaries on a combined basis as shown in the Semiconductor Operations Supplemental Schedules, to (b) the sum (without duplication) of (i) current liabilities of the Company and its Semiconductor Operations Subsidiaries on a combined basis (plus long-term liabilities related to customer deposits) as shown in the Semiconductor Operations Supplemental Schedules, and (ii) any Loans outstanding, to be less than the amount set forth below for the applicable date:

As of the last day of the fiscal quarter ending	Minimum Adjusted Quick Ratio
Closing Date through 5/28/98	0.75 to 1.00
9/3/98 and thereafter	1.00 to 1.00

(e) Section 7.16 of the Credit Agreement shall be amended and restated in its entirety to read as follows:

7.16 Minimum Fixed Charge Coverage Ratio. The Company shall not permit, as of the last day of any fiscal quarter, the ratio of (a) EBITDA for the

period consisting of the four consecutive fiscal quarters ending on such day to (b) the sum of (i) interest expense included in EBITDA for such period (unadjusted for interest income, if any) and (ii) current portion of long-term debt, to be less than the following opposite the period indicated:

As of the last day of the fiscal quarter ending	Minimum Fixed Charge Coverage Ratio
2/27/97	2.50 to 1.00
5/29/97	2.50 to 1.00
8/28/97	3.00 to 1.00
11/27/97	3.50 to 1.00
2/26/98	4.00 to 1.00
5/28/98 and thereafter	3.00 to 1.00

(f) Section 7.17 of the Credit Agreement shall be amended and restated in its entirety to read as follows:

7.17 Maximum Operating Losses. The Company shall not permit Combined EBIT Losses to exceed (a) 2% of Combined Tangible Net Worth in any fiscal quarter ending prior to the fiscal quarter ending February 26, 1998; 5% of Combined Tangible Net Worth for the fiscal quarter ending February 26, 1998; 5% of Combined Tangible Net Worth for the fiscal quarter ending May 28, 1998; and 2% of Combined Tangible Net Worth for any fiscal quarter ending after May 28, 1998, or (b) 5% of Combined Tangible Net Worth in any period of four consecutive fiscal quarters.

(g) Schedule 2 to Exhibit D (the form of Compliance Certificate) shall be amended and restated in its entirety in the form of Schedule 2 attached hereto.

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.

(c) The representations and warranties of the Company contained in Article V of the Credit Agreement (except for the representations and warranties contained in Sections

5.05 and 5.14) are true and correct, except to the extent such representations and warranties expressly refer to an earlier date, in which case they were true and correct as of such earlier date.

(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. Effective Date. This Amendment will become effective as of the date first above written (the "Effective Date"), provided that the Agent has received from the Company and the Majority Banks a duly executed original (or, if elected by the Agent, an executed facsimile copy) of this Amendment.

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

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

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

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

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

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

(g) The Company covenants to pay to or reimburse the Agent, 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.

MICRON TECHNOLOGY, INC.

By: /s/ Norman L. Schlachter

Name: Norman L. Schlachter
Title: Treasurer

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Agent

By: /s/ Carl F. Fye

Name: Carl F. Fye
Title: Vice President

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

By: /s/ Michael McCutchin

Name: Michael McCutchin
Title: Managing Director

ABN AMRO BANK N.V., as Co-Agent and as
a Bank

By: /s/ Lee-Lee Miao /s/ Paul S. Faust

Name: Lee-Lee Miao Paul S. Faust
Title: Vice President Vice President

THE BANK OF NOVA SCOTIA,
as Co-Agent and as a Bank

By: /s/ M. Van Otterloo

Name: Maarty Van Otterloo
Title: Senior Relationship Manager

FLEET NATIONAL BANK, as Co-Agent and
as a Bank

By: /s/ Frank Benesh
Name: Frank Benesh
Title: V.P.

PNC BANK, NATIONAL ASSOCIATION, as Co-Agent and
as a Bank

By: /s/ Philip K. Liebscher
Name: Philip K. Liebscher
Title: Vice-President

UNITED STATES NATIONAL BANK OF
OREGON, as Co-Agent and as a Bank

By: /s/ Ross Beaton
Name: Ross Beaton
Title: Vice President

ROYAL BANK OF CANADA

By: /s/ Michael A. Cole
Name: Michael A. Cole
Title: Senior Manager

BANQUE NATIONALE DE PARIS

By: /s/ Rafael C. Lumanlan /s/ Jeffrey S. Kajisa
Name: Rafael C. Lumanlan Jeffrey S. Kajisa
Title: Vice President Assistant Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/ J.T. Taylor
Name: J.T. Taylor
Title: Assistant Vice President

MELLON BANK, N.A.

By: /s/ Edwin H. Wiest

Name: Edwin H. Wiest
Title: First Vice President

THE DAI-ICHI KANGYO BANK, LIMITED, LOS ANGELES AGENCY

By: /s/ Takuo Yoshida

Name: Takuo Yoshida
Title: General Manager

THE FUJI BANK, LIMITED, LOS ANGELES AGENCY

By: /s/ Masahito Fukuda

Name: Masahito Fukuda
Title: Joint General Manager

THE INDUSTRIAL BANK OF JAPAN, LIMITED, SAN FRANCISCO AGENCY

By: /s/ Haruhiko Masuda

Name: Haruhiko Masuda
Title: Deputy General Manager

THE SUMITOMO BANK LIMITED

By: /s/ John C. Kissinger

Name: John C. Kissinger
Title: Joint General Manager

FIRST SECURITY BANK, N.A.

By: /s/ Brian W. Cook

Name: Brian W. Cook
Title: Vice President

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

By: /s/ T. Morgan Edwards II

Name: T. Morgan Edwards II
Title: Deputy General Manager

THE SAKURA BANK, LIMITED

By: _____
Name:_____
Title:_____

THE BANK OF NEW YORK

By: /s/ Robert Louk

Name: Robert Louk
Title: Vice President

BANQUE PARIBAS

By: /s/ Jonathan Leone

Name: Jonathan Leone
Title: Vice President

By: /s/ Paul A. Runge

Name: Paul Runge
Title: Managing Director

SCHEDULE 2

TO THE COMPLIANCE CERTIFICATE
($ IN 000'S)

Date: _____, 199_

For the fiscal quarter/year
ended _____, 199_

(Unless otherwise noted, all covenants are to be calculated on basis of the Company and the Semiconductor Operations Subsidiaries on a combined basis.)

A. SECTION 7.13: ADJUSTED QUICK RATIO.

1.	Cash, cash equivalents and liquid investments:	$_____
2.	Net trade accounts receivable:	$_____
3.	Current liabilities:	$_____
4.	Long-term liabilities related to customer deposits and loans:	$_____
5.	Any Loans outstanding:	$_____
6.	Adjusted Quick Ratio (Lines A.1 + A.2) divided by (Lines A.3 + A.4 + A.5):	____ to 1.00

Line A.6 not to be less than:

As of the last day of the fiscal quarter ending	Minimum Adjusted Quick Ratio
Closing Date through 5/28/98	0.75 to 1.00
9/3/98 and thereafter	1.00 to 1.00

B. SECTION 7.14: COMBINED TANGIBLE NET WORTH.

1. Total net assets:/1/ $_____

2. Net book value of intangible assets:/1/ $_____

3. Line B.1 less Line B.2: $
---- ==========

4. 75% of Combined Net Income (not reduced by Combined Net Loss) commencing with FQ ending 5/29/97: $_____

5. 100% of increases in Combined Tangible Net Worth resulting from certain equity offerings after Closing Date: $_____

6. $_____ + Line B.4 + B.5: $
==========

Line B.3 not to be less than Line B.6

C. SECTION 7.15: LEVERAGE RATIO.

1. Combined Adjusted Total Liabilities:

a. Total liabilities: $_____

b. Certain off-balance sheet obligations: $_____

c. Total liabilities (Lines C.1a + C.1b): $
==========

d. Permitted Subordinated Debt: $_____

e. Adjusted total liabilities (Line C.1c less Line C.1d): $
---- ==========

2. Line B.3 (Combined Tangible Net Worth): $_____

- ---
/1/ Excluding non-semiconductor operations and assets otherwise included therein.

3. Leverage Ratio (Line C.1e divided by Line C.2): _____ to 1.00

Leverage Ratio not to exceed 0.75 to 1

D. SECTION 7.16: MINIMUM FIXED CHARGE COVERAGE RATIO.

1. EBITDA for four consecutive quarters ending on date of above financial statements ("Subject Period"):

a. Combined Net Income or Combined Net Loss: $_____

b. Combined Interest Expense:/2/ $_____

c. Income tax expense:/1/ $_____

d. Depreciation expense:/1/ $_____

e. Amortization expense:/1/ $_____

f. EBITDA (Lines D.1a + b + c + d + e): $_____

2. Combined interest expense for Subject Period (Line D.1b): $_____

3. Current portion of long-term debt: $_____

4. Fixed Charge Coverage Ratio (Line D.1f divided by (Lines D.1 + D.2): _____ to 1.00

- ----------

/2/ To the extent deducted in determining Semiconductor Operations Group Net Income or Net Loss.

Fixed Charge Coverage Ratio not to be less than:

As of the last day of the fiscal quarter ending	Minimum Fixed Charge Coverage Ratio
2/27/97	2.50 to 1.00
5/29/97	2.50 to 1.00
8/28/97	3.00 to 1.00
11/27/97	3.50 to 1.00
2/26/98	4.00 to 1.00
5/28/98 and thereafter	3.00 to 1.00

E. SECTION 7.17: MAXIMUM OPERATING LOSS.

1. Combined EBIT Loss for quarter ending on above date: $_____

2. Combined EBIT Loss for Subject Period: $_____

3. Line B.3 (Combined Tangible Net Worth): $_____

a. 2% of Line E.3 for any fiscal quarter ending prior to February 26, 1998;
5% of Line E.3 for fiscal quarter ending February 26, 1998;
5% of Line E.3 for the fiscal quarter ending May 28, 1998; and
2% of Line E.3 for any fiscal quarter ending after May 28, 1998: $_____

b. 5% of Line E.3: $_____

Line E.1 not to exceed Line E.3a

Line E.2 not to exceed Line E.3b

F. SECTION 7.01(j): PURCHASE MONEY LIENS.

1. Indebtedness secured by purchase money and other similar security interests: $_____

2. Combined net property, plant and equipment: $_____

3. 20% of Line F.2: $_____

Line F.1 not to exceed Line F.3

G. SECTIONS 7.01(q), (r): SECURED PERMITTED SWAP OBLIGATIONS; ORDINARY COURSE SECURED INDEBTEDNESS.

1. Permitted Swap Obligations secured by cash collateral or government securities: $_____

2. Ordinary course secured Indebtedness for other than borrowed money: $_____

3. Combined Tangible Assets: $_____

a. Total assets:/3/ $_____

b. Line B.2: $_____

c. Line G.3a less Line G.3b: $_____

4. 5% of Line G.3c: $_____

Lines G.1 + G 2 not to exceed Line G.4

H. SECTION 7.03(d): DISPOSITION OF MATERIAL ASSETS.

1. Aggregate fair market value of all material (greater than $1,000,000 individually) assets sold outside ordinary course of business: $_____

- ---

/3/ Excluding non-semiconductor operations and assets otherwise included therein.

2. Aggregate fair market value of all material (greater than $1,000,000 individually) assets disposed of pursuant to sale-leaseback transactions not constituting Permitted Sale-Leaseback Transactions: $_____

3. Lines H.1 + H.2: $_____

4. 10% of Line G.3c (Combined Tangible Assets): $_____

Line H.3 not to exceed Line H.4

I. SECTION 7.05(d): INVESTMENTS IN MICRON ELECTRONICS, INC.

1. Aggregate principal amount of all outstanding extensions of credit to, plus cumulative amount of all equity contributions made since Closing Date in, Micron Electronics, Inc: $_____

Line I.1 not to exceed $100,000,000

J. SECTION 7.05(e): INVESTMENTS IN NON SEMICONDUCTOR OPERATIONS SUBSIDIARIES (OTHER THAN MICRON ELECTRONICS, INC.).

1. Aggregate principal amount of all outstanding extensions of credit to, plus cumulative amount of all equity contributions made since Closing Date in, non Semiconductor Operations Subsidiaries other than Micron Electronics, Inc.: $_____

Line J.1 not to exceed Line E.3b (5% of Combined Tangible Net Worth)

K. SECTION 7.05(g): ACQUISITIONS OR MINORITY INTERESTS.

Cumulative aggregate consideration paid (including assumption of debt), aggregate principal amount of all outstanding extensions of credit, plus cumulative amount of all equity contributions made since Closing Date in connection with:	$_____
1. Acquisitions:	$_____
2. Acquisitions of minority interests:	$_____
3. Acquisitions of minority interests in Subsidiaries that are not Wholly-Owned Semiconductor Operations Subsidiaries:	$_____
4. Lines K.1 + K.2 + K.3:	$_____
5. 25% of Line G.3c (Combined Tangible Assets):	$_____

Line K.4 not to exceed Line K.5

L. SECTION 7.05(o): OTHER INVESTMENTS.

1. Cumulative aggregate consideration paid (including assumption of debt), aggregate principal amount of all outstanding extensions of credit, plus cumulative amount of all equity contributions made since Closing Date not otherwise permitted by Section 7.05:	$_____
2. 2% of Line G.3c (Combined Tangible Assets):	$_____

Line L.1 not to exceed Line L.2

M. SECTION 7.06(h): INDEBTEDNESS INCURRED FROM OTHER THAN COMPANY OR SEMICONDUCTOR OPERATIONS SUBSIDIARIES.

1. Indebtedness incurred by Semiconductor Operations Subsidiaries from Persons other than Company or Semiconductor Operations Subsidiaries: $_____

Line M.1 not to exceed $50,000,000

N. SECTION 7.06(j): PERMITTED SUBORDINATED DEBT.

1. Permitted Subordinated Debt of Company: $_____

Line N.1 not to exceed $500,000,000

O. SECTION 7.06(k): SENIOR UNSECURED DEBT.

1. Senior Unsecured Debt of Company: $_____

Line O.1 not to exceed $300,000,000

P. SECTION 7.06(p): OTHER INDEBTEDNESS AND CONTINGENT OBLIGATIONS FOR OTHER THAN BORROWED MONEY.

1. Other Indebtedness and Contingent Obligations other than for borrowed money: $_____

Line P.1 not to exceed $50,000,000

Q. SECTION 7.09(d): DISTRIBUTIONS.

1. Distributions during Subject Period: $_____

2. 25% of Line D.1a (Combined Net Income): $_____

Line Q.1 not to exceed Line Q.2

FOURTH AMENDMENT TO
FIRST AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO FIRST AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT (this "Amendment"), is entered into as of June 16, 1998, among Micron Technology, Inc., a Delaware corporation (the "Company"), the "Banks" party to the Credit Agreement (collectively, the "Banks"), and Bank of America National Trust and Savings Association, as agent for itself and the other Banks (in such capacity, the "Agent").

WHEREAS, the Company, the Banks and the Agent are parties to a First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997, as amended by a First Amendment to First Amended and Restated Revolving Credit Agreement dated as of November 28, 1997, a Second Amendment to First Amended and Restated Revolving Credit Agreement dated as of February 26, 1998, and a Third Amendment to First Amended and Restated Revolving Credit Agreement dated as of May 28, 1998 (as so amended, the "Credit Agreement");

WHEREAS, the Company has requested that the Agent and the Majority Banks agree to certain amendments to the Credit Agreement including a waiver of compliance with a specified financial covenant;

WHEREAS, the Agent and the Banks have agreed to such request, subject to the terms and conditions hereof;

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

1. Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Interpretation. The rules of interpretation set forth in Section 1.02 of the Credit Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

2. Waiver of Compliance with Covenant.

(a) For purposes of this Amendment, the "Waived Covenant" shall mean Section 7.17(a) of the Credit Agreement.

(b) Subject to and upon the terms and conditions hereof, the Banks hereby agree that the Credit Agreement shall be deemed amended effective as of May 28, 1998 to waive compliance with the Waived Covenant until September 3, 1998.

3. Amendments to the Credit Agreement.

(a) Amendments. The Credit Agreement is hereby further amended as follows:

(i) Section 1.01 of the Credit Agreement shall be amended at the defined term "Loan Documents" by amending and restating such defined term in its entirety to read as follows:

"Loan Documents" means this Agreement, the Notes, the Collateral Documents, the Disclosure Letter, all fee letters and all other certificates, documents or financial or other statements delivered at any time to the Agent or any Bank in connection herewith or with any other Loan Document.

(ii) Section 1.01 of the Credit Agreement shall be amended by adding the following defined terms in appropriate alphabetical order:

"Collateral" means all property and interests in property and proceeds thereof now owned or hereafter acquired by the Company or the Guarantor in or upon which a Lien now or hereafter exists in favor of the Banks, or the Agent on behalf of the Banks, whether under this Agreement or under any other documents executed by any such Person, and delivered to the Agent or the Banks.

"Collateral Documents" means, collectively, (i) the Company Security Agreement, the Guarantor Security Agreement and all other security agreements, mortgages, deeds of trust, patent and trademark assignments, lease assignments, guarantees and other similar agreements between the Company, the Guarantor and the Banks or the Agent for the benefit of the Banks now or hereafter delivered to the Banks or the Agent pursuant to or in connection with the transactions contemplated hereby, and all financing statements (or comparable documents now or hereafter filed in accordance with the Uniform Commercial Code or comparable law) against the Company or the Guarantor as debtor in favor of the Banks or the Agent for the benefit of the Banks as secured party, and (ii) any amendments, supplements, modifications, renewals, replacements, consolidations, substitutions and extensions of any of the foregoing.

"Company Security Agreement" means the Security Agreement between the Company and the Agent in substantially the form of Exhibit A to the Fourth Amendment.

"Fourth Amendment" means the Fourth Amendment to First Amended and Restated Revolving Credit Agreement, dated as of June 16, 1998, among the Company, the Agent and the Banks.

"Guarantor" means Micron Semiconductor Products, Inc., an Idaho corporation and a Semiconductor Operations Subsidiary for purposes hereof.

"Guarantor Security Agreement" means the Security Agreement between the Guarantor and the Agent in substantially the form of Exhibit B to the Fourth Amendment.

"Guaranty" means the guaranty executed by the Guarantor in substantially the form of Exhibit C to the Fourth Amendment.

(iii) Article V of the Credit Agreement shall be amended by inserting the following new Section 5.20 at the end thereof:

5.20 Collateral Documents.

(a) The provisions of each of the Collateral Documents are effective to create in favor of the Agent for the benefit of the Banks, a legal, valid and enforceable first priority security interest in all right, title and interest of the Company and the Guarantor in the Collateral described therein; and financing statements have been filed in the offices in all of the jurisdictions listed in Part 1 of the Schedule to the Security Agreement.

(b) All representations and warranties of the Company and the Guarantor contained in the Collateral Documents are true and correct.

(iv) Article VI of the Credit Agreement shall be amended by inserting the following new Section 6.15 at the end thereof:

6.15 Further Assurances. Promptly upon request by the Agent or the Majority Banks, the Company shall (and shall cause the Guarantor to) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, any and all such further acts, deeds, conveyances, security agreements, mortgages, assignments, estoppel certificates, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments as the Agent or such Banks, as the case may be, may reasonably require from time to time in order

(i) to carry out more effectively the purposes of this Agreement or any other Loan Document, (ii) to subject to the Liens created by any of the Collateral Documents any of the properties, rights or interests covered by any of the Collateral Documents, (iii) to perfect, protect and maintain the validity, effectiveness and priority of any of the Collateral Documents and the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer, preserve, protect and confirm to the Agent and Banks the rights granted or now or hereafter intended to be granted to the Banks under any Loan Document or under any other document executed in connection therewith.

(v) Section 7.01 of the Credit Agreement shall be amended by inserting the following at the end thereof:

Notwithstanding the foregoing, no Lien otherwise permitted by this Section 7.01 may be incurred or exist if such Lien would cause a breach of Section 5(o) of the Company Security Agreement which is not cured within the cure period set forth in Section 5(o) of the Company Security Agreement. In addition, no Liens securing Indebtedness may exist at any time with respect to the Intellectual Property (as such term is defined in the Company Security Agreement) of the Company and its Semiconductor Operations Subsidiaries.

(vi) Section 7.02 of the Credit Agreement shall be amended by deleting the second parenthetical in the lead in paragraph thereto in its entirety and inserting in lieu thereof the following new parenthetical:

(including all Intellectual Property (as defined in the Company Security Agreement) and the capital stock of Semiconductor Operations Subsidiaries)

(vii) Section 7.03 of the Credit Agreement shall be amended by inserting the following at the end thereof:

Notwithstanding the foregoing, no Disposition otherwise permitted by this Section 7.03 may be effected if such Disposition would cause a breach of Section 5(o) of the Company Security Agreement which is not cured within the cure period set forth in Section 5(o) of the Company Security Agreement.

(viii) Section 8.01 of the Credit Agreement shall be amended by inserting the following new clauses (o) and (p) at the end thereof:

(o) Guarantor Defaults. The Guarantor fails in any material respect to perform or observe any term, covenant or agreement in the Guaranty;

or the Guaranty is for any reason partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or the Guarantor or any other Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder;

(p) Collateral. (i) any provision of any Collateral

Document shall for any reason cease to be valid and binding on or enforceable against the Company or any Subsidiary party thereto or the Company or any Subsidiary party thereto shall so state in writing or bring an action to limit its obligations or liabilities thereunder; or (ii) any Collateral Document shall for any reason (other than pursuant to the terms thereof) cease to create a valid security interest in the Collateral purported to be covered thereby or such security interests shall for any reason cease to be a perfected and first priority security interest subject only to Permitted Liens.

(ix) Article IX of the Credit Agreement shall be amended by inserting the following new Section 9.12 at the end thereof:

9.12 Collateral Matters. (a) The Agent is authorized on behalf
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of all the Banks to execute the Collateral Agreements and, without the necessity of any notice to or further consent from the Banks, from time to time to take any action with respect to any Collateral or the Collateral Documents which may be necessary to perfect and maintain perfected the security interest in and Liens upon the Collateral granted pursuant to the Collateral Documents.

(b) The Banks irrevocably authorize the Agent, at its option and in its discretion, to release any Lien granted to or held by the Agent upon any Collateral (i) upon termination of the Commitments and payment in full of all Loans and all other Obligations known to the Agent and payable under this Agreement or any other Loan Document; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; (iii) constituting property in which the Company or any Subsidiary owned no interest at the time the Lien was granted or at any time thereafter; (iv) constituting property to be leased by the Company or the Guarantor or constituting security for Indebtedness to be incurred by the Company or the Guarantor, in each case in a transaction permitted under this Agreement, to the extent that the release thereof would not result in a violation of Section 5(o) of the Company Security Agreement or the Guarantor Security Agreement; (v) consisting of an instrument evidencing Indebtedness or other debt instrument, if the indebtedness evidenced thereby has been paid in full; or (vi) if approved, authorized or ratified in writing by the Majority Banks (as specifically contemplated in the Loan Documents) or all the Banks, as the case may be, as provided in subsection 10.01(f). Upon request by the Agent at any time, the Banks will confirm in writing the Agent's authority to release

particular types or items of Collateral pursuant to this subsection 9.12(b), provided that the absence of any such confirmation for whatever reason shall not affect the Agent's rights under this Section 9.12.

(x) Section 10.01 of the Credit Agreement shall be amended by adding the following new clause (f) immediately following clause (e) thereof:

(f) discharge the Guarantor, or release any of the Collateral except as otherwise may be provided herein or in the Collateral Documents or except where the consent of the Majority Banks only is specifically provided for;

(b) References Within Credit Agreement. Each reference in the Credit Agreement to "this Agreement" and the words "hereof," "herein," "hereunder," or words of like import, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

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

(a) Other than the Waived Covenant, no Default or Event of Default has occurred and is continuing.

(b) Except with respect to the Waived Covenant, the representations and warranties of the Company contained in Article V of the Credit Agreement (except for the representations and warranties contained in Sections 5.05, 5.11(c) and 5.14) are true and correct, except to the extent such representations and warranties expressly refer to an earlier date, in which case they were true and correct as of such earlier date.

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

(d) 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 (i) 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 (ii) contravene the terms of any of the Company's Organization Documents, (iii) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any material Contractual Obligation to which the Company is a party or any order, injunction, writ or decree of any Governmental Authority to which the Company or its property is subject, or (iv) violate any Requirement of Law.

(e) This Amendment and the Loan Documents, as amended by this Amendment, constitute the legal, valid and binding obligations of the Company, enforceable against it in accordance with their respective terms.

5. Effective Date. The amendments to the Credit Agreement set forth in Sections 2 and 3 of this Amendment, will become effective as of the date on which all of the following conditions precedent set forth in this Section 5 are satisfied or waived by the Majority Banks (or, in the case of Subsection 5(a)(vi), waived by the Person entitled to receive such payment) and the Agent has received executed counterparts of this Amendment signed by the Agent, the Company and the Majority Banks (the "Effective Date"):

(a) the Agent shall have received all of the following, in form and substance satisfactory to it and the Majority Banks:

(i) Copies of the resolutions of the board of directors of the Company and the Guarantor authorizing the transactions contemplated hereby, certified by the Secretary or an Assistant Secretary of such Person;

(ii) A Certificate of the Secretary or Assistant Secretary of the Company and the Guarantor certifying the names and true signatures of the officers of such Person authorized to execute, deliver and perform, as applicable, this Amendment, and all other Loan Documents to be delivered by it hereunder;

(iii) the articles or certificate of incorporation and the bylaws of the Guarantor as in effect on the Effective Date, certified by the Secretary or Assistant Secretary of the Guarantor;

(iv) a good standing certificate for the Guarantor from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation as of a recent date, together with bring-down certificates by facsimile;

(v) opinions addressed to the Agent and the Banks of (i) Wilson, Sonsini, Goodrich & Rosati PC, counsel to the Company and the Guarantor substantially in the form of Exhibit D-1, (ii) Hawley Troxell Ennis & Hawley LLP, special Idaho counsel to the Company and the Guarantor substantially in the form of Exhibit D-2 and (iii) David A. Channer, Esquire, Assistant General Counsel to the Company and the Guarantor, substantially in the form of Exhibit D-3;

(vi) evidence of payment by the Company of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Effective Date, together with Attorney Costs of BofA to the extent invoiced prior to or on the Effective Date;

(vii) fully executed counterparts of the Company Security Agreement and the Guarantor Security Agreement, together with:

(a) executed copies of all UCC-1 financing statements to be filed, registered or recorded pursuant to the Company Security

Agreement to perfect the security interests of the Agent for the benefit of the Banks;

(b) written advice relating to such Lien and judgment searches as the Agent or any Bank shall have requested, and such termination statements or other documents as may be necessary to confirm that the Collateral is subject to no other Liens in favor of any Persons (other than Permitted Liens);

(c) evidence that all other actions necessary or, in the opinion of the Agent and the Banks, desirable to perfect and protect the first priority security interest created by the Collateral Documents have been taken;

(d) evidence that the Agent, for the ratable benefit of the Banks, has been named as loss payee under all policies of casualty insurance, and as additional insured under all policies of liability insurance, required by the Company Security Agreement and the Guarantor Security Agreement; and

(e) a Certificate of a Responsible Officer of the Company certifying the value of Collateral subject to the perfected first priority security interest of the Agent as required in Section 5(o) of the Company Security Agreement; and

(viii) a fully executed counterpart of the Guaranty; and

(b) the Agent shall have received such other approvals, opinions, documents or materials as the Agent or any Bank may reasonably request.

For purposes of determining compliance with the foregoing conditions, each Bank that has executed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to, such Bank.

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 and in the other Loan Documents to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. The Banks' and the Agent's execution and delivery of, or acceptance of, this Amendment and any other documents and instruments in connection herewith shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments,

consents or waivers in the future. 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 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 of provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this amendment or the Credit Agreement, respectively.

(g) The Company covenants to pay to or reimburse the Agent, upon demand, for all reasonable costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment. Without limiting the generality of the foregoing, the Company shall pay to or reimburse the Agent for all search, recording, filing and similar costs, fees and expenses in connection with the Collateral Documents and the Collateral.

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

MICRON TECHNOLOGY, INC.

By: /s/ Norman L. Schlachter
Name: Norman L. Schlachter
Title: Treasurer

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, AS AGENT

By: /s/ Kevin Mc Mahon
Name: Kevin Mc Mahon
Title: Managing Director

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, AS A BANK

By: /s/ Kevin Mc Mahon
Name: Kevin Mc Mahon
Title: Managing Director

ABN AMRO BANK N.V., SEATTLE BRANCH, AS CO-AGENT AND AS A BANK

By: /s/ Lee-Lee Miao / Paul S. Faust
Name: Lee-Lee Miao / Paul S. Faust
Title: Vice Presidents

THE BANK OF NOVA SCOTIA, AS CO-AGENT AND AS A BANK

By: /s/ J.S. York
Name: J.S. York
Title: Vice President

FLEET NATIONAL BANK, AS CO-AGENT AND
AS A BANK

By: /s/ Frank Benesh
Name: Frank Benesh
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, as
Co-Agent and as a Bank

By: /s/ Eric C. Johnson
Name: Eric C. Johnson
Title: Senior Vice President

UNITED STATES NATIONAL BANK OF
OREGON, AS CO-AGENT AND AS A BANK

By: /s/ Ross Beaton
Name: Ross Beaton
Title: Vice President

ROYAL BANK OF CANADA

By: /s/ Michael A. Cole
Name: Michael A. Cole
Title: Senior Manager

BANQUE NATIONALE DE PARIS

By: /s/ Michael McCorriston / Debra Wright
Name: Michael McCorriston / Debra Wright
Title: Vice Presidents

KEYBANK NATIONAL ASSOCIATION

By: /s/ James A. Taylor

Name: James A. Taylor

Title: Assistant Vice President

MELLON BANK, N.A.

By: /s/ Edwin H. Wiest

Name: Edwin H. Wiest

Title: First Vice President

THE DAI-ICHI KANGYO BANK, LIMITED,
SAN FRANCISCO AGENCY

By: /s/ M. Morishita

Name: M. Morishita

Title: Joint General Manager

THE FUJI BANK, LIMITED, LOS ANGELES AGENCY

By: /s/ Masahito Fukuda

Name: Masahito Fukuda

Title: Joint General Manager

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, SAN FRANCISCO AGENCY

By: /s/ Haruhiko Masuda

Name: Haruhiko Masuda

Title: Deputy General Manager

THE SUMITOMO BANK LIMITED

By: /s/ John C. Kissinger

Name: John C. Kissinger

Title: Joint General Manager

FIRST SECURITY BANK, N.A.

By: /s/ Brian W. Cook

Name: Brian W. Cook

Title: Vice President

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

By: /s/ Noboru Akahane

Name: Noboru Akahane

Title: Deputy General Manager

THE SAKURA BANK, LIMITED

By: /s/ Yasumasa Kikuchi

Name: Yasumasa Kikuchi

Title: Senior Vice President

THE BANK OF NEW YORK

By: /s/ Robert Louk

Name: Robert Louk

Title: Vice President

BANQUE PARIBAS

By: /s/ Nanci Meyer
Name: Nanci Meyer
Title: Vice President

By: /s/ Paul Runge
Name: Paul Runge
Title: Managing Director

EXHIBIT A
to the Fourth Amendment

FORM OF COMPANY SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), dated as of June 16, 1998, is made between Micron Technology, Inc., a Delaware corporation (the "Company"), and Bank of America National Trust and Savings Association, as agent for itself and the Banks referred to below (in such capacity, the "Agent").

The Company, certain financial institutions as lenders (the "Banks") and the Agent are parties to a Fourth Amendment to First Amended and Restated Revolving Credit Agreement dated as of June 16, 1998 (the "Amendment") amending that certain First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997 among the Company, the Banks and the Agent, as amended (as amended, modified, renewed or extended from time to time, the "Credit Agreement"). It is a condition precedent to the Amendment that the Company enter into this Agreement and grant to the Agent, for itself and for the ratable benefit of the Banks, the security interests hereinafter provided to secure the obligations of the Company described below.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Accounts" means any and all accounts receivable owed to the Company, whether now existing or hereafter acquired or arising, arising out of or in connection with the sale or lease of merchandise, goods or commodities or the rendering of services or arising from any other transaction, however evidenced, and whether or not earned by performance, all guaranties, indemnities and security with respect to the foregoing, and all letters of credit relating thereto, in each case whether now existing or hereafter acquired or arising.

"Books" means all books, records and other written, electronic or other documentation in whatever form maintained now or hereafter by or for the Company in connection with the ownership of the Collateral or evidencing or containing information relating to the Collateral, including: (i) ledgers; (ii) records indicating, summarizing, or evidencing the Collateral), business operations or financial condition; (iii) computer programs and software; (iv) computer discs, tapes, files, manuals, spreadsheets; (v) computer printouts and output of whatever kind; (vi) any other computer prepared or electronically stored,

collected or reported information and equipment of any kind; and (vii) any and all other rights now or hereafter arising out of any contract or agreement between the Company and any service bureau, computer or data processing company or other Person charged with preparing or maintaining any of the Company's books or records or with credit reporting, including with regard to the Company's Accounts.

"Collateral" has the meaning set forth in Section 2.

"Company Intellectual Property" means any Intellectual Property owned or held by the Company or in which the Company otherwise has any interest that allows for transfer or sublicense to third parties, now existing or hereafter acquired or arising, whether or not relating to or arising out of or existing in connection with the Equipment.

"Documents" means any and all documents of title, bills of lading, dock warrants, dock receipts, warehouse receipts and other documents of the Company relating to Collateral, whether or not negotiable, and includes all other documents which purport to be issued by a bailee or agent and purport to cover goods in any bailee's or agent's possession which are either identified or are fungible portions of an identified mass, including such documents of title made available to the Company for the purpose of ultimate sale or exchange of goods or for the purpose of loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with goods in a manner preliminary to their sale or exchange, in each case whether now existing or hereafter acquired or arising.

"Equipment" means all now existing or hereafter acquired equipment of the Company in all of its forms, located at 8000 South Federal Way, Boise, Idaho 83707 including any and all machinery, furniture, equipment, furnishings and fixtures in which the Company now or hereafter acquires any right, and all other goods and tangible personal property (other than Inventory), including tools, parts and supplies, automobiles, trucks, tractors and other vehicles, computer and other electronic data processing equipment and other office equipment, Vendor Intellectual Property, and all additions, substitutions, replacements, parts, accessories, and accessions to and for the foregoing, now owned or hereafter acquired, and including any of the foregoing which are or are to become fixtures on real property.

"Excluded Collateral" means the Collateral set forth on Schedule 1.

"Financing Statements" has the meaning set forth in Section 3.

"General Intangibles" means all general intangibles of the Company in any way relating to or arising out of or existing in connection with the Accounts, Inventory and Equipment constituting Collateral, now existing or hereafter acquired or arising and shall include Vendor Intellectual Property and exclude Company Intellectual Property.

"Idaho Financing Statements" has the meaning set forth in Section 3.

"Intellectual Property" means the following properties and assets: (i) all patents and patent applications, domestic or foreign and all reissues, divisions, continuations,

renewals, extensions and continuations-in-part thereof, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, all rights arising therefrom and pertaining thereto (collectively, "Patents"); (ii) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), and all rights of renewal and extension of copyright; (iii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, whether registered or unregistered and wherever registered, and all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof; (iv) all trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs; and (v) the entire goodwill of or associated with the businesses now or hereafter conducted by the Company connected with and symbolized by any of the aforementioned properties and assets.

"Inventory" means any and all of the Company's inventory in all of its forms, wherever located, whether now owned or hereafter acquired, and in any event includes all goods (including goods in transit) which are held for sale, lease or other disposition, including those held for display or demonstration or out on lease or consignment or to be furnished under a contract of service, or which are raw materials, work in process, finished goods or materials used or consumed in the Company's business, and the resulting product or mass, and all repossessed, returned, rejected, reclaimed and replevied goods, together with all parts, components, supplies and other materials used or usable in connection with the manufacture, production, packing, shipping, advertising, selling or furnishing of such goods; and all other items hereafter acquired by the Company by way of substitution, replacement, return, repossession or otherwise, and all additions and accessions thereto, and any Document representing or relating to any of the foregoing at any time.

"Proceeds" means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Collateral or other assets of the Company, including "proceeds" as defined at UCC Section 9306, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of the Company from time to time with respect to any of the Collateral, any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of governmental authority), any and all other amounts from time to time paid or payable under or in connection with any of the Collateral or for or on account of any damage or injury to or conversion of any Collateral by any Person, any and all other tangible or intangible property received upon the sale or disposition of Collateral, and all proceeds of proceeds.

"Rights to Payment" means all Accounts and any and all rights and
claims to the payment or receipt of money or other forms of consideration of any kind in, to and under all Documents, General Intangibles and Proceeds.

"Secured Obligations" means the indebtedness, liabilities and other obligations of the Company to the Agent and the Banks under or in connection with the Credit Agreement and the Notes, including all unpaid principal of the Loans, all interest accrued thereon, all fees due under the Credit Agreement and all other amounts payable by the Company to the Agent and the Banks thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

"Vendor Intellectual Property" means any Intellectual Property owned by or originating with a vendor from whom Company purchased Equipment, where such Intellectual Property (i) accompanied the sale of such Equipment to Company, (ii) which Company utilized or accessed in the operation of such Equipment, (iii) to which Company was licensed, either expressly or by implication, and (iv) as to which Vendor placed no restrictions on transfer in connection with the resale of Equipment.

(c) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

(d) Interpretation. The rules of interpretation set forth in Section 1.03 of the Credit Agreement shall be applicable to this Agreement and are incorporated herein by this reference.

SECTION 2 Security Interest.

(a) Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Company hereby pledges, assigns, transfers, hypothecates and sets over to the Agent, for itself and on behalf of and for the ratable benefit of the Banks, and hereby grants to the Agent, for itself and on behalf of and for the ratable benefit of the Banks, a security interest in all of the Company's right, title and interest in, to and under the following property, wherever located and whether now existing or owned or hereafter acquired or arising but excluding the Company's right, title and interest in, to and under the Excluded Collateral (collectively, the "Collateral"): (i) all Accounts; (ii) all

Documents; (iii) all Equipment; (iv) all General Intangibles; (v) all Inventory; (vi) all Books; and (vii) all products and Proceeds of any and all of the foregoing.

(b) Continuing Security Interest. The Company agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 22.

(c) Excluded General Intangibles. Notwithstanding the foregoing provisions of this Section 2, the grant of a security interest as provided herein shall not extend to, and the term "Collateral" shall not include, any General Intangibles of the Company (whether owned or held as licensee or lessee, or otherwise), to the extent that (i) such General Intangibles are not assignable or capable of being encumbered as a matter of law or under the terms of the license, lease or other agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the licensor or lessor thereof or other applicable party thereto and (ii) such consent has not been obtained; provided, however, that the foregoing grant of security interest shall extend to, and the term "Collateral" shall include, (A) any General Intangible which is an Account or a proceed of, or otherwise related to the enforcement or collection of, any Account, or goods which are the subject of any Account, (B) any and all proceeds of any General Intangibles which are otherwise excluded to the extent that the assignment or encumbrance of such proceeds is not so restricted, and (C) upon obtaining the consent of any such licensor, lessor or other applicable party's consent with respect to any such otherwise excluded General Intangibles, such General Intangibles as well as any and all proceeds thereof that might have theretofore have been excluded from such grant of a security interest and the term "Collateral".

SECTION 3 Perfection Procedures. The Company shall execute and deliver to the Agent concurrently with the execution of this Agreement Financing Statements on Form UCC-1 to be filed in the office of the Secretary of State of the State of Idaho and the office of the county recorder of Ada County, Idaho (the "Idaho Financing Statements"), and subject to Section 5(o), at any time and from time to time after execution of this Agreement all other or additional financing statements, continuation financing statements, termination statements, security agreements, chattel mortgages, assignments, patent, copyright and trademark collateral assignments, fixture filings, warehouse receipts, documents of title, affidavits, reports, notices, schedules of account, letters of authority and all other documents and instruments, in form satisfactory to the Agent (the "Financing Statements"), and take all other action, as the Agent may request, to perfect and continue perfected, maintain the priority of or provide notice of the Agent's security interest in the Collateral and to accomplish the purposes of this Agreement.

SECTION 4 Representations and Warranties. In addition to the representations and warranties of the Company set forth in the Credit Agreement, which are incorporated herein by this reference, the Company represents and warrants to each Bank and the Agent that:

(a) Location of Chief Executive Office and Collateral. The Company's chief executive office and principal place of business is located at the address set forth in Part 1 of Schedule 1.

(b) Locations of Books. All locations where Books pertaining to the Rights to Payment are kept, including all equipment necessary for accessing such Books and the names and addresses of all service bureaus, computer or data processing companies and other Persons keeping any Books or collecting Rights to Payment for the Company, are set forth in Part 2 of Schedule 1.

(c) Trade Names and Trade Styles. All trade names and trade styles under which the Company presently conducts its business operations are set forth in Part 3 of Schedule 1.

(d) Ownership of Collateral. The Company is, and, except as permitted by Section 5(i), will continue to be, the sole and complete owner of the Collateral (or, in the case of after-acquired Collateral, at the time the Company acquires rights in such Collateral, will be the sole and complete owner thereof), free from any Lien other than Permitted Liens.

(e) Enforceability; Priority of Security Interest. (i) This Agreement creates a security interest which is enforceable against the Collateral in which the Company now has rights and will create a security interest which is enforceable against the Collateral in which the Company hereafter acquires rights at the time the Company acquires any such rights; and (ii) the Agent has a perfected and first priority security interest in the Collateral covered by the Idaho Financing Statements and, subject to Section 5(o), any other Financing Statements, and will have a perfected security interest in the Collateral, subject only to Permitted Liens, referred to in the Idaho Financing Statements, and, subject to Section 5(o), any other Financing Statements, in which the Company hereafter acquires rights at the time the Company acquires any such rights, in each case securing the payment and performance of the Secured Obligations, and free from any Lien other than Permitted Liens.

(f) Rights to Payment.

(i) The Rights to Payment represent valid, binding and enforceable obligations of the account debtors or other Persons obligated thereon, representing undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are and will be genuine, free from Liens, and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent reflected by the Company's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances in accordance with Section 5(k) or otherwise occurring in the ordinary course of business;

(ii) all Rights to Payment comply in all material respects with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws;

(iii) the Company has not assigned any of its rights under the Rights to Payment except as provided in this Agreement or as set forth in the other Loan Documents; and

(iv) all statements made, all unpaid balances and all other information in the Books and other documentation relating to the Rights to Payment are true and correct in all material respects and in all material respects what they purport to be.

SECTION 5 Covenants. In addition to the covenants of the Company set forth in the Credit Agreement, which are incorporated herein by this reference, so long as any of the Secured Obligations remain unsatisfied or any Bank shall have any Commitment, the Company agrees that:

(a) Defense of Collateral. The Company will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or right or interest in, or the Agent's right or interest in, any material portion of Collateral unless the Collateral, could be disposed of under Section 5(o) without resulting in any noncompliance therewith.

(b) Preservation of Collateral. The Company will do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect any material Collateral unless the Collateral could be disposed of under Section 5(o) without resulting in any noncompliance therewith.

(c) Compliance with Laws, Etc. The Company will comply with all laws, regulations and ordinances, and all policies of insurance, relating in a material way to the possession, operation, maintenance and control of the Collateral, except where the failure to do so could not reasonably be expected to have a material adverse effect on the Collateral position of the Agent and the Banks.

(d) Location of Books and Chief Executive Office. The Company will give at least 30 days' prior written notice to the Agent of (A) any changes in any such location where Books pertaining to the Rights to Payment are kept, including any change of name or address of any service bureau, computer or data processing company or other Person preparing or maintaining Books or collecting material Rights to Payment for the Company or (B) any change in the location of the Company's chief executive office or principal place of business.

(e) Location of Collateral. As part of the collateral valuation certificate described in Section 5(o), the Company will give the Agent a list of the current locations of the Inventory of the Company and the Guarantor.

(f) Change in Name, Identity or Structure. The Company will give at least 30 days' prior written notice to the Agent of (i) any change in its name and (ii) any changes in its identity or structure in any manner which might make any Financing Statement filed hereunder incorrect or misleading.

(g) Maintenance of Records. The Company will keep Books with respect to the Collateral which are accurate in all material respects.

(h) Invoicing of Sales. The Company will invoice all of its sales and maintain proof of delivery and customer acceptance of goods in accordance with past practices.

(i) Liens. The Company will keep the Collateral free of all Liens except Permitted Liens.

(j) Expenses. The Company will pay all expenses of protecting, storing, warehousing, insuring, handling and shipping the Collateral.

(k) Rights to Payment. The Company will:

(i) with such frequency as the Agent may require upon the occurrence and during the continuance of an Event of Default or after any acceleration of the Secured Obligations (but in no event more than once during any calendar month), furnish to the Agent full and complete reports, in form and substance reasonably satisfactory to the Agent, with respect to the Accounts, including information as to concentration, aging, identity of account debtors, letters of credit securing Accounts, disputed Accounts and other matters, as the Agent shall reasonably request;

(ii) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices, and enforce all Accounts and other Rights to Payment, and during the existence of an Event of Default, take all such action to such end as may from time to time be reasonably requested by the Agent, except that the Company may grant any extension of the time for payment or enter into any agreement to make a rebate or otherwise to reduce the amount owing on or with respect to, or compromise or settle for less than the full amount thereof, any Account or other Right to Payment, in the ordinary course of business, according to normal trade practices;

(iii) if any discount, allowance, credit, extension of time for payment, agreement to make a rebate or otherwise to reduce the amount owing on, or compromise or settle, an Account or other Right to Payment exists or occurs, or if, to the knowledge of the Company, any dispute, setoff, claim, counterclaim or defense exists with respect to an Account or other Right to Payment, disclose such fact in the Books relating to such Account or other Right to Payment;

(iv) to the extent required in accordance with its sound business judgment perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;

(v) upon the request of the Agent at any time that Loans are outstanding (A) upon the occurrence and during the continuance of an Event of Default, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the

security interest hereunder, and (B) upon the occurrence and during the continuance of an Event of Default, notify the account debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Agent or to such other Person or location as the Agent shall specify; and

(vi) upon the occurrence and during the continuance of any Event of Default, upon the request of Agent, at any time that Loans are outstanding, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Agent shall require.

(l) Instruments, Etc. Upon the request of the Agent, the Company will
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(i) immediately deliver to the Agent, or an agent designated by it, appropriately endorsed or accompanied by appropriate instruments of transfer or assignment, Documents, all letters of credit relating to the Collateral, and all Rights to Payment at any time evidenced by promissory notes, trade acceptances or other instruments, (ii) mark all Documents with such legends as the Agent shall reasonably specify, and (iii) obtain consents from any letter of credit issuers with respect to the assignment to the Agent of any Letter of Credit Proceeds.

(m) Inventory. The Company will:

(i) at such times as the Agent shall request, prepare and deliver to the Agent a report of all Inventory, in form and substance reasonably satisfactory to the Agent; and

(ii) upon the reasonable request of the Agent, take a physical listing of the Inventory (including specification of all locations thereof) and promptly deliver a copy of such physical listing to the Agent.

(n) Notices, Reports and Information. The Company will (i) notify the
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Agent of any other modifications of or additions to the information contained in Schedule 1; (ii) notify the Agent of any material claim made or asserted against
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the Collateral by any Person or other event other than market changes which could materially adversely affect the value of the Collateral or the Agent's Lien thereon; (iii) furnish to the Agent such statements and schedules further identifying and describing the Collateral and such other reports and other information in connection with the Collateral as the Agent may reasonably request, all in reasonable detail; and (iv) upon the reasonable request of the Agent make such demands and requests for information and reports as the Company is entitled to make in respect of the Collateral.

(o) Collateral Valuation. The value of the Collateral (which

Collateral shall not be subject to any other Liens securing Indebtedness) of the Company subject to a first priority security interest in favor of the Agent together with the value of the Collateral (which Collateral shall not be subject to any other Liens securing Indebtedness) of the Guarantor subject to a first priority security interest in favor of the Agent under the Guarantor Security Agreement (the "Aggregate Collateral") shall at all times be equal to or greater than the Minimum Amounts. "Minimum Amount" means (A) with respect to Accounts and Inventory (as such terms are defined herein and in the Guarantor Security Agreement), a value totalling at least $250,000,000 and (B) with respect to Equipment (as

defined herein and in the Guarantor Security Agreement), a value totalling at least $500,000,000. The Company shall deliver a certificate on the twentieth day following the end of each month setting forth the aggregate value of the Aggregate Collateral (as determined by the Company using net book values of the Aggregate Collateral as determined in accordance with GAAP) as well as a list of the current locations of the Inventory. If the values of the Aggregate Collateral set forth in the certificate are not equal to or greater than the Minimum Amounts, then the Company shall designate to the Agent (i) additional Financing Statements to be filed (and the locations in which such Financing Statements are to be filed) hereunder and/or under the Guarantor Security Agreement to perfect the security interest granted hereunder or (ii) additional collateral of the Company to be included hereunder, so that the Minimum Amounts shall be attained and, if necessary, this Agreement shall be amended to accomplish the foregoing. If the Company shall not provide the requisite information needed or if the Majority Banks determine that the Collateral as to which the Agent will become perfected hereunder, or additional collateral, as the case may be, is not acceptable, the Agent (in consultation with the Company and the Banks, as necessary or appropriate) shall determine when (and which) filings shall be done and what additional collateral shall be designated. All such filings shall be accomplished within 10 Business Days of receipt of the above certificate such that the Minimum Amounts are attained by that date.

(p) Insurance. All insurance maintained by the Company, as required under Section 6.06 of the Credit Agreement, with respect to Collateral shall name the Agent as loss payee/mortgagee and as additional insured, for the benefit of the Banks, as their interests may appear. Upon request of the Agent or any Bank, the Company shall furnish the Agent, with sufficient copies for each Bank, at reasonable intervals (but not more than once per calendar year) a certificate of a Responsible Officer of the Company (and, if requested by the Agent, any insurance broker of the Company) setting forth the nature and extent of all insurance maintained by the Company and its Subsidiaries in accordance with this Section or any Collateral Documents (and which, in the case of a certificate of a broker, were placed through such broker).

SECTION 6 Rights to Payment.

(a) Collection of Rights to Payment. Until the Agent exercises its rights hereunder to collect Rights to Payment, the Company shall endeavor in the first instance diligently to collect all amounts due or to become due on or with respect to the Rights to Payment unless in its reasonable business judgment it decides not to collect a Right to Payment. At the request of the Agent, upon and after the occurrence and during the continuance of any Event of Default if Loans are outstanding, all remittances received by the Company shall be held in trust for the Agent and, in accordance with the Agent's instructions, remitted to the Agent or deposited to an account with the Agent in the form received (with any necessary endorsements or instruments of assignment or transfer).

SECTION 7 Authorization; Agent Appointed Attorney-in-Fact. The Agent shall have the right to, in the name of the Company, or in the name of the Agent or otherwise, without notice to or assent by the Company, and the Company hereby constitutes and appoints the Agent (and any of the Agent's officers or employees or agents designated by

the Agent) as the Company's true and lawful attorney-in-fact, with full power and authority to:

(i) if the Company fails to do so promptly, sign any of the Financing Statements which must be executed or filed to perfect or continue perfected, maintain the priority of or provide notice of the Agent's security interest in the Collateral;

(ii) take possession of and endorse any notes, acceptances, checks, drafts, money orders or other forms of payment or security and collect any Proceeds of any Collateral;

(iii) sign and endorse any invoice or bill of lading relating to any of the Collateral, warehouse or storage receipts, drafts against customers or other obligors, assignments, notices of assignment, verifications and notices to customers or other obligors;

(iv) send requests for verification of Rights to Payment to the customers or other obligors of the Company;

(v) contact, or direct the Company to contact, all account debtors and other obligors on the Rights to Payment and instruct such account debtors and other obligors to make all payments directly to the Agent;

(vi) assert, adjust, sue for, compromise or release any claims under any policies of insurance;

(vii) notify each Person maintaining lockbox or similar arrangements for the payment of the Rights to Payment to remit all amounts representing collections on the Rights to Payment directly to the Agent;

(viii) ask, demand, collect, receive and give acquittances and receipts for any and all Rights to Payment, enforce payment or any other rights in respect of the Rights to Payment and other Collateral, grant consents, agree to any amendments, modifications or waivers of the agreements and documents governing the Rights to Payment and other Collateral, and otherwise file any claims, take any action or institute, defend, settle or adjust any actions, suits or proceedings with respect to the Collateral, as the Agent may deem necessary or desirable to maintain, preserve and protect the Collateral, to collect the Collateral or to enforce the rights of the Agent with respect to the Collateral;

(ix) execute any and all applications, documents, papers and instruments necessary for the Agent to use the Intellectual Property and grant or issue any exclusive or non-exclusive license or sublicense with respect to any Intellectual Property in connection with the exercise of the Agent's rights and remedies under Section 10;

(x) execute any and all endorsements, assignments or other documents and instruments necessary to sell, lease, assign, convey or otherwise transfer title in or dispose of the Collateral; and

(xi) execute any and all such other documents and instruments, and do any and all acts and things for and on behalf of the Company, which the Agent may deem necessary or advisable to (A) realize upon the Collateral, and (B) maintain, protect, and preserve the Collateral and the Agent's security interest therein and to accomplish the purposes of this Agreement.

The Agent agrees that, except upon and after the occurrence and during the continuance of an Event of Default and while Loans are outstanding, it shall not exercise the power of attorney, or any rights granted to the Agent, pursuant to clauses (ii) through (x) and (xi)(A). The foregoing power of attorney is coupled with an interest and irrevocable so long as the Banks have any Commitments or the Secured Obligations have not been paid and performed in full. The Company hereby ratifies, to the extent permitted by law, all that the Agent shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 7.

SECTION 8 Agent Performance of Company Obligations. If the Company fails to do so promptly after notice, the Agent may perform or pay any obligation which the Company has agreed to perform or pay under or in connection with this Agreement, and the Company shall reimburse the Agent on demand for any amounts paid by the Agent pursuant to this Section 8.

SECTION 9 Agent's Duties. Notwithstanding any provision contained in this Agreement, the Agent shall have no duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to the Company or any other Person for any failure to do so or delay in doing so. Beyond the exercise of reasonable care to assure the safe custody of Collateral in the Agent's possession and the accounting for moneys actually received by the Agent hereunder, the Agent shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral.

SECTION 10 Remedies.

(a) Remedies. Upon the occurrence and during the continuance of an Event of Default and acceleration of the Secured Obligations under Section 8.02 of the Credit Agreement, the Agent shall have, in addition to all other rights and remedies granted to it in this Agreement, the Credit Agreement or any other Loan Document, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, the Company agrees that upon the occurrence and during the continuance of an Event of Default and acceleration of the Secured Obligations under Section 8.02 of the Credit Agreement:

(i) The Agent may peaceably and without notice enter any premises of the Company, and using reasonable care, take possession of any Collateral, remove or dispose of all or part of the Collateral on any premises of the Company or elsewhere, or, in the case of Equipment, render it nonfunctional, and otherwise collect, receive, appropriate and realize upon all or any part of the Collateral, and demand, give receipt for, settle, renew, extend, exchange, compromise, adjust, or sue for all or any part of the Collateral, as the Agent may determine.

(ii) The Agent may require the Company to assemble all or any part of the Collateral and make it available to the Agent, at any place and time designated by the Agent.

(iii) The Agent may secure the appointment of a receiver of the Collateral or any part thereof (to the extent and in the manner provided by applicable law).

(iv) The Agent may sell, resell, lease, use, assign, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of the Company's assets, without charge or liability to the Agent therefor, except that Company Intellectual Property may only be used as provided in Subsection (b)) at public or private sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit or for future delivery without assumption of any credit risk, all as the Agent deems advisable; provided, however, that the Company shall be credited
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with the net proceeds of sale only when such proceeds are finally collected by the Agent. The Agent and each of the Banks shall have the right upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption the Company hereby releases, to the extent permitted by law. The Company hereby agrees that the sending of notice by ordinary mail, postage prepaid, to the address of the Company set forth in the Credit Agreement, of the place and time of any public sale or of the time after which any private sale or other intended disposition is to be made, shall be deemed reasonable notice thereof if such notice is sent ten days prior to the date of such sale or other disposition or the date on or after which such sale or other disposition may occur, provided that the Agent
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may provide the Company shorter notice or no notice, to the extent permitted by the UCC or other applicable law.

(b) License. Solely for the purpose of enabling the Agent to exercise
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its rights and remedies under this Section 10 or otherwise in connection with the disposition of Inventory in accordance with this Agreement, the Company hereby grants to the Agent an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to the Company) of the Intellectual Property necessary to sell or otherwise dispose of Inventory, provided that such license to use such Intellectual Property does not include the right to manufacture Inventory.

(c) Application of Proceeds. The cash proceeds actually received from
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the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein, shall be applied as provided in the Credit Agreement. Any surplus thereof which exists after payment and performance in full of the Secured Obligations shall be promptly paid over to the Company or otherwise disposed of in accordance with the UCC or other applicable law. The Company shall remain liable to the Agent and the Banks for any deficiency which exists after any sale or other disposition or collection of Collateral.

SECTION 11 Certain Waivers. The Company waives, to the fullest extent permitted by law, (i) any right of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling of the Collateral or other collateral or security for the Secured Obligations; (ii) any right to require the Agent or the Banks (A) to proceed against any Person, (B) to exhaust any other collateral or security for any of the Secured Obligations, (C) to pursue any remedy in the Agent's or any of the Banks' power, or (D) to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral; and (iii) all claims, damages, and demands against the Agent or the Banks arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral, other than any resulting from the gross negligence or willful misconduct of such Person.

SECTION 12 Notices. All notices, requests or other communications hereunder shall be given in the manner and to the addresses specified in the Credit Agreement. All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon receipt by the addressee, or if delivered, upon delivery.

SECTION 13 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

SECTION 14 Costs and Expenses; Indemnification; Other Charges.

(a) Costs and Expenses. The Company shall:

(i) whether or not the transactions contemplated hereby are consummated, pay or reimburse the Agent for all reasonable costs and expenses incurred by it in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby; and

(ii) pay or reimburse the Agent, the Arranger and each Bank for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

(b) Indemnification. The Company shall indemnify, defend and hold the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless

from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Person in favor of any third-party in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or relating to the Collateral, whether or not any Indemnified Person is a party thereto (all of the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting from the gross negligence or willful misconduct of such Indemnified Person.

(c) Other Charges. The Company agrees to indemnify the Agent and each of the Banks against and hold each of them harmless from any and all present and future stamp, transfer, documentary and other such taxes, levies, fees, assessments and other charges made by any jurisdiction by reason of the execution, delivery, performance and enforcement of this Agreement.

(d) Interest. Any amounts payable to the Agent or any Bank under this Section 14 or otherwise under this Agreement if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in Section 2.08(c) of the Credit Agreement.

(e) Survival. The agreements in this Section shall survive payment of all other Secured Obligations.

SECTION 15 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank.

SECTION 16 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND TO THE EXTENT THE VALIDITY OR PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR THE REMEDIES HEREUNDER, IN RESPECT OF ANY COLLATERAL ARE GOVERNED BY THE LAW OF A JURISDICTION OTHER THAN CALIFORNIA.

SECTION 17 Entire Agreement; Amendment. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Company, the Banks and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof

and thereof and shall not be amended except by the written agreement of the parties as provided in the Credit Agreement.

SECTION 18 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

SECTION 19 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. Each of the parties hereto understands and agrees that this Agreement may be delivered by any party hereto or 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 of 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.

SECTION 20 Incorporation of Provisions of the Credit Agreement. To the extent the Credit Agreement contains provisions of general applicability to the Loan Documents, including any such provisions contained in Article X thereof, such provisions are incorporated herein by this reference.

SECTION 21 No Inconsistent Requirements. The Company acknowledges that this Agreement and the other Loan Documents may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

SECTION 22 Termination. Upon the termination of the Commitments of the Banks and payment and performance in full of all Secured Obligations, this Agreement shall terminate and the Agent shall promptly execute and deliver to the Company such documents and instruments reasonably requested by the Company as shall be necessary to evidence termination of all security interests given by the Company to the Agent hereunder; provided, however, that the obligations of the Company under Section 14 shall survive such termination.

EXHIBIT B
to the Fourth Amendment

FORM OF GUARANTOR SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), dated as of June 16, 1998, is made between Micron Semiconductor Products, Inc., an Idaho corporation (the "Guarantor"), and Bank of America National Trust and Savings Association, as agent for itself and the Banks referred to below (in such capacity, the "Agent").

Micron Technology, Inc. (the "Company"), certain financial institutions as lenders (the "Banks") and the Agent are parties to a Fourth Amendment to First Amended and Restated Revolving Credit Agreement dated as of June 16, 1998 (the "Amendment") amending that certain First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997 among the Company, the Banks and the Agent, as amended (as amended, modified, renewed or extended from time to time, the "Credit Agreement"). To guarantee the indebtedness and other obligations of the Company under the Credit Agreement, the Guarantor has made a Guaranty dated as of the date hereof (as amended, modified, renewed or extended from time to time, the "Guaranty") in favor of the Agent. It is a condition precedent to the Amendment that the Guarantor enter into this Agreement and grant to the Agent, for itself and for the ratable benefit of the Banks, the security interests hereinafter provided to secure the obligations of the Guarantor under the Guaranty described below.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Accounts" means any and all accounts receivable owed to the Guarantor, whether now existing or hereafter acquired or arising, arising out of or in connection with the sale or lease of merchandise, goods or commodities or the rendering of services or arising from any other transaction, however evidenced, and whether or not earned by performance, all guaranties, indemnities and security with respect to the foregoing, and all letters of credit relating thereto, in each case whether now existing or hereafter acquired or arising.

"Books" means all books, records and other written, electronic or other documentation in whatever form maintained now or hereafter by or for the Guarantor in connection with the ownership of the Collateral or evidencing or containing information

relating to the Collateral, including: (i) ledgers; (ii) records indicating, summarizing, or evidencing the Collateral), business operations or financial condition; (iii) computer programs and software; (iv) computer discs, tapes, files, manuals, spreadsheets; (v) computer printouts and output of whatever kind; (vi) any other computer prepared or electronically stored, collected or reported information and equipment of any kind; and (vii) any and all other rights now or hereafter arising out of any contract or agreement between the Guarantor and any service bureau, computer or data processing company or other Person charged with preparing or maintaining any of the Guarantor's books or records or with credit reporting, including with regard to the Guarantor's Accounts.

"Collateral" has the meaning set forth in Section 2.

"Documents" means any and all documents of title, bills of lading, dock warrants, dock receipts, warehouse receipts and other documents of the Guarantor relating to Collateral, whether or not negotiable, and includes all other documents which purport to be issued by a bailee or agent and purport to cover goods in any bailee's or agent's possession which are either identified or are fungible portions of an identified mass, including such documents of title made available to the Guarantor for the purpose of ultimate sale or exchange of goods or for the purpose of loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with goods in a manner preliminary to their sale or exchange, in each case whether now existing or hereafter acquired or arising.

"Equipment" means all now existing or hereafter acquired equipment of the Guarantor in all of its forms, located at 8000 South Federal Way, Boise, Idaho 83707 and including any and all machinery, furniture, equipment, furnishings and fixtures in which the Guarantor now or hereafter acquires any right, and all other goods and tangible personal property (other than Inventory), including tools, parts and supplies, automobiles, trucks, tractors and other vehicles, computer and other electronic data processing equipment and other office equipment, Vendor Intellectual Property, and all additions, substitutions, replacements, parts, accessories, and accessions to and for the foregoing, now owned or hereafter acquired, and including any of the foregoing which are or are to become fixtures on real property.

"Excluded Collateral" means the Collateral set forth on Schedule 1.

"Financing Statements" has the meaning set forth in Section 3.

"General Intangibles" means all general intangibles of the Guarantor in any way relating to or arising out of or existing in connection with the Accounts, Inventory and Equipment constituting Collateral, now existing or hereafter acquired or arising and shall include Vendor Intellectual Property and exclude Guarantor Intellectual Property.

"Guarantor Documents" has the meaning set forth in the Guaranty.

"Guarantor Intellectual Property" means any Intellectual Property owned or held by the Guarantor or in which the Guarantor otherwise has any interest that allows for

transfer or sublicense to third parties, now existing or hereafter acquired or arising, whether or not relating to or arising out of or existing in connection with the Equipment.

"Idaho Financing Statements" has the meaning set forth in Section 3.

"Intellectual Property" means the following properties and assets: (i) all patents and patent applications, domestic or foreign, and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, all rights arising therefrom and pertaining thereto (collectively, "Patents"); (ii) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), and all rights of renewal and extension of copyright; (iii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, whether registered or unregistered and wherever registered, and all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof; (iv) all trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs; and (v) the entire goodwill of or associated with the businesses now or hereafter conducted by the Guarantor connected with and symbolized by any of the aforementioned properties and assets.

"Inventory" means any and all of the Guarantor's inventory in all of its forms, wherever located, whether now owned or hereafter acquired, and in any event includes all goods (including goods in transit) which are held for sale, lease or other disposition, including those held for display or demonstration or out on lease or consignment or to be furnished under a contract of service, or which are raw materials, work in process, finished goods or materials used or consumed in the Guarantor's business, and the resulting product or mass, and all repossessed, returned, rejected, reclaimed and replevied goods, together with all parts, components, supplies and other materials used or usable in connection with the manufacture, production, packing, shipping, advertising, selling or furnishing of such goods; and all other items hereafter acquired by the Guarantor by way of substitution, replacement, return, repossession or otherwise, and all additions and accessions thereto, and any Document representing or relating to any of the foregoing at any time.

"Proceeds" means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Collateral or other assets of the Guarantor, including "proceeds" as defined at UCC Section 9306, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of the Guarantor from time to time with respect to any of the Collateral, any and all payments (in any form whatsoever) made or due and payable to the

Guarantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of governmental authority), any and all other amounts from time to time paid or payable under or in connection with any of the Collateral or for or on account of any damage or injury to or conversion of any Collateral by any Person, any and all other tangible or intangible property received upon the sale or disposition of Collateral, and all proceeds of proceeds.

"Rights to Payment" means all Accounts and any and all rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under all Documents, General Intangibles and Proceeds.

"Secured Obligations" means the "Guaranteed Obligations" of the Guarantor as defined in the Guaranty.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

"Vendor Intellectual Property" means any Intellectual Property owned by or originating with a vendor from whom Guarantor purchased Equipment, where such Intellectual Property (i) accompanied the sale of such Equipment to Guarantor, (ii) which Guarantor utilized or accessed in the operation of such Equipment, (iii) to which Guarantor was licensed, either expressly or by implication, and (iv) as to which Vendor placed no restrictions on transfer in connection with the resale of Equipment.

(c) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

(d) Interpretation. The rules of interpretation set forth in Section 1.03 of the Credit Agreement shall be applicable to this Agreement and are incorporated herein by this reference.

SECTION 2 Security Interest.

(a) Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Guarantor hereby pledges, assigns, transfers, hypothecates and sets over to the Agent, for itself and on behalf of and for the ratable benefit of the Banks, and hereby grants to the Agent, for itself and on behalf of and for the ratable benefit of the Banks, a security interest in all of the Guarantor's right, title and interest in, to

and under the following property, wherever located and whether now existing or owned or hereafter acquired or arising but excluding the Guarantor's right, title and interest in, to and under the Excluded Collateral (collectively, the "Collateral"): (i) all Accounts; (ii) all Documents; (iii) all Equipment; (iv) all General Intangibles; (v) all Inventory; (vi) all Books; and (vii) all products and Proceeds of any and all of the foregoing.

(b) Continuing Security Interest. The Guarantor agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 22.

(c) Excluded General Intangibles. Notwithstanding the foregoing provisions of this Section 2, the grant of a security interest as provided herein shall not extend to, and the term "Collateral" shall not include, any General Intangibles of the Guarantor (whether owned or held as licensee or lessee, or otherwise), to the extent that (i) such General Intangibles are not assignable or capable of being encumbered as a matter of law or under the terms of the license, lease or other agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the licensor or lessor thereof or other applicable party thereto and (ii) such consent has not been obtained; provided, however, that the foregoing grant of security interest shall extend to, and the term "Collateral" shall include, (A) any General Intangible which is an Account or a proceed of, or otherwise related to the enforcement or collection of, any Account, or goods which are the subject of any Account, (B) any and all proceeds of any General Intangibles which are otherwise excluded to the extent that the assignment or encumbrance of such proceeds is not so restricted, and (C) upon obtaining the consent of any such licensor, lessor or other applicable party's consent with respect to any such otherwise excluded General Intangibles, such General Intangibles as well as any and all proceeds thereof that might have theretofore have been excluded from such grant of a security interest and the term "Collateral".

SECTION 3 Perfection Procedures. The Guarantor shall execute and deliver to the Agent concurrently with the execution of this Agreement Financing Statements on Form UCC-1 to be filed in the office of the Secretary of State of the State of Idaho and the office of the county recorder of Ada County, Idaho (the "Idaho Financing Statements"), and subject to Section 5(o), at any time and from time to time after execution of this Agreement all other or additional financing statements, continuation financing statements, termination statements, security agreements, chattel mortgages, assignments, patent, copyright and trademark collateral assignments, fixture filings, warehouse receipts, documents of title, affidavits, reports, notices, schedules of account, letters of authority and all other documents and instruments, in form satisfactory to the Agent (the "Financing Statements"), and take all other action, as the Agent may request, to perfect and continue perfected, maintain the priority of or provide notice of the Agent's security interest in the Collateral and to accomplish the purposes of this Agreement.

SECTION 4 Representations and Warranties. In addition to the representations and warranties of the Guarantor set forth in the Guaranty, which are incor-

porated herein by this reference, the Guarantor represents and warrants to each Bank and the Agent that:

(a) Location of Chief Executive Office and Collateral. The Guarantor's chief executive office and principal place of business is located at the address set forth in Part 1 of Schedule 1.

(b) Locations of Books. All locations where Books pertaining to the Rights to Payment are kept, including all equipment necessary for accessing such Books and the names and addresses of all service bureaus, computer or data processing companies and other Persons keeping any Books or collecting Rights to Payment for the Guarantor, are set forth in Part 2 of Schedule 1.

(c) Trade Names and Trade Styles. All trade names and trade styles under which the Guarantor presently conducts its business operations are set forth in Part 3 of Schedule 1.

(d) Ownership of Collateral. The Guarantor is, and, except as permitted by Section 5(i), will continue to be, the sole and complete owner of the Collateral (or, in the case of after-acquired Collateral, at the time the Guarantor acquires rights in such Collateral, will be the sole and complete owner thereof), free from any Lien other than Permitted Liens.

(e) Enforceability; Priority of Security Interest. (i) This Agreement creates a security interest which is enforceable against the Collateral in which the Guarantor now has rights and will create a security interest which is enforceable against the Collateral in which the Guarantor hereafter acquires rights at the time the Guarantor acquires any such rights; and (ii) the Agent has a perfected and first priority security interest in the Collateral covered by the Idaho Financing Statements and, subject to Section 5(o), any other Financing Statements, and will have a perfected security interest in the Collateral, subject only to Permitted Liens, referred to in the Idaho Financing Statements, and, subject to Section 5(o), any other Financing Statements, in which the Guarantor hereafter acquires rights at the time the Guarantor acquires any such rights, in each case securing the payment and performance of the Secured Obligations, and free from any Lien other than Permitted Liens.

(f) Rights to Payment.

(i) The Rights to Payment represent valid, binding and enforceable obligations of the account debtors or other Persons obligated thereon, representing undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are and will be genuine, free from Liens, and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent reflected by the Guarantor's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances in accordance with Section 5(k) or otherwise occurring in the ordinary course of business;

(ii) all Rights to Payment comply in all material respects with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws;

(iii) the Guarantor has not assigned any of its rights under the Rights to Payment except as provided in this Agreement or as set forth in the other Loan Documents; and

(iv) all statements made, all unpaid balances and all other information in the Books and other documentation relating to the Rights to Payment are true and correct in all material respects and in all material respects what they purport to be.

SECTION 5 Covenants. In addition to the covenants of the Guarantor set forth in the Guaranty, which are incorporated herein by this reference, so long as any of the Secured Obligations remain unsatisfied or any Bank shall have any Commitment, the Guarantor agrees that:

(a) Defense of Collateral. The Guarantor will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or right or interest in, or the Agent's right or interest in, any material portion of Collateral unless the Collateral, could be disposed of under Section 5(o) without resulting in any noncompliance therewith.

(b) Preservation of Collateral. The Guarantor will do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect any material Collateral unless the Collateral could be disposed of under Section 5(o) without resulting in any noncompliance therewith.

(c) Compliance with Laws, Etc. The Guarantor will comply with all laws, regulations and ordinances, and all policies of insurance, relating in a material way to the possession, operation, maintenance and control of the Collateral, except where the failure to do so could not reasonably be expected to have a material adverse effect on the Collateral position of the Agents and the Banks.

(d) Location of Books and Chief Executive Office. The Guarantor will give at least 30 days' prior written notice to the Agent of (A) any changes in any such location where Books pertaining to the Rights to Payment are kept, including any change of name or address of any service bureau, computer or data processing company or other Person preparing or maintaining Books or collecting material Rights to Payment for the Guarantor or (B) any change in the location of the Guarantor's chief executive office or principal place of business.

(e) Location of Collateral. As part of the collateral valuation certificate described in Section 5(o) of the Company Security Agreement, the Company will give the Agent a list of the current locations of the Inventory of the Company and the Guarantor.

(f) Change in Name, Identity or Structure. The Guarantor will give at least 30 days' prior written notice to the Agent of (i) any change in its name and (ii) any changes in its identity or structure in any manner which might make any Financing Statement filed hereunder incorrect or misleading.

(g) Maintenance of Records. The Guarantor will keep Books with respect to the Collateral which are accurate in all material respects.

(h) Invoicing of Sales. The Guarantor will invoice all of its sales and maintain proof of delivery and customer acceptance of goods in accordance with past practices.

(i) Liens. The Guarantor will keep the Collateral free of all Liens except Permitted Liens.

(j) Expenses. The Guarantor will pay all expenses of protecting, storing, warehousing, insuring, handling and shipping the Collateral.

(k) Rights to Payment. The Guarantor will:

(i) with such frequency as the Agent may require upon the occurrence and during the continuance of an Event of Default or after any acceleration of the Secured Obligations (but in no event more than once during any calendar month), furnish to the Agent full and complete reports, in form and substance reasonably satisfactory to the Agent, with respect to the Accounts, including information as to concentration, aging, identity of account debtors, letters of credit securing Accounts, disputed Accounts and other matters, as the Agent shall reasonably request;

(ii) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices, and enforce all Accounts and other Rights to Payment, and during the existence of an Event of Default, take all such action to such end as may from time to time be reasonably requested by the Agent, except that the Guarantor may grant any extension of the time for payment or enter into any agreement to make a rebate or otherwise to reduce the amount owing on or with respect to, or compromise or settle for less than the full amount thereof, any Account or other Right to Payment, in the ordinary course of business, according to normal trade practices;

(iii) if any discount, allowance, credit, extension of time for payment, agreement to make a rebate or otherwise to reduce the amount owing on, or compromise or settle, an Account or other Right to Payment exists or occurs, or if, to the knowledge of the Guarantor, any dispute, setoff, claim, counterclaim or defense exists with respect to an Account or other Right to Payment, disclose such fact in the Books relating to such Account or other Right to Payment;

(iv) to the extent required in accordance with its sound business judgment perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;

(v) upon the request of the Agent at any time that Loans are outstanding (A) upon the occurrence and during the continuance of an Event of Default, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the security interest hereunder, and (B) upon the occurrence and during the continuance of an Event of Default, notify the account debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Agent or to such other Person or location as the Agent shall specify; and

(vi) upon the occurrence and during the continuance of any Event of Default, upon the request of Agent, at any time that Loans are outstanding, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Agent shall require.

(l) Instruments, Etc. Upon the request of the Agent, the Guarantor will (i) immediately deliver to the Agent, or an agent designated by it, appropriately endorsed or accompanied by appropriate instruments of transfer or assignment, Documents, all letters of credit relating to the Collateral, and all Rights to Payment at any time evidenced by promissory notes, trade acceptances or other instruments, (ii) mark all Documents with such legends as the Agent shall reasonably specify, and (iii) obtain consents from any letter of credit issuers with respect to the assignment to the Agent of any Letter of Credit Proceeds.

(m) Inventory. The Guarantor will:

(i) at such times as the Agent shall request, prepare and deliver to the Agent a report of all Inventory, in form and substance reasonably satisfactory to the Agent; and

(ii) upon the reasonable request of the Agent, take a physical listing of the Inventory (including specification of all locations thereof) and promptly deliver a copy of such physical listing to the Agent.

(n) Notices, Reports and Information. The Guarantor will (i) notify the Agent of any other modifications of or additions to the information contained in Schedule 1; (ii) notify the Agent of any material claim made or asserted against the Collateral by any Person or other event other than market changes which could materially adversely affect the value of the Collateral or the Agent's Lien thereon; (iii) furnish to the Agent such statements and schedules further identifying and describing the Collateral and such other reports and other information in connection with the Collateral as the Agent may reasonably request, all in reasonable detail; and (iv) upon the reasonable request of the Agent make such demands and requests for information and reports as the Guarantor is entitled to make in respect of the Collateral.

(o) Collateral Valuation. The value of the Collateral (which
Collateral shall not be subject to any other Liens securing Indebtedness) of the Guarantor subject to a first priority security interest in favor of the Agent together with the value of the Collateral (which Collateral shall not be subject to any other Liens securing Indebtedness) of the Company subject to a first priority security interest in favor of the Agent under the Company Security Agreement (collectively, the "Aggregate Collateral") shall at all times be equal to or greater than the Minimum Amounts. "Minimum Amount" means (A) with respect to Accounts and Inventory (as such terms are defined herein and in the Company Security Agreement), a value totalling at least $250,000,000 and (B) with respect to Equipment (as defined herein and in the Company Security Agreement), a value totalling at least $500,000,000. Pursuant to the Company Security Agreement, the Company shall deliver a certificate on the twentieth day following the end of each month setting forth the aggregate value of the Aggregate Collateral (as determined by the Company using net book values of the Aggregate Collateral as determined in accordance with GAAP) as well as a list of the current locations of the Inventory. If the values of the Aggregate Collateral set forth in the certificate are not equal to or greater than the Minimum Amounts, then the Company shall designate to the Agent (i) additional Financing Statements to be filed (and the locations in which such Financing Statements are to be filed) hereunder and/or under the Company Security Agreement to perfect the security interest granted hereunder or (ii) additional collateral of the Guarantor to be included hereunder, so that the Minimum Amounts shall be attained and, if necessary, this Agreement shall be amended to accomplish the foregoing. If the Company shall not provide the requisite information needed or if the Majority Banks determine that the Collateral as to which the Agent will become perfected hereunder, or additional collateral is not acceptable, as the case may be, the Agent (in consultation with the Company and the Banks, as necessary or appropriate) shall determine when (and which filings) shall be done and what additional collateral shall be designated. All such filings shall be accomplished within 10 Business Days of receipt of the above certificate such that the Minimum Amounts are attained by that date.

(p) Insurance. All insurance maintained by the Guarantor, as required
under Section 6.06 of the Credit Agreement, with respect to Collateral shall name the Agent as loss payee/mortgagee and as additional insured, for the benefit of the Banks, as their interests may appear. Upon request of the Agent or any Bank, the Guarantor shall furnish the Agent, with sufficient copies for each Bank, at reasonable intervals (but not more than once per calendar year) a certificate of a Responsible Officer of the Guarantor (and, if requested by the Agent, any insurance broker of the Guarantor) setting forth the nature and extent of all insurance maintained by the Guarantor and its Subsidiaries in accordance with this Section or any Collateral Documents (and which, in the case of a certificate of a broker, were placed through such broker).

SECTION 6 Rights to Payment.

(a) Collection of Rights to Payment. Until the Agent exercises its
rights hereunder to collect Rights to Payment, the Guarantor shall endeavor in the first instance diligently to collect all amounts due or to become due on or with respect to the Rights to Payment unless in its reasonable business judgment it decides not to collect a Right to

Payment. At the request of the Agent, upon and after the occurrence and during the continuance of any Event of Default, if Loans are outstanding, all remittances received by the Guarantor shall be held in trust for the Agent and, in accordance with the Agent's instructions, remitted to the Agent or deposited to an account with the Agent in the form received (with any necessary endorsements or instruments of assignment or transfer).

SECTION 7 Authorization; Agent Appointed Attorney-in-Fact. The Agent shall have the right to, in the name of the Guarantor, or in the name of the Agent or otherwise, without notice to or assent by the Guarantor, and the Guarantor hereby constitutes and appoints the Agent (and any of the Agent's officers or employees or agents designated by the Agent) as the Guarantor's true and lawful attorney-in-fact, with full power and authority to:

(i) if the Guarantor fails to do so promptly, sign any of the Financing Statements which must be executed or filed to perfect or continue perfected, maintain the priority of or provide notice of the Agent's security interest in the Collateral;

(ii) take possession of and endorse any notes, acceptances, checks, drafts, money orders or other forms of payment or security and collect any Proceeds of any Collateral;

(iii) sign and endorse any invoice or bill of lading relating to any of the Collateral, warehouse or storage receipts, drafts against customers or other obligors, assignments, notices of assignment, verifications and notices to customers or other obligors;

(iv) send requests for verification of Rights to Payment to the customers or other obligors of the Guarantor;

(v) contact, or direct the Guarantor to contact, all account debtors and other obligors on the Rights to Payment and instruct such account debtors and other obligors to make all payments directly to the Agent;

(vi) assert, adjust, sue for, compromise or release any claims under any policies of insurance;

(vii) notify each Person maintaining lockbox or similar arrangements for the payment of the Rights to Payment to remit all amounts representing collections on the Rights to Payment directly to the Agent;

(viii) ask, demand, collect, receive and give acquittances and receipts for any and all Rights to Payment, enforce payment or any other rights in respect of the Rights to Payment and other Collateral, grant consents, agree to any amendments, modifications or waivers of the agreements and documents governing the Rights to Payment and other Collateral, and otherwise file any claims, take any action or institute, defend, settle or adjust any actions, suits or proceedings with respect to the Collateral, as the Agent may deem

necessary or desirable to maintain, preserve and protect the Collateral, to collect the Collateral or to enforce the rights of the Agent with respect to the Collateral;

(ix) execute any and all applications, documents, papers and instruments necessary for the Agent to use the Intellectual Property and grant or issue any exclusive or non-exclusive license or sublicense with respect to any Intellectual Property in connection with the exercise of the Agent's rights and remedies under Section 10;

(x) execute any and all endorsements, assignments or other documents and instruments necessary to sell, lease, assign, convey or otherwise transfer title in or dispose of the Collateral; and

(xi) execute any and all such other documents and instruments, and do any and all acts and things for and on behalf of the Guarantor, which the Agent may deem necessary or advisable to (A) realize upon the Collateral, and (B) maintain, protect, and preserve the Collateral and the Agent's security interest therein and to accomplish the purposes of this Agreement.

The Agent agrees that, except upon and after the occurrence and during the continuance of an Event of Default and while Loans are outstanding, it shall not exercise the power of attorney, or any rights granted to the Agent, pursuant to clauses (ii) through (x) and (xi)(A). The foregoing power of attorney is coupled with an interest and irrevocable so long as the Banks have any Commitments or the Secured Obligations have not been paid and performed in full. The Guarantor hereby ratifies, to the extent permitted by law, all that the Agent shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 7.

SECTION 8 Agent Performance of Guarantor Obligations. If the Guarantor fails to do so promptly after notice, the Agent may perform or pay any obligation which the Guarantor has agreed to perform or pay under or in connection with this Agreement, and the Guarantor shall reimburse the Agent on demand for any amounts paid by the Agent pursuant to this Section 8.

SECTION 9 Agent's Duties. Notwithstanding any provision contained in this Agreement, the Agent shall have no duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to the Guarantor or any other Person for any failure to do so or delay in doing so. Beyond the exercise of reasonable care to assure the safe custody of Collateral in the Agent's possession and the accounting for moneys actually received by the Agent hereunder, the Agent shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral.

SECTION 10 Remedies.

(a) Remedies. Upon the occurrence and during the continuance of an Event of Default and acceleration of the Secured Obligations under Section 8.02 of the Credit Agreement, the Agent shall have, in addition to all other rights and remedies granted to it in

this Agreement, the Credit Agreement or any other Loan Document, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, the Guarantor agrees that upon the occurrence and during the continuance of an Event of Default and acceleration of the Secured Obligations under Section 8.02 of the Credit Agreement:

(i) The Agent may peaceably and without notice enter any premises of the Guarantor, and using reasonable care, take possession of any Collateral, remove or dispose of all or part of the Collateral on any premises of the Guarantor or elsewhere, or, in the case of Equipment, render it nonfunctional, and otherwise collect, receive, appropriate and realize upon all or any part of the Collateral, and demand, give receipt for, settle, renew, extend, exchange, compromise, adjust, or sue for all or any part of the Collateral, as the Agent may determine.

(ii) The Agent may require the Guarantor to assemble all or any part of the Collateral and make it available to the Agent, at any place and time designated by the Agent.

(iii) The Agent may secure the appointment of a receiver of the Collateral or any part thereof (to the extent and in the manner provided by applicable law).

(iv) The Agent may sell, resell, lease, use, assign, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of the Guarantor's assets, without charge or liability to the Agent therefor, except that Guarantor Intellectual Property may only be used as provided in Subsection (b)) at public or private sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit or for future delivery without assumption of any credit risk, all as the Agent deems advisable; provided, however, that the Guarantor shall be credited
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with the net proceeds of sale only when such proceeds are finally collected by the Agent. The Agent and each of the Banks shall have the right upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption the Guarantor hereby releases, to the extent permitted by law. The Guarantor hereby agrees that the sending of notice by ordinary mail, postage prepaid, to the address of the Guarantor set forth in the Guaranty, of the place and time of any public sale or of the time after which any private sale or other intended disposition is to be made, shall be deemed reasonable notice thereof if such notice is sent ten days prior to the date of such sale or other disposition or the date on or after which such sale or other disposition may occur, provided that the Agent may
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provide the Guarantor shorter notice or no notice, to the extent permitted by the UCC or other applicable law.

(b) License. Solely for the purpose of enabling the Agent to exercise
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its rights and remedies under this Section 10 or otherwise in connection with the disposition of Inventory in accordance with this Agreement, the Guarantor hereby grants to the Agent an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to the Guarantor) of the Intellectual Property necessary to sell or

otherwise dispose of Inventory, provided that such license to use such Intellectual Property does not include the right to manufacture Inventory.

(c) Application of Proceeds. The cash proceeds actually received from the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein, shall be applied as provided in the Credit Agreement. Any surplus thereof which exists after payment and performance in full of the Secured Obligations shall be promptly paid over to the Guarantor or otherwise disposed of in accordance with the UCC or other applicable law. The Guarantor shall remain liable to the Agent and the Banks for any deficiency which exists after any sale or other disposition or collection of Collateral.

SECTION 11 Certain Waivers. The Guarantor waives, to the fullest extent permitted by law, (i) any right of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling of the Collateral or other collateral or security for the Secured Obligations; (ii) any right to require the Agent or the Banks (A) to proceed against any Person, (B) to exhaust any other collateral or security for any of the Secured Obligations, (C) to pursue any remedy in the Agent's or any of the Banks' power, or (D) to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral; and (iii) all claims, damages, and demands against the Agent or the Banks arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral, other than any resulting from the gross negligence or willful misconduct of such Person.

SECTION 12 Notices. All notices, requests or other communications hereunder shall be given in the manner and to the addresses specified in the Guaranty. All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon receipt by the addressee, or if delivered, upon delivery.

SECTION 13 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

SECTION 14 Costs and Expenses; Indemnification; Other Charges.

(a) Costs and Expenses. The Guarantor shall:

(i) whether or not the transactions contemplated hereby are consummated, pay or reimburse the Agent for all reasonable costs and expenses incurred by it in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not

consummated), this Agreement and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby; and

(ii) pay or reimburse the Agent, the Arranger and each Bank for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

(b) Indemnification. The Guarantor shall indemnify, defend and hold
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the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Person in favor of any third-party in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or relating to the Collateral, whether or not any Indemnified Person is a party thereto (all of the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Guarantor shall have no obligation hereunder
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to any Indemnified Person with respect to Indemnified Liabilities resulting from the gross negligence or willful misconduct of such Indemnified Person.

(c) Other Charges. The Guarantor agrees to indemnify the Agent and
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each of the Banks against and hold each of them harmless from any and all present and future stamp, transfer, documentary and other such taxes, levies, fees, assessments and other charges made by any jurisdiction by reason of the execution, delivery, performance and enforcement of this Agreement.

(d) Interest. Any amounts payable to the Agent or any Bank under this
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Section 14 or otherwise under this Agreement if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in Section 2.08(c) of the Credit Agreement.

(e) Survival. The agreements in this Section shall survive payment of
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all other Secured Obligations.

SECTION 15 Successors and Assigns. The provisions of this Agreement
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shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Guarantor may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and the Majority Banks.

SECTION 16 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND TO THE EXTENT THE VALIDITY OR PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR THE REMEDIES HEREUNDER, IN RESPECT OF ANY COLLATERAL ARE GOVERNED BY THE LAW OF A JURISDICTION OTHER THAN CALIFORNIA.

SECTION 17 Entire Agreement; Amendment. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Guarantor, the Banks and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof and shall not be amended except by the written agreement of the parties as provided in the Credit Agreement.

SECTION 18 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

SECTION 19 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. Each of the parties hereto understands and agrees that this Agreement may be delivered by any party hereto or 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 of or the Guarantor shall bind such Bank or the Guarantor, 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.

SECTION 20 Incorporation of Provisions of the Guaranty. To the extent the Guaranty contains provisions of general applicability to the Guarantor Documents, such provisions are incorporated herein by this reference.

SECTION 21 No Inconsistent Requirements. The Guarantor acknowledges that this Agreement and the other Guarantor Documents may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

SECTION 22 Termination. Upon the termination of the Commitments of the Banks and payment and performance in full of all Secured Obligations, this Agreement shall terminate and the Agent shall promptly execute and deliver to the Guarantor such documents and instruments reasonably requested by the Guarantor as shall be necessary to evidence termination of all security interests given by the Guarantor to the Agent hereunder; provided, however, that the obligations of the Guarantor under Section 14 shall survive such termination.

EXHIBIT C
to the Fourth Amendment

FORM OF GUARANTY

THIS GUARANTY (this "Guaranty"), dated as of June 16, 1998, is made by Micron Semiconductor Products, Inc., an Idaho corporation (the "Guarantor"), in favor of the Banks party to the Credit Agreement referred to below and Bank of America National Trust and Savings Association, as agent for itself and such Banks (in such capacity, the "Agent").

Micron Technology, Inc., a Delaware corporation (the "Company"), certain financial institutions as lenders (the "Banks") and the Agent are parties to a Fourth Amendment to First Amended and Restated Revolving Credit Agreement dated June 16, 1998 (the "Amendment") amending that certain First Amended and Restated Revolving Credit Agreement among the Company, the Banks and the Agent dated as of May 28, 1997 (as amended, modified, renewed or extended from time to time, the "Credit Agreement"). It is a condition precedent to the Amendment that the Guarantor guarantee the indebtedness and other obligations of the Company to the Agent and the Banks under or in connection with the Credit Agreement as set forth herein. The Guarantor, as a subsidiary of the Company, will derive substantial direct and indirect benefits from the credit extensions to the Company pursuant to the Credit Agreement and the amendment contemplated by the Amendment (which benefits are hereby acknowledged by the Guarantor).

Accordingly, to induce the Banks to enter into this Amendment and in consideration thereof, the Guarantor hereby agrees as follows:

SECTION 1 Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Guaranty and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Certain Defined Terms. As used in this Guaranty, the following terms shall have the following meanings:

"Guaranteed Obligations" has the meaning set forth in Section 2.

"Guarantor Documents" means this Guaranty, the Guarantor Security Agreement and all other certificates, documents, agreements and instruments delivered to the Agent and the Banks under or in connection with this Guaranty.

"Solvent" means, as to any Person at any time, that (a) the fair value of the property of such Person is greater than the amount of such Person's liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(31) of the Bankruptcy Code and, in the alternative, for

purposes of the California Uniform Fraudulent Transfer Act; (b) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person is able to realize upon its property and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital.

"Subordinated Debt" has the meaning set forth in Section 7.

(c) Interpretation. The rules of interpretation set forth in Section
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1.03 of the Credit Agreement shall be applicable to this Guaranty and are incorporated herein by this reference.

SECTION 2 Guaranty.

(a) Guaranty. The Guarantor hereby unconditionally and irrevocably
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guarantees to the Agent and the Banks, and their respective successors, endorsees, transferees and assigns, the full and prompt payment when due (whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise) and performance of the indebtedness, liabilities and other obligations of the Company to the Agent and the Banks under or in connection with the Credit Agreement, the Notes and the other Loan Documents, including all unpaid principal of the Loans, all interest accrued thereon, all fees due under the Credit Agreement and all other amounts payable by the Company to the Agent and the Banks thereunder or in connection therewith. The terms "indebtedness," "liabilities" and "obligations" are used herein in their most comprehensive sense and include any and all advances, debts, obligations and liabilities, now existing or hereafter arising, whether voluntary or involuntary and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether recovery upon such indebtedness, liabilities and obligations may be or hereafter become unenforceable or shall be an allowed or disallowed claim under the Bankruptcy Code or other applicable law. The foregoing indebtedness, liabilities and other obligations of the Company, and all other indebtedness, liabilities and obligations to be paid or performed by the Guarantor in connection with this Guaranty (including any and all amounts due under Section 15), shall hereinafter be collectively referred to as the "Guaranteed Obligations."

(b) Limitation of Guaranty. To the extent that any court of competent
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jurisdiction shall impose by final judgment under applicable law (including the California Uniform Fraudulent Transfer Act and (S)(S)544 and 548 of the Bankruptcy Code) any limitations on the amount of the Guarantor's liability with respect to the Guaranteed Obligations which the Agent or the Banks can enforce under this Guaranty, the Agent and the Banks by their acceptance hereof accept such limitation on the amount of the Guarantor's liability hereunder to the extent needed to make this Guaranty and the Guarantor Documents fully enforceable and nonavoidable.

SECTION 3 Liability of Guarantor. The liability of the Guarantor under this Guaranty shall be irrevocable, absolute, independent and unconditional, and shall not be affected by any circumstance which might constitute a discharge of a surety or guarantor other than the indefeasible payment and performance in full of all Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, the Guarantor agrees as follows:

(i) the Guarantor's liability hereunder shall be the immediate, direct, and primary obligation of the Guarantor and shall not be contingent upon the Agent's or any Bank's exercise or enforcement of any remedy it may have against the Company or any other Person, or against any Collateral;

(ii) this Guaranty is a guaranty of payment when due and not merely of collectibility;

(iii) the Guarantor's payment of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge the Guarantor's liability for any portion of the Guaranteed Obligations remaining unsatisfied; and

(iv) the Guarantor's liability with respect to the Guaranteed Obligations shall remain in full force and effect without regard to, and shall not be impaired or affected by, nor shall the Guarantor be exonerated or discharged by, any of the following events:

(A) any Insolvency Proceeding with respect to the Company, any other guarantor or any other Person;

(B) any limitation, discharge, or cessation of the liability of the Company, any other guarantor or any other Person for any Guaranteed Obligations due to any statute, regulation or rule of law, or any invalidity or unenforceability in whole or in part of any of the Guaranteed Obligations or the Loan Documents;

(C) any merger, acquisition, consolidation or change in structure of the Company, the Guarantor or any other guarantor or Person, or any sale, lease, transfer or other disposition of any or all of the assets or shares of the Company, the Guarantor, any other guarantor or other Person;

(D) any assignment or other transfer, in whole or in part, of the Agent's or any Bank's interests in and rights under this Guaranty or the other Loan Documents, including the Agent's or any Bank's right to receive payment of the Guaranteed Obligations, or any assignment or other transfer, in whole or in part, of the Agent's or any Bank's interests in and to any of the Collateral;

(E) any claim, defense, counterclaim or setoff, other than that of prior performance, that the Company, the Guarantor, any other guarantor or other Person may have or assert, including any defense of incapacity or lack of corporate or other authority to execute any of the Loan Documents;

(F) the Agent's or any Bank's amendment, modification, renewal, extension, cancellation or surrender of any Loan Document, any Collateral, or the Agent's or any Bank's exchange, release, or waiver of any Collateral;

(G) the Agent's or any Bank's exercise or nonexercise of any power, right or remedy with respect to any of the Collateral, including the Agent's or any Bank's compromise, release, settlement or waiver with or of the Company, any other guarantor or any other Person;

(H) the Agent's or any Bank's vote, claim, distribution, election, acceptance, action or inaction in any Insolvency Proceeding related to the Guaranteed Obligations;

(I) any impairment or invalidity of any of the Collateral or any other collateral securing any of the Guaranteed Obligations or any failure to perfect any of the Liens of the Agent and the Banks thereon or therein; and

(J) any other guaranty, whether by the Guarantor or any other Person, of all or any part of the Guaranteed Obligations or any other indebtedness, obligations or liabilities of the Company to the Agent or the Banks.

SECTION 4 Consents of Guarantor. The Guarantor hereby unconditionally consents and agrees that, without notice to or further assent from the Guarantor:

(i) the principal amount of the Guaranteed Obligations may be increased or decreased and additional indebtedness or obligations of the Company under the Loan Documents may be incurred, by one or more amendments, modifications, renewals or extensions of any Loan Document or otherwise;

(ii) the time, manner, place or terms of any payment under any Loan Document may be extended or changed, including by an increase or decrease in the interest rate on any Guaranteed Obligation or any fee or other amount payable under such Loan Document, by an amendment, modification or renewal of any Loan Document or otherwise;

(iii) the time for the Company's (or any other Person's) performance of or compliance with any term, covenant or agreement on its part to be performed or observed under any Loan Document may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to, all in such manner and upon such terms as the Agent and the Banks may deem proper;

(iv) the Agent or the Banks may discharge or release, in whole or in part, any other guarantor or any other Person liable for the payment and performance of all or any part of the Guaranteed Obligations, and may permit or consent to any such action or any result of such action, and shall not be obligated to demand or enforce payment upon any of the Collateral or any other collateral, nor shall the Agent or the Banks be liable to the Guarantor for any failure to collect or enforce payment or performance of the Guaranteed Obligations from any Person or to realize on the Collateral or other collateral therefor;

(v) in addition to the Collateral, the Agent and the Banks may take and hold other security (legal or equitable) of any kind, at any time, as collateral for the Guaranteed Obligations, and may, from time to time, in whole or in part, exchange, sell, surrender, release, subordinate, modify, waive, rescind, compromise or extend such security and may permit or consent to any such action or the result of any such action, and may apply such security and direct the order or manner of sale thereof;

(vi) the Agent and the Banks may request and accept other guaranties of the Guaranteed Obligations and any other indebtedness, obligations or liabilities of the Company to the Agent or the Banks and may, from time to time, in whole or in part, surrender, release, subordinate, modify, waive, rescind, compromise or extend any such guaranty and may permit or consent to any such action or the result of any such action; and

(vii) the Agent and the Banks may exercise, or waive or otherwise refrain from exercising, any other right, remedy, power or privilege (including the right to accelerate the maturity of any Loan and any power of sale) granted by any Loan Document or other security document or agreement, or otherwise available to the Agent and the Banks, with respect to the Guaranteed Obligations or any of the Collateral, even if the exercise of such right, remedy, power or privilege affects or eliminates any right of subrogation or any other right of the Guarantor against the Company;

all as the Agent and the Banks may deem advisable, and all without impairing, abridging, releasing or affecting this Guaranty.

SECTION 5 Guarantor's Waivers.

(a) Certain Waivers. The Guarantor waives and agrees not to assert:

(i) any right to require the Agent or any Bank to marshal assets in favor of the Company, the Guarantor, any other guarantor or any other Person, to proceed against the Company, any other guarantor or any other Person, to proceed against or exhaust any of the Collateral, to give notice of the terms, time and place of any public or private sale of personal property security constituting the Collateral or other collateral for the Guaranteed Obligations or comply with any other provisions of (S)9504 of the California UCC (or any equivalent provision of any other applicable law) or to pursue any other right, remedy, power or privilege of the Agent or any Bank whatsoever;

(ii) the defense of the statute of limitations in any action hereunder or for the collection or performance of the Guaranteed Obligations;

(iii) any defense arising by reason of any lack of corporate or other authority or any other defense of the Company, the Guarantor or any other Person;

(iv) any defense based upon the Agent's or any Bank's errors or omissions in the administration of the Guaranteed Obligations;

(v) any rights to set-offs and counterclaims;

(vi) any defense based upon an election of remedies (including, if available, an election to proceed by nonjudicial foreclosure) which destroys or impairs the subrogation rights of the Guarantor or the right of the Guarantor to proceed against the Company or any other obligor of the Guaranteed Obligations for reimbursement; and

(vii) without limiting the generality of the foregoing, to the fullest extent permitted by law, any defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties, or which may conflict with the terms of this Guaranty, including any and all benefits that otherwise might be available to the Guarantor under California Civil Code (S)(S)1432, 2809, 2810, 2815, 2819, 2839, 2845, 2848, 2849, 2850, 2899 and 3433 and California Code of Civil Procedure (S)(S)580a, 580b, 580d and 726.

(b) Additional Waivers. The Guarantor waives any and all notice of the acceptance of this Guaranty, and any and all notice of the creation, renewal, modification, extension or accrual of the Guaranteed Obligations, or the reliance by the Agent and the Banks upon this Guaranty, or the exercise of any right, power or privilege hereunder. The Guaranteed Obligations shall conclusively be deemed to have been created, contracted, incurred and permitted to exist in reliance upon this Guaranty. The Guarantor waives promptness, diligence, presentment, protest, demand for payment, notice of default, dishonor or nonpayment and all other notices to or upon the Company, the Guarantor or any other Person with respect to the Guaranteed Obligations.

(c) Independent Obligations. The obligations of the Guarantor hereunder are independent of and separate from the obligations of the Company and any other guarantor and upon the occurrence and during the continuance of any Event of Default, a separate action or actions may be brought against the Guarantor, whether or not the Company or any such other guarantor is joined therein or a separate action or actions are brought against the Company or any such other guarantor.

(d) Financial Condition of Company. The Guarantor shall not have any right to require the Agent or the Banks to obtain or disclose any information with respect to: (i) the financial condition or character of the Company or the ability of the Company to pay and perform the Guaranteed Obligations; (ii) the Guaranteed Obligations; (iii) the Collateral; (iv) the existence or nonexistence of any other guarantees of all or any part of the Guaranteed Obligations; (v) any action or inaction on the part of the Agent or the Banks or any other Person; or (vi) any other matter, fact or occurrence whatsoever.

SECTION 6 Subrogation. Until the Guaranteed Obligations shall be satisfied in full and the Commitments shall be terminated, the Guarantor shall not have, and shall not directly or indirectly exercise, (i) any rights that it may acquire by way of subrogation under this Guaranty, by any payment hereunder or otherwise, (ii) any rights of contribution, indemnification, reimbursement or similar suretyship claims arising out of this Guaranty or (iii) any other right which it might otherwise have or acquire (in any way whatsoever) which could entitle it at any time to share or participate in any right, remedy or security of the Banks or the Agent as against the Company or other guarantors, whether in connection with this Guaranty, any of the other Loan Documents or otherwise. If any amount shall be paid

to the Guarantor on account of the foregoing rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of the Agent and the Banks and shall forthwith be paid to the Agent to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 7 Subordination.

(a) Subordination to Payment of Guaranteed Obligations. All payments on account of all indebtedness, liabilities and other obligations of the Company to the Guarantor, whether created under, arising out of or in connection with any documents or instruments evidencing any credit extensions to Company or otherwise, including all principal on any such credit extensions, all interest accrued thereon, all fees and all other amounts payable by the Company to the Guarantor in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined (the "Subordinated Debt") shall be subject, subordinate and junior in right of payment and exercise of remedies, to the extent and in the manner set forth herein, to the prior payment in full in cash or cash equivalents of the Guaranteed Obligations.

(b) No Payments. As long as any of the Guaranteed Obligations shall remain outstanding and unpaid, the Guarantor shall not accept or receive any payment or distribution by or on behalf of the Company, directly or indirectly, of assets of the Company of any kind or character, whether in cash, property or securities, including on account of the purchase, redemption or other acquisition of Subordinated Debt, as a result of any collection, sale or other disposition of collateral, or by setoff, exchange or in any other manner, for or on account of the Subordinated Debt ("Subordinated Debt Payments"), except that if no Event of Default exists and no notice described below has been received by the Guarantor, the Guarantor shall be entitled to accept and receive regularly scheduled payments and other payments in the ordinary course on the Subordinated Debt, in accordance with the terms of the documents and instruments governing the Subordinated Debt and other Subordinated Debt Payments in respect of Subordinated Debt not evidenced by documents or instruments (including in respect of Dispositions), in each case to the extent permitted under Article VII of the Credit Agreement. During the existence of an Event of Default (or if any Event of Default would exist immediately after the making of a Subordinated Debt Payment), and upon receipt by the Company of notice from the Agent or any Bank of such Default, and until such Event of Default is cured or waived, the Company shall not make, accept or receive any Subordinated Debt Payment. In the event that, notwithstanding the provisions of this Section 7, any Subordinated Debt Payments shall be received in contravention of this Section 7 by the Guarantor before all Guaranteed Obligations are paid in full in cash or cash equivalents, such Subordinated Debt Payments shall be held in trust for the benefit of the Agent and the Banks and shall be paid over or delivered to the Agent for application to the payment in full in cash or cash equivalents of all Guaranteed Obligations remaining unpaid to the extent necessary to give effect to this Section 7, after giving effect to any concurrent payments or distributions to the Agent and the Banks in respect of the Guaranteed Obligations.

(c) Subordination of Remedies. As long as any Guaranteed Obligations shall remain outstanding and unpaid, the Guarantor shall not, without the prior written consent of the Agent:

(i) accelerate or bring suit or institute any other actions or proceedings to enforce its rights or interests under or in respect of the Subordinated Debt;

(ii) exercise any rights under or with respect to (A) any guaranties of the Subordinated Debt, or (B) any collateral held by it, including causing or compelling the pledge or delivery of any collateral, any attachment of, levy upon, execution against, foreclosure upon or the taking of other action against or institution of other proceedings with respect to any collateral held by it, notifying any account debtors of the Company or asserting any claim or interest in any insurance with respect to any collateral, or attempt to do any of the foregoing;

(iii) exercise any rights to set-offs and counterclaims in respect of any indebtedness, liabilities or obligations of the Guarantor to the Company against any of the Subordinated Debt; or

(iv) commence, or cause to be commenced, or join with any creditor other than the Agent and the Banks in commencing, any Insolvency Proceeding.

(d) Subordination Upon Any Distribution of Assets of the Company. In the event of any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, upon any Insolvency Proceeding with respect to or involving the Company, (i) all amounts owing on account of the Guaranteed Obligations, including all interest accrued thereon at the contract rate both before and after the initiation of any such proceeding, whether or not an allowed claim in any such proceeding, shall first be paid in full in cash, or payment provided for in cash or in cash equivalents, before any Subordinated Debt Payment is made; and (ii) to the extent permitted by applicable law, any Subordinated Debt Payment to which the Guarantor would be entitled except for the provisions hereof, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors or other liquidating agent making such payment or distribution directly to the Agent (on behalf of the Banks) for application to the payment of the Guaranteed Obligations in accordance with clause (i), after giving effect to any concurrent payment or distribution or provision therefor to the Agent or the Banks in respect of such Guaranteed Obligations.

(e) Authorization to Agent. If, while any Subordinated Debt is outstanding, any Insolvency Proceeding is commenced by or against the Company or its property:

(i) the Agent, when so instructed by the Majority Banks, is hereby irrevocably authorized and empowered (in the name of the Banks or in the name of the Guarantor or otherwise), but shall have no obligation, to demand, sue for, collect and receive every payment or distribution in respect of the Subordinated Debt and give acquittance therefor and to file claims and proofs of claim and take such other action (including voting the

Subordinated Debt) as it may deem necessary or advisable for the exercise or enforcement of any of the rights or interests of the Agent and the Banks; and

(ii) the Guarantor shall promptly take such action as the Agent (on instruction from the Majority Banks) may reasonably request (A) to collect the Subordinated Debt for the account of the Banks and to file appropriate claims or proofs of claim in respect of the Subordinated Debt, (B) to execute and deliver to the Agent, such powers of attorney, assignments and other instruments as it may request to enable it to enforce any and all claims with respect to the Subordinated Debt, and (C) to collect and receive any and all Subordinated Debt Payments.

SECTION 8 Continuing Guaranty; Reinstatement.

(a) Continuing Guaranty. This Guaranty is a continuing guaranty and agreement of subordination and shall continue in effect and be binding upon the Guarantor until termination of the Commitments and payment and performance in full of the Guaranteed Obligations.

(b) Reinstatement. This Guaranty shall continue to be effective or shall be reinstated and revived, as the case may be, if, for any reason, any payment of the Guaranteed Obligations by or on behalf of the Company (or receipt of any proceeds of Collateral) shall be rescinded, invalidated, declared to be fraudulent or preferential, set aside, voided or otherwise required to be repaid to the Company, its estate, trustee, receiver or any other Person (including under the Bankruptcy Code or other state or federal law), or must otherwise be restored by the Agent or any Bank, whether as a result of Insolvency Proceedings or otherwise. To the extent any payment is so rescinded, set aside, voided or otherwise repaid or restored, the Guaranteed Obligations shall be revived in full force and effect without reduction or discharge for such payment. All losses, damages, costs and expenses that the Agent or the Banks may suffer or incur as a result of any voided or otherwise set aside payments shall be specifically covered by the indemnity in favor of the Banks and the Agent contained in Section 16.

SECTION 9 Payments. The Guarantor hereby agrees, in furtherance of the foregoing provisions of this Guaranty and not in limitation of any other right which the Agent or any Bank or any other Person may have against the Guarantor by virtue hereof, upon the failure of the Company to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under (S)362(a) of the Bankruptcy Code), the Guarantor shall forthwith pay, or cause to be paid, in cash, to the Agent an amount equal to the amount of the Guaranteed Obligations then due as aforesaid (including interest which, but for the filing of a petition in any Insolvency Proceeding with respect to the Company, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Company for such interest in any such Insolvency Proceeding). The Guarantor shall make each payment hereunder, unconditionally in full without set-off, counterclaim or other defense, or deduction for any Taxes, on the day when due in Dollars and in same day or immediately available funds, to the Agent at such office of the Agent and to such account as are specified in the

Credit Agreement. All such payments shall be promptly applied from time to time by the Agent as provided in the Credit Agreement.

SECTION 10 Representations and Warranties. The Guarantor represents and warrants to the Agent and each Bank that:

(a) Organization and Powers. The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, is qualified to do business and is in good standing in each jurisdiction in which the failure so to qualify or be in good standing would have a Material Adverse Effect and has all requisite power and authority to own its assets and carry on its business and, with respect to the Guarantor, to execute, deliver and perform its obligations under the Guarantor Documents.

(b) Authorization; No Conflict. The execution, delivery and performance by the Guarantor of this Guaranty and any other Guarantor Documents have been duly authorized by all necessary corporate action of the Guarantor, and do not and will not: (i) contravene the terms of the Guarantor's organization documents or (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any material Contractual Obligation to which the Guarantor is a party or any order, injunction, writ or decree of any Governmental Authority to which the Guarantor or its property is subject, or (iii) violate any Requirement of Law.

(c) Binding Obligation. This Guaranty and the other Guarantor Documents constitute the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

(d) Governmental Consents. No authorization, consent, approval, license, exemption of, or filing or registration with, any Governmental Authority, or approval or consent of any other Person, is required for the due execution, delivery or performance by, or enforcement against, the Guarantor of the Guarantor Documents.

(e) No Prior Assignment. The Guarantor has not previously assigned any interest in the Subordinated Debt or any collateral relating thereto, no Person other than the Guarantor owns an interest in the Subordinated Debt or any such collateral (whether as joint holders of the Subordinated Debt, participants or otherwise), and the entire Subordinated Debt is owing only to the Guarantor.

(f) Solvency. Immediately prior to and after and giving effect to the incurrence of the Guarantor's obligations under this Guaranty the Guarantor will be Solvent.

(g) Consideration. The Guarantor has received at least "reasonably equivalent value" (as such phrase is used in (S)548 of the Bankruptcy Code, in (S)3439.04 of the California Uniform Fraudulent Transfer Act and in comparable provisions of other applicable

law) and more than sufficient consideration to support its obligations hereunder in respect of the Guaranteed Obligations and under any of the Collateral Documents to which it is a party.

(h) Independent Investigation. The Guarantor hereby acknowledges that it has undertaken its own independent investigation of the financial condition of the Company and all other matters pertaining to this Guaranty and further acknowledges that it is not relying in any manner upon any representation or statement of the Agent or any Bank with respect thereto. The Guarantor represents and warrants that it has received and reviewed copies of the Loan Documents and that it is in a position to obtain, and it hereby assumes full responsibility for obtaining, any additional information concerning the financial condition of the Company and any other matters pertinent hereto that the Guarantor may desire. The Guarantor is not relying upon or expecting the Agent or any Bank to furnish to the Guarantor any information now or hereafter in the Agent's or any such Bank's possession concerning the financial condition of the Company or any other matter.

SECTION 11 Reporting Covenant. So long as any Guaranteed Obligations shall remain unsatisfied or any Bank shall have any Commitment, the Guarantor agrees that it shall furnish to the Agent such information respecting the operations, properties, business or condition (financial or otherwise) of the Guarantor or its Subsidiaries as the Agent, at the request of any Bank, may from time to time reasonably request.

SECTION 12 Additional Covenants. So long as any Guaranteed Obligations shall remain unsatisfied or any Bank shall have any Commitment, the Guarantor agrees that:

(a) Preservation of Existence, Etc. The Guarantor shall, and shall cause each of its Subsidiaries to, maintain and preserve (i) its legal existence and (ii) its rights to transact business and all other rights, franchises and privileges necessary or desirable in the normal course of its business and operations and the ownership of its properties, except in the case of this clause (ii) where the non-preservation could not reasonably be expected to have a Material Adverse Effect.

(b) Further Assurances and Additional Acts. The Guarantor shall execute, acknowledge, deliver, file, notarize and register at its own expense all such further agreements, instruments, certificates, documents and assurances and perform such acts as the Agent or the Majority Banks shall deem reasonably necessary or appropriate to effectuate the purposes of this Guaranty and the other Guarantor Documents, and promptly provide the Agent with evidence of the foregoing satisfactory in form and substance to the Agent and the Majority Banks.

SECTION 13 Notices. All notices, requests or other communications hereunder shall be given in the manner and to the addresses specified in the Credit Agreement. Notices to the Guarantor shall be sent or delivered to the address set forth therein for the Company. All such notices, requested and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon receipt by the addressee, or if delivered, upon delivery.

SECTION 14 No Waiver; Cumulative Remedies. No failure on the part of the Agent or any Bank to exercise, and no delay in exercising on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder or under any other Guarantor Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

SECTION 15 Costs and Expenses; Indemnification.

(a) Costs and Expenses. The Guarantor shall:

(i) whether or not the transactions contemplated hereby are consummated, pay or reimburse the Agent for all costs and expenses incurred by it in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Guaranty, any other Guaranty Document and any other documents prepared in connection herewith or therewith and the consummation of the transactions contemplated hereby and thereby; and

(ii) pay or reimburse the Agent, the Arranger and each Bank for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Guaranty or any other Guaranty Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

(b) Indemnification. The Company shall indemnify, defend and hold the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suites, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Person in favor of any third-party in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or relating to the Collateral, whether or not any Indemnified Person is a "Indemnified Liabilities"); provided, that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting from the gross negligence or willful misconduct of such Indemnified Person.

(c) Defense. At the election of any Indemnified Person, the Guarantor shall defend such Indemnified Person using legal counsel satisfactory to such Indemnified Person in such Person's sole discretion, at the sole cost and expense of the Guarantor.

(d) Interest. Any amounts payable to the Agent or any Bank under this Section 15 if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in Section 2.08 of the Credit Agreement.

(e) Survival. The agreements in this Section shall survive payment of all other Secured Obligations.

SECTION 16 Right of Set-Off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is hereby authorized at any time and from time to time, without notice to the Guarantor (any such notice being expressly waived by the Guarantor), to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Guaranty, irrespective of whether or not such Bank shall have made any demand upon the Company or the Guarantor under the Loan Documents and although such obligations may be contingent and unmatured. Each Bank shall promptly notify the Guarantor (through the Agent) after any such set-off and application made by it; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Banks under this Section 16 are in addition to other rights and remedies (including other rights of set-off) which the Banks may have.

SECTION 17 Marshalling; Payments Set Aside. Neither the Agent nor the Banks shall be under any obligation to marshall any assets in favor of the Guarantor or any other Person or against or in payment of any or all of the Guaranteed Obligations. To the extent that the Guarantor makes a payment to the Agent or the Banks, or the Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share of any amount so recovered from or repaid by the Agent.

SECTION 18 Benefits of Guaranty. This Guaranty is entered into for the sole protection and benefit of the Agent and each Bank and its successors and assigns, and no other Person (other than any Indemnified Person specified herein) shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with, this Guaranty. The Agent and the Banks, by their acceptance of this Guaranty, shall not have any obligations under this Guaranty to any Person other than the Guarantor, and such obligations shall be limited to those expressly stated herein.

SECTION 19 Binding Effect; Assignment.

(a) Successors and Assigns. The provisions of this Agreement shall be binding upon and insure to the benefit of the parties hereto and their respective successors and assigns.

(b) Assignment. The Guarantor shall not have the right to assign or transfer its rights and obligations hereunder or under any other Guarantor Documents without the prior written consent of the Majority Banks. Each Bank may, without notice to or consent by the Guarantor, sell, assign, transfer or grant participations in all or any portion of such Bank's rights and obligations hereunder and under the other Guarantor Documents in connection with any sale, assignment, transfer or grant of a participation by such Bank in accordance with Section 10.08 of the Credit Agreement of or in its rights and obligations thereunder and under the other Loan Documents. The Guarantor agrees that in connection with any such sale, assignment, transfer or grant by any Bank, such Bank may deliver to the prospective participant or assignee financial statements and other relevant information relating to the Guarantor and its Subsidiaries.

SECTION 20 Governing Law and Jurisdiction.

(a) THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER GUARANTOR DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF CALIFORNIA OR OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA, AND THE GUARANTOR HEREBY CONSENTS, AND BY ACCEPTANCE OF THIS GUARANTY, EACH OF THE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. THE COMPANY IRREVOCABLY WAIVES, AND EACH OF THE AGENT AND THE BANKS BY ITS ACCEPTANCE HEREOF IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS GUARANTY OR ANY GUARANTOR DOCUMENT. THE COMPANY WAIVES, AND EACH OF THE AGENT AND THE BANKS BY ITS ACCEPTANCE HEREOF WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY CALIFORNIA LAW.

SECTION 21 Waiver of Jury Trial. THE GUARANTOR HEREBY AGREES TO WAIVE, AND THE AGENT AND THE BANKS BY THEIR ACCEPTANCE HEREOF HEREBY AGREE TO WAIVE, THEIR RESPECTIVE RIGHTS TO A TRAIL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT

OF OR RELATED TO THIS GUARANTY, THE OTHER GUARANTOR DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE GUARANTOR HEREBY AGREES, AND THE AGENT AND THE BANKS BY THEIR ACCEPTANCE HEREOF HEREBY AGREE, THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT IN ANY WAY LIMITING THE FOREGOING, THE GUARANTOR FURTHER AGREES, AND THE AGENT AND THE BANKS BY THEIR ACCEPTANCE HEREOF FURTHER AGREE, THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM, OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS GUARANTY OR THE OTHER GUARANTOR DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY AND THE OTHER GUARANTOR DOCUMENTS.

SECTION 22 Entire Agreement; Amendments. This Guaranty, together with the other Guaranty Documents, embodies the entire agreement of the Guarantor with respect to the matters set forth herein, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof and shall not be amended except by written agreement of the Guarantor, the Agent and the Majority Banks.

SECTION 23 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

This schedule contains summary financial information extracted from the accompanying financial statements and is qualified in its entirety by reference to such financial statements.

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	SEP-03-1998
	MAY-28-1998
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	(.68)