

FORM 10-Q

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

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

For the quarterly period ended May 29, 1997

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

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

8000 S. Federal Way, Boise, Idaho 83706-9632
(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 12, 1997 was 210,675,633.

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 29, 1997	August 29, 1996
<hr/>		
	(Unaudited)	
ASSETS		
Cash and equivalents	\$ 433.5	\$ 276.1
Liquid investments	87.5	10.7
Receivables	367.3	347.4
Inventories	376.6	251.4
Prepaid expenses	13.3	13.4
Deferred income taxes	60.0	65.0
	-----	-----
Total current assets	1,338.2	964.0
Product and process technology, net	51.4	43.2
Property, plant and equipment, net	2,713.0	2,708.1
Other assets	51.9	36.2
	-----	-----
Total assets	\$4,154.5	\$3,751.5
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$ 466.1	\$ 423.7
Short-term debt	0.4	90.0
Deferred income	13.0	7.8
Equipment purchase contracts	54.8	67.8
Current portion of long-term debt	113.0	75.2
	-----	-----
Total current liabilities	647.3	664.5
Long-term debt	281.2	314.6
Deferred income taxes	224.6	157.4
Non-current product and process technology	43.5	43.5
Other liabilities	35.9	15.7
	-----	-----
Total liabilities	1,232.5	1,195.7
	-----	-----
Minority interests	132.9	53.8
Commitments and contingencies		
Common stock, \$0.10 par value, authorized 1.0 billion shares, issued and outstanding 210.5 million and 208.8 million shares, respectively	21.1	20.9
Additional capital	461.6	434.7
Retained earnings	2,306.4	2,046.4
	-----	-----
Total shareholders' equity	2,789.1	2,502.0
	-----	-----
Total liabilities, minority interests and shareholders' equity	\$4,154.5	\$3,751.5
	=====	=====

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 29, 1997	May 30, 1996

Net sales	\$965.0	\$771.0
	-----	-----
Costs and expenses:		
Cost of goods sold	650.0	558.0
Selling, general and administrative	93.4	63.6
Research and development	52.6	51.2
	-----	-----
Total costs and expenses	796.0	672.8
	-----	-----
Operating income	169.0	98.2
Loss on sale of investments and subsidiary stock, net	--	(1.5)
Interest income, net	1.5	2.1
	-----	-----
Income before income taxes and minority interests	170.5	98.8
Income tax provision	(67.8)	(38.6)
Minority interests in net income	(5.9)	(2.0)
	-----	-----
Net income	\$ 96.8	\$ 58.2
	=====	=====
Earnings per share:		
Primary	\$0.45	\$0.27
Fully diluted	0.44	0.27
Number of shares used in per share calculations:		
Primary	217.5	214.5
Fully diluted	218.4	214.5
Cash dividend declared per share	--	\$0.05

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 29, 1997	May 30, 1996
-----	-----	-----
Net sales	\$2,569.3	\$2,953.3
	-----	-----
Costs and expenses:		
Cost of goods sold	1,880.3	1,648.2
Selling, general and administrative	264.2	212.2
Research and development	146.6	145.8
Restructuring charge	--	29.9
	-----	-----
Total costs and expenses	2,291.1	2,036.1
	-----	-----
Operating income	278.2	917.2
Gain on sale of investments and subsidiary stock, net	214.3	2.0
Interest (expense) income, net	(2.4)	14.9
	-----	-----
Income before income taxes	490.1	934.1
Income tax provision	(214.5)	(355.5)
Minority interests in net income	(15.4)	(3.7)
	-----	-----
Net income	\$ 260.2	\$ 574.9
	=====	=====
Earnings per share:		
Primary	\$1.21	\$2.66
Fully diluted	1.20	2.66
Number of shares used in per share calculations:		
Primary	215.6	215.9
Fully diluted	216.7	215.9
Cash dividend declared per share	--	\$0.15

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 29, 1997	May 30, 1996
<hr/>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 260.2	\$ 574.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	350.3	274.6
Restructuring charge	--	29.9
(Increase) decrease in receivables	(19.6)	156.1
Increase in inventories	(125.2)	(104.0)
Increase (decrease) in accounts payable and accrued expenses	42.4	(30.1)
Increase in deferred income taxes	72.3	36.7
Increase in non-current product and process technology	--	45.0
Net gains from subsidiary stock and investment sales	(214.2)	(2.0)
Other	70.2	(29.9)
	<hr/>	<hr/>
Net cash provided by operating activities	436.4	951.2
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale and held-to-maturity securities	(85.0)	(188.5)
Proceeds from sales and maturities of securities	34.7	611.5
Expenditures for property, plant and equipment	(368.4)	(1,275.9)
Proceeds from sale of equipment	8.5	24.9
Proceeds from sale of subsidiary stock	199.9	--
Other	(6.0)	(10.9)
	<hr/>	<hr/>
Net cash used for investing activities	(216.3)	(838.9)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on equipment purchase contracts	(37.1)	(178.7)
Net repayments on lines of credit	(90.0)	(200.0)
Proceeds from issuance of debt	71.6	568.0
Repayments of long-term debt	(78.6)	(37.9)
Proceeds from issuance of common stock	19.4	21.7
Payment of dividends	--	(20.7)
Proceeds from issuance of stock by subsidiary	53.6	1.5
Other	(1.6)	(1.3)
	<hr/>	<hr/>
Net cash (used for) provided by financing activities	(62.7)	152.6
	<hr/>	<hr/>
Net increase in cash and equivalents	157.4	264.9
Cash and equivalents at beginning of period	276.1	128.1
	<hr/>	<hr/>
Cash and equivalents at end of period	\$ 433.5	\$ 393.0
	=====	=====
SUPPLEMENTAL DISCLOSURES		
Income taxes paid, net	\$ (79.6)	\$ (417.5)
Interest paid	(21.7)	(8.0)
Noncash investing and financing activities:		
Equipment acquisitions on contracts payable and capital leases	20.8	206.4
Long-term debt offset against accounts receivable	0.1	19.8

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"), and their consolidated results of operations and cash flows.

This report on Form 10-Q for the quarter ended May 29, 1997, should be read in conjunction with the Company's Annual Report to Shareholders and/or Form 10-K, as amended, for the year ended August 29, 1996.

2. Recently issued accounting standards

The Financial Accounting Standards Board has issued Statement No. 128 Earnings Per Share. The requirements of this Statement are first effective for the Company's interim period ended February 28, 1998. The Statement requires, in all instances, dual presentation of a basic earnings per share ("EPS"), which excludes dilution, and a diluted EPS, which reflects the potential dilution that could occur if actions taken in respect of convertible securities or other obligations to issue common stock resulted in the issuance of common stock. It also requires a reconciliation of the income available to common stockholders and weighted-average shares of the basic EPS computation to the income available to common stockholders and weighted-average shares plus dilutive potential common shares of the diluted EPS computation. Basic and diluted EPS pursuant to the requirements of Statement No. 128 would be as follows:

	Quarter Ended		Nine Months Ended	
	May 29, 1997	May 30, 1996	May 29, 1997	May 30, 1996
	-----	-----	-----	-----
Basic earnings per share	\$ 0.46	\$ 0.28	\$1.24	\$2.77
Diluted earnings per share	0.45	0.27	1.21	2.66

3. Supplemental balance sheet information

	May 29, 1997	August 29, 1996
	-----	-----

Receivables

Trade receivables	\$362.3	\$288.2
Income taxes receivable	1.2	69.1
Other	19.3	17.6
Allowance for returns and discounts	(8.4)	(18.5)
Allowance for doubtful accounts	(7.1)	(9.0)
	-----	-----
	\$367.3	\$347.4
	=====	=====

Inventories

Finished goods	\$107.3	\$ 54.3
Work in progress	167.0	112.8
Raw materials and supplies	102.3	84.3
	-----	-----
	\$376.6	\$251.4
	=====	=====

Product and process technology, net

Product and process technology, at cost	\$184.3	\$167.5
Less accumulated amortization	(132.9)	(124.3)
	-----	-----
	\$51.4	\$43.2
	=====	=====

3. Supplemental balance sheet information (continued)

May 29,
1997August 29,
1996

Property, plant and equipment, net

Land	\$ 37.7	\$ 37.3
Buildings	801.5	674.4
Machinery and equipment	2,300.5	2,073.4
Construction in progress	667.9	753.9
	-----	-----
	3,807.6	3,539.0
Less accumulated depreciation and amortization	(1,094.6)	(830.9)
	-----	-----
	\$ 2,713.0	\$2,708.1
	=====	=====

As of May 29, 1997 property, plant and equipment included unamortized costs of \$622.8 million for the Company's semiconductor memory manufacturing facility in Lehi, Utah, of which \$586.3 million has not been placed in service and is not being depreciated. Additional test capacity for Boise production is anticipated to be provided in Lehi. Completion of the remainder of the Lehi production facilities is dependent upon market conditions. Market conditions which the Company expects to evaluate include, but are not limited to, world-wide market supply and demand of semiconductor products and the Company's operations, cash flows and alternative uses of capital.

Accounts payable and accrued expenses

Accounts payable	\$ 229.3	\$ 232.4
Salaries, wages and benefits	82.1	67.3
Product and process technology payable	88.4	39.7
Income taxes payable	6.7	22.7
Other	59.6	61.6
	-----	-----
	\$ 466.1	\$ 423.7
	=====	=====

Long-term debt

Notes payable in periodic installments through July 2015, weighted average interest rate of 7.34% and 7.28%, respectively	\$ 350.8	\$322.0
Capitalized lease obligations payable in monthly installments through August 2002, weighted average interest rate of 7.75% and 7.72%, respectively	37.1	42.8
Noninterest bearing obligations, \$1.9 million due December 1997 and \$1.1 million due March 1998, weighted average imputed interest rate of 7.31% and 7.17%, respectively	3.0	21.6
Note payable, due June 1998, weighted average interest rate of 5.28% and 5.30%, respectively	3.0	3.0
Other	0.3	0.4
	-----	-----
	394.2	389.8
Less current portion	(113.0)	(75.2)
	-----	-----
	\$ 281.2	\$314.6
	=====	=====

4. Earnings per share

Earnings per share is computed using the weighted average number of common and common equivalent shares outstanding. Common equivalent shares result from the assumed exercise of outstanding stock options and affect earnings per share when they have a dilutive effect.

5. Gain on sale of investments and subsidiary stock

The Company recorded pretax gains of \$193 million on subsidiary stock transactions and a pretax gain of \$12 million relating to the divestiture of an investment in the second quarter of 1997. In the first quarter of 1997 the Company recorded a pretax gain of \$10 million relating to the sale of an investment.

In a public offering in February 1997, MTI sold 12.4 million shares of Micron Electronics, Inc. ("MEI") common stock for net proceeds of \$200 million (\$16.15 per share) and MEI sold 3 million newly issued shares for net proceeds of \$48 million (\$16.15 per share), resulting in a consolidated pretax gain of \$190 million. The sales reduced the Company's ownership from approximately 79% to approximately 64% of the outstanding common stock of MEI. The Company has recognized a deferred tax liability on the resultant gain from the sale of MEI common stock in the second quarter of 1997.

6. Restructuring

In 1996, the Company's subsidiary, MEI, adopted and completed a plan to discontinue the manufacture and sale of ZEOS brand PC systems. The Company recorded a restructuring charge of \$29.9 million in the second quarter of 1996, comprised principally of \$14.5 million relating to the disposition of ZEOS components and systems and \$13.0 million to write off unamortized goodwill.

7. Income taxes

The effective tax rate in the third quarter and first nine months of fiscal 1997 was 40% and 44%, respectively. Exclusive of the \$96 million provision for income tax related to the gain on the sale of MEI common stock, the Company's estimated annual effective tax rate for 1997 is 40%. The provision for income tax related to the gain on the sale of MEI stock was 50% of the pretax gain because the Company's book basis exceeded the tax basis of its investment in MEI, primarily as a result of unremitted earnings, previously expected to be realized through dividends, and the gain on issuance of stock by MEI.

8. Lines of credit

The Company has a \$500 million revolving credit agreement expiring in May 2000. The agreement contains certain restrictive covenants, including a minimum fixed charge coverage ratio, a maximum operating losses covenant and a limitation on the payment of dividends. As of May 29, 1997, the Company was in compliance with all covenants under the facility and had no borrowings outstanding under the agreement.

The Company's subsidiary, MEI has an unsecured revolving credit facility providing for borrowings of up to \$40 million. Borrowings are limited based on the amount of MEI's eligible receivables. As of May 29, 1997, MEI was eligible to borrow the full \$40 million pursuant to the agreement and had no borrowings outstanding under the agreement.

9. Commitments

As of May 29, 1997 the Company had commitments of \$344.0 million for equipment purchases and \$31.6 million for the construction of buildings.

10. Contingencies

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 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 and 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 is 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 that involve a number of risks and uncertainties. The Company's actual results of operations could differ materially from the Company's historical results and those discussed in the forward looking statements. Factors that could cause actual results to differ materially are included, but are not limited to, those identified in "Certain Factors." All period references are to the Company's fiscal periods ended May 29, 1997, February 27, 1997, November 28, 1996, August 29, 1996, or May 30, 1996 unless otherwise indicated. All tabular dollar amounts are stated in millions.

Micron Technology, Inc., and its subsidiaries (hereinafter referred to collectively as the "Company" or "MTI") design, develop, manufacture and market semiconductor memory products, primarily DRAM. Through its approximately 64% owned subsidiary, Micron Electronics, Inc. ("MEI"), the Company also develops, markets, manufactures, and supports PC systems, and operates a contract manufacturing and semiconductor component recovery business.

Net income for the third quarter of 1997 was \$97 million, or \$0.44 per fully diluted share, on net sales of \$965 million. For the third quarter of 1996 net income was \$58 million, or \$0.27 per fully diluted share, on net sales of \$771 million. For the first nine months of 1997, net income was \$260 million, or \$1.20 per fully diluted share, on net sales of \$2,569 million compared to net income of \$575 million, or \$2.66 per fully diluted share, on net sales of \$2,953 million for the first nine months of 1996. The Company reported net sales of \$728 million and \$876 million and net income of \$21 million and \$143 million, or \$0.10 and \$0.66 per fully diluted share, for its first and second quarters of 1997, respectively.

Results of operations for the first nine months of 1997 included a \$94 million after-tax gain on the sale of MEI common stock in the second quarter, and after-tax gains of \$6 million and \$7 million on other sales of investments by the Company in the first and second quarters, respectively. Fully diluted earnings per share for the first nine months of 1997 benefited by \$0.50 from these gain transactions.

Results of operations for the first nine months of 1996 were adversely affected by a \$29.9 million pre-tax restructuring charge in the second quarter, resulting from the decisions by MEI to discontinue sales of ZEOS brand PC systems and to close the related PC manufacturing operations in Minneapolis, Minnesota. The restructuring charge reduced fully diluted earnings per share in the first nine months of 1996 by \$0.09.

RESULTS OF OPERATIONS

NET SALES

The following table presents the Company's net sales by principal products and services. The value of the Company's semiconductor memory products included in PC systems and other products is included in the caption "Semiconductor memory products." The caption "Other" includes revenue from contract manufacturing and module assembly services, construction management services, government research and development contracts, and licensing fees.

	Third Quarter				Nine Months Ended			
	1997		1996		1997		1996	
	Net Sales	%	Net Sales	%	Net Sales	%	Net Sales	%
Semiconductor memory products	\$510.7	52.9%	416.3	54.0%	\$1,254.4	48.8%	\$1,931.7	65.4%
Personal computer systems	361.8	37.5%	280.3	36.4%	1,091.0	42.5%	779.4	26.4%
Other	92.5	9.6%	74.4	9.6%	223.9	8.7%	242.2	8.2%
Total net sales	\$965.0	100.0%	\$771.0	100.0%	\$2,569.3	100.0%	\$2,953.3	100.0%

Net sales of semiconductor memory products for the third quarter of 1997 increased by 23% compared to the third quarter of 1996, primarily due to higher levels of production of semiconductor memory products. The Company's principal memory product in the third quarter of 1997 was the 16 Meg DRAM, which comprised approximately 92% of megabit sales of semiconductor memory. Total megabits of DRAM produced in the third quarter and first nine months of 1997 were three times the megabits produced in the corresponding periods of 1996. These production increases were principally due to the conversion of all of the Company's fabs to 8-inch wafer processing, the transition to the 16 Meg DRAM as the Company's principal memory product, ongoing transitions to successive reduced die size ("shrink") versions of existing memory products, and enhanced yields on existing memory products. Average selling prices per megabit of memory decreased approximately 63% from the third quarter of 1996 to the third quarter of 1997.

Net sales of semiconductor memory products for the third quarter of fiscal 1997 increased by 27% compared to the second quarter of fiscal 1997. This increase reflects a 31% increase in megabit production of semiconductor memory primarily due to further yield improvements on the 16 Meg DRAM, as well as an approximate 6% increase in the average selling price for the 16 Meg DRAM for the third quarter of 1997 over the average selling price for the second quarter of 1997.

Net sales of PC systems for the third quarter and first nine months of 1997, less the value of the Company's semiconductor memory products included therein, increased by approximately 29% and 40%, respectively, compared to the corresponding periods of 1996. Net sales of PC systems increased in the third quarter and first nine months of 1997 compared to the corresponding periods of 1996 primarily as a result of increased PC units sold, partially offset by a decline in overall average selling prices for the Company's PC systems. Unit sales of PC systems in the third quarter and first nine months of 1997 were approximately 50% and 38% higher, respectively, than in the same periods in 1996. Increased demand for the Company's PC systems was largely attributable to increased name recognition of the Company's PC systems and an increase in the direct sales channel market share of total PC product sales.

Net sales of PC systems in the third quarter of 1997, less the value of the Company's semiconductor memory products included therein, were approximately 8% lower compared to the second quarter of 1997, primarily as a result of slightly lower overall average selling prices for the Company's PC systems and a 2% decrease in units sold. Sales in the third quarter of fiscal 1997 were adversely affected by a reduction in average selling prices for the Company's low-end PC systems coupled with a shift in product mix toward these low-end systems. Sales in the second quarter of fiscal 1997 were favorably affected by a seasonal increase in units sold.

GROSS MARGIN

	Third Quarter			Nine Months Ended		
	1997	Change	1996	1997	Change	1996
Gross margin	\$315.0	47.9%	\$213.0	\$689.0	(47.2%)	\$1,305.1
as a % of net sales	32.6%		27.6%	26.8%		44.2%

The Company's gross margin percentage was higher for the third quarter of 1997 but lower for the first nine months of 1997 compared to the corresponding periods of 1996. The improved gross margin in the third quarter of 1997 compared to the third quarter of 1996 was primarily the result of an improved gross margin percentage on sales of the Company's semiconductor memory products resulting from increased production efficiencies. The decrease in gross margin percentage for the first nine months of 1997 compared to the first nine months of 1996 was primarily due to a sharp decline in average selling prices for semiconductor memory products that began in December 1995. The Company's gross margin percentage of 33% for the third quarter of 1997 was higher than the gross margin percentage of 25% for the second quarter of 1997, primarily due to improved gross margins on semiconductor memory products during the third quarter which were partially offset by a lower gross margin percentage for the Company's PC operations for the same period.

The Company's gross margin percentage on sales of semiconductor memory products was 49% in the third quarter of 1997 compared to 38% in the third quarter of 1996. The increase in gross margin percentage for the third quarter of 1997 compared to the third quarter of 1996 was primarily the result of a decline in per unit manufacturing costs, partially offset by a decline in average selling prices for semiconductor memory products for the same period. The gross margin percentage on sales of semiconductor memory products was 37% for the first nine months of 1997

compared to 61% for the first nine months of 1996. The decrease in gross margin percentage for the first nine months of 1997 compared to the corresponding period in 1996 was primarily the result of a sharp decline in average selling prices for semiconductor memory products, partially offset by a decline in per unit manufacturing costs. Decreases in per unit manufacturing costs for 1997 periods compared with corresponding 1996 periods were achieved through conversion of all of the Company's fabs to 8-inch wafer processing, transitions to shrink versions of existing products, shifts in the Company's mix of semiconductor memory products to a higher average density, and improved manufacturing yields. The Company's gross margin percentage on sales of semiconductor products was 32% in the second quarter of 1997. The increase in gross margin percentage in the third quarter of 1997 over the second quarter of 1997 was primarily the result of decreases in per unit manufacturing costs achieved through increased production on the latest shrink version of the 16 Meg DRAM, coupled with slightly higher average selling prices.

The gross margin percentage provided by the Company's PC operations was 15% in the third quarter of 1997 compared to 18% in the second quarter of 1997 and 16% in the third quarter of 1996. The decline in gross margin for the third quarter was primarily due to a shift in product mix to low-end desktops and certain notebook systems, which generally have lower gross margin percentages than the balance of the Company's PC products. The Company continues to experience significant pressure on its gross margins as a result of intense competition in the PC industry and consumer expectations of more powerful PC systems at lower prices. The gross margin percentage for sales of the Company's PC systems was higher in the first nine months of 1997 compared to the corresponding period in 1996, primarily due to improved component costs.

SELLING, GENERAL AND ADMINISTRATIVE

	Third Quarter			Nine Months Ended		
	1997	Change	1996	1997	Change	1996
Selling, general and administrative as a % of net sales	\$93.4 9.7%	46.9%	\$63.6 8.2%	\$264.2 10.3%	24.5%	\$212.2 7.2%

Selling, general and administrative expenses for the third quarter and first nine months of 1996 reflect approximate pretax gains of \$12 million and \$14 million, respectively, from the disposal of equipment. Without these gains, selling, general and administrative expenses would have been \$76.6 million and \$226.2 million or approximately (7.9%) and (8.8%) of net sales, respectively, for the third quarter and first nine months of 1996. The higher level of selling, general and administrative expenses during the third quarter and first nine months of 1997 as compared to the corresponding periods of 1996 also reflects an increased number of administrative employees associated with expanded PC operations, increased advertising costs associated with the Company's PC systems and a higher level of performance based compensation costs.

RESEARCH AND DEVELOPMENT

	Third Quarter			Nine Months Ended		
	1997	Change	1996	1997	Change	1996
Research and development as a % of net sales	\$52.6 5.5%	2.7%	51.2 6.6%	\$146.6 5.7%	0.5%	\$145.8 4.9%

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 continually devoted to developing leading process technology, which is the primary determinant in the Company's ability to transition to next generation products. It is currently anticipated that process technology will move from .35 micron (u) to .30(u) in the next 12 months and to .25(u) and .18(u) in the next several years as needed for development of future generation semiconductor products.

Application of current developments in advanced process technology is focused on shrink versions of the Company's 16 Meg DRAM and development of the 16 Meg SDRAM (synchronous DRAM) and the 64 Meg DRAM and SDRAM. The PC industry is in the process of transitioning from EDO to SDRAM. The Company expects this transition to accelerate through 1998 and expects its development efforts in SDRAM will enable it to meet volume customer demand when this transition occurs.

Other research and development efforts are devoted to the design and development of DRAM, FLASH, SRAM and remote intelligent communications (RIC) products.

GAIN ON SALE OF INVESTMENTS AND SUBSIDIARY STOCK

In a public offering in February 1997, MTI sold 12.4 million shares of MEI common stock for net proceeds of \$200 million and MEI sold 3 million newly issued shares for net proceeds of \$48 million, resulting in a consolidated pretax gain of \$190 million. The sales reduced the Company's ownership from approximately 79% to approximately 64% of the outstanding MEI common stock. The Company also recorded respective pretax gains of \$10 million and \$12 million in its statements of operations for the first and second quarters of 1997 relating to sales of an investment.

INCOME TAXES

The effective tax rate in the third quarter and first nine months of 1997 was 40% and 44%, respectively. Exclusive of the \$96 million provision for income tax related to the second quarter gain on the sale of MEI common stock, the Company's estimated annual effective tax rate for 1997 is 40%. The provision for income tax related to the gain on the sale of MEI common stock was 50% of the pretax gain because the Company's book basis exceeded the tax basis of its investment in MEI, primarily as a result of unremitted earnings, previously expected to be realized through dividends, and the gain on issuance of common stock by MEI.

LIQUIDITY AND CAPITAL RESOURCES

As of May 29, 1997, the Company had cash and liquid investments totaling \$521 million, representing an increase of \$234 million during the first nine months of 1997. The Company's principal sources of liquidity during the first nine months of 1997 were cash flows from operations of \$436 million, net cash proceeds from the sale of MEI common stock of \$253 million and equipment financing of \$72 million. The principal uses of funds in the first nine months of 1997 were \$116 million for repayments of equipment contracts and long-term debt, \$368 million for property, plant and equipment, and \$90 million for net repayments of the Company's bank line. In addition, during the first nine months of 1997 the Company's inventories increased by \$125 million primarily as a result of increased levels of production.

Cash flow from operations for the first nine months of 1997 was lower than cash flow from operations for the first nine months of 1996 primarily as a result of lower overall average selling prices for semiconductor memory products. Cash flow from operations depends significantly on average selling prices and variable cost per part for the Company's semiconductor memory products. In 1996, the rate of decline in average selling prices for semiconductor memory products surpassed the rate at which the Company was able to decrease per unit manufacturing costs.

As of May 29, 1997, the Company had contractual commitments extending into fiscal 1999 of approximately \$344 million for equipment purchases and approximately \$32 million for the construction of facilities. The Company estimates it will spend approximately \$1 billion in the next fiscal year for purchases of equipment, construction and improvement of buildings, primarily to enhance capacity and product and process technology at its existing facilities. The Company believes that in order to develop new product and process technologies, support future growth, achieve operating efficiencies, and enhance product quality, it must continue to invest in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. As the Company considers its long-term capacity and product and process technology enhancement programs it continues to evaluate a number of financing alternatives, including additional financing from external sources. In this regard, the Company has filed a shelf registration statement pursuant to which the Company may issue from time to time debt or equity securities for up to \$1 billion. As of May 29, 1997, the Company had no borrowings outstanding under its \$500 million revolving credit agreement. As of May 29, 1997, the Company was in compliance with all covenants under the facility.

The Company has a \$500 million revolving credit agreement expiring in May 2000. The agreement contains certain restrictive covenants, including a minimum fixed charge coverage ratio, a maximum operating losses covenant and a limitation on the payment of dividends. As of May 29, 1997, the Company was in compliance with all covenants under the facility and had no borrowings outstanding under the agreement.

As of May 29, 1997 MEI had cash and investments of \$198 million. MEI's cash and investments are not readily available to finance other operations of MTI. MEI has an unsecured revolving credit facility with two financial institutions providing for borrowings of up to \$40 million. MEI, has an unsecured revolving credit facility providing for borrowings of up to \$40 million. Borrowings are limited based on the amount of MEI's eligible receivables. As of May 29, 1997, MEI was eligible to borrow the full \$40 million pursuant to the agreement and had no borrowings outstanding under the agreement.

CERTAIN FACTORS

In addition to the factors discussed elsewhere in this Form 10-Q and in the Company's Form 10-K, as amended, for the fiscal year ended August 29, 1996, 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 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 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.

Although the Company experienced a degree of pricing stability for its semiconductor memory products in the first calendar quarter of 1997, 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. The Company is unable to ascertain whether the stabilization of DRAM prices in early calendar 1997 was indicative of a change in industry supply and demand, capacity or inventory levels. Growth in world-wide supply has outpaced growth in world-wide demand in recent periods, resulting in a significant decrease in average selling prices for the Company's semiconductor memory products. In 1996, the rate of decline in average selling prices for semiconductor memory products surpassed the rate at which the Company was able to decrease per unit manufacturing costs, and, as a result, the Company's cash flows were significantly adversely affected, particularly in the second half of 1996. In the first quarter of 1997 the rate of decline in average selling prices for semiconductor memory products was commensurate with the rate of decline in the Company's per unit manufacturing costs and in the second and third quarters the rate of decline in the Company's per unit manufacturing costs for semiconductor memory products exceeded the rate of decline in average selling prices. In the event that average selling prices 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. Additionally, although some of the Company's competitors have announced adjustments to the rate at which they will implement capacity expansion programs, many of the Company's competitors have already added significant capacity for the production of semiconductor memory products. The amount of capacity to be placed into production and future yield improvements by the Company's competitors could dramatically increase world-wide 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.

Approximately 78% of the Company's sales of semiconductor memory products during the first nine months of 1997 were directly into the PC or peripheral markets. DRAMs are the most widely used semiconductor memory component in most PC systems. The Company believes that the rate of growth in average world-wide sales of PC systems has declined and may remain below prior periods' growth rates for the foreseeable future. In addition, the growth rate in the amount of semiconductor memory per PC system may decrease in the future. Should the rate of growth of sales of PC systems or 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.

The Company's operating results are significantly impacted by the operating results of its consolidated subsidiaries. MTI's consolidated results of operations are particularly affected by MEI's results of operations. MEI's past operating results have been, and its future operating results may be, subject to fluctuations, on a quarterly and an annual basis, as a result of a wide variety of factors, including, but not limited to, critical component availability, manufacturing and production constraints, fluctuating component costs, fluctuating market pricing for computer and semiconductor memory products, industry competition, the timing of new product introductions by the Company and its competitors, inventory obsolescence, seasonal cycles common in the PC industry, seasonal government purchasing cycles, the effects of product reviews and industry awards, changes in product mix and the timing of orders from and

shipments to OEM customers. The Company's net income is affected by its ownership percentage of its subsidiaries. Changing circumstances, including but not limited to, changes in the Company's core operations, alternative uses of capital, 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 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 recent quarters in megabit production. As a result the Company expects it will need to increase its market share of semiconductor memory products to sell its increased production. There can be no assurance that the Company will be able to increase its market share or maintain or approximate increases in megabit production at a level approaching that experienced in recent quarters or that the Company will not experience decreases in manufacturing yield or production 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.

Historically, the Company has reinvested substantially all cash flow from semiconductor memory operations in capacity expansion and improvement programs. The Company's cash flow from operations depends primarily on average selling prices and per unit manufacturing costs of the Company's semiconductor memory products. In the event that 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 has a \$500 million revolving credit agreement expiring in May 2000. There can be no assurance that the Company will continue to be able to meet the terms of the covenants or be able to borrow the full amount of the credit facility. There can be no assurance that external sources of liquidity will be available to fund the Company's operations or its capacity and product and process technology enhancement programs. Failure to obtain financing would hinder the Company's ability to make continued investments in such programs, which could materially adversely affect the Company's business, results of operations and financial condition.

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. Failure to obtain or renew such licenses could result in litigation. Further, adverse determinations that the Company's manufacturing processes or products have infringed on the product or process rights held by others could result in the Company's loss of proprietary rights, subject the Company to significant liabilities to third parties, require the Company to seek licenses from 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 adds different product types to its product line, which 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, or that any of MTI's personnel will remain employed by MTI. 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 6. EXHIBITS AND REPORTS ON FORM 8-K

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

Exhibit Number	Description of Exhibit
10.121	First Amended and Restated Credit Agreement dated May 28, 1997, among the Registrant and several financial institutions
11	Computation of per share earnings for the quarters and nine months ended May 29, 1997 and May 30, 1996
27	Financial Data Schedule

(b) The registrant did not file any reports on Form 8-K during the fiscal quarter ended May 29, 1997.

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: June 18, 1997

/s/ Wilbur G. Stover, Jr.

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

FIRST AMENDED AND RESTATED

 REVOLVING CREDIT AGREEMENT

This FIRST AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT is entered into as of May 28, 1997, among Micron Technology, Inc. a Delaware corporation (the "Company"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), and Bank of America National Trust and Savings Association, as agent for the Banks (in such capacity, the "Agent").

RECITALS

A. The Company, the Banks and the Agent entered into that certain Revolving Credit Agreement, dated as of May 14, 1996, as amended (the "Existing Facility").

B. The Company, the Banks and the Agent desire to amend and restate the Existing Facility on the terms and conditions of this Agreement.

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

ARTICLE I - DEFINITIONS; OTHER INTERPRETIVE PROVISIONS;

ACCOUNTING PRINCIPLES

1.01 Certain Defined Terms. The following terms have the following meanings:

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Company or the Subsidiary is the surviving entity.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct

or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, membership interests, by contract, or otherwise.

"Agent" means BofA in its capacity as agent for the Banks hereunder, and

any successor agent arising under Section 9.09.

"Agent-Related Persons" means BofA and any successor agent arising under

Section 9.09, together with their respective Affiliates (including, in the case of BofA, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agent's Payment Office" means the address for payments set forth on

Schedule 10.02 or such other address as the Agent may from time to time specify.

"Agreement" means this First Amended and Restated Revolving Credit

Agreement.

"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	0.150%
2	Greater than or equal to 0.250 but less than 0.350	0.225%
3	Greater than or equal to 0.350 but less than 0.500	0.275%
4	Greater than or equal to 0.500	0.350%

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 for the period from

the Closing Date through the 45th day after the end of the Company's third fiscal quarter 1997, the Applicable Percentage shall be Level 3.

"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):

Base		Applicable Margin Offshore	
Level	Leverage Ratio	Rate Loans	Rate Loans
-----	-----	-----	-----
1	Less than 0.250	0.400%	00.00%
2	Greater than or equal to 0.250 but less than 0.350	0.650%	00.00%
3	Greater than or equal to 0.350 but less than 0.500	0.750%	00.00%
4	Greater than or equal to 0.500	0.875%	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 Closing

Date through the 45th day after the end of the Company's third fiscal quarter 1997, the Applicable Margin shall be Level 3.

"Arranger" means BancAmerica Securities, Inc., a Delaware corporation.

"Assignee" has the meaning specified in subsection 10.08(a).

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

"Bank" has the meaning specified in the introductory paragraph hereof.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. (S)101, et seq.).

"Base Rate" means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest in effect for such day as publicly announced from time to time by BofA in San Francisco, California, as its "reference rate." (The "reference rate" is a rate set by BofA based upon various factors including BofA's

costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.) Any change in the reference rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"BofA" means Bank of America National Trust and Savings Association, a

national banking association.

"Borrowing" means a borrowing hereunder consisting of Loans of the same

Type made to the Company on the same day by the Banks under Article II, and,
other than in the case of Base Rate Loans, having the same Interest Period.

"Borrowing Date" means any date on which a Borrowing occurs under Section

2.03.

"Business Day" means any day other than a Saturday, Sunday or other day

on which commercial banks in New York, New York, Portland, Oregon, Boise, Idaho,
or San Francisco, California are authorized or required by law to close and, if
the applicable Business Day relates to any Offshore Rate Loan, means such a day
on which dealings are carried on in the applicable offshore dollar interbank
market.

"Capital Adequacy Regulation" means any guideline, request or directive

of any central bank or other Governmental Authority, or any other law, rule or
regulation, whether or not having the force of law, in each case, regarding
capital adequacy of any bank or of any corporation controlling a bank.

"Charge" has the meaning specified in Section 8.04.

"Closing Date" means the date on which all conditions precedent set forth

in Section 4.01 are satisfied or waived by all Banks (or, in the case of
subsection 4.01(e), waived by the Person entitled to receive such payment).

"Code" means the Internal Revenue Code of 1986, and regulations

promulgated thereunder.

"Combined Adjusted Total Liabilities" means, as of any date of

determination, without duplication, the total liabilities of the Company and the
Semiconductor Operations Subsidiaries on a combined basis, as shown in the
Semiconductor Operations Supplemental Schedules, plus all Guaranty Obligations
of the Company and the Semiconductor Operations Subsidiaries on a combined basis
with respect to indebtedness or obligations of Persons other than the Company
and the

Semiconductor Operations Subsidiaries of the kinds referred to in clauses (a) through (g) of the definitions of the term "Indebtedness", plus all obligations of the Company and the Semiconductor Operations Subsidiaries on a combined basis under operating and synthetic leases in excess of \$500,000, individually, which obligations shall be discounted to present value at the interest rate implicit in each such lease in effect at any date of determination.

"Combined Net Income" and "Combined Net Loss" mean, respectively, for any

period, the aggregate net income or loss for such period of the Company and the Semiconductor Operations Subsidiaries on a combined basis, as shown in the Semiconductor Operations Supplemental Schedules.

"Combined Tangible Assets" means, as of any date of determination, (a)

the total assets of the Company and the Semiconductor Operations Subsidiaries on a combined basis, as shown in the Semiconductor Operations Supplemental Schedules minus (b) the net book value of all assets of the Company and the

Semiconductor Operations Subsidiaries on a combined basis, as shown in the Semiconductor Operations Supplemental Schedules which would be treated as intangible assets under GAAP, including (without duplication or limitation) intangible deferred charges, franchise rights, non-compete agreements, capitalized research and development costs, capitalized costs associated with software development expenses, goodwill, patents, patent applications, trademarks, trade names, copyrights and licenses.

"Combined Tangible Net Worth" means, as of any date of determination, (a)

the total net assets of the Company and the Semiconductor Operations Subsidiaries on a combined basis, as shown in the Semiconductor Operations Supplemental Schedules minus (b) the net book value of all assets of the Company

and the Semiconductor Operations Subsidiaries on a combined basis as shown in the Semiconductor Operations Supplemental Schedules which would be treated as intangibles under GAAP, including (without duplication or limitation) intangible deferred charges, franchise rights, non-compete agreements, capitalized research and development costs, capitalized costs associated with software development expenses, goodwill, patents, patent applications, trademarks, trade names, copyrights and licenses.

"Commitment", as to each Bank, has the meaning specified in Section 2.01.

"Company" means Micron Technology, Inc. a Delaware corporation.

"Compliance Certificate" means a certificate, duly executed by a

Responsible Office of the Company, substantially in the form of Exhibit D.

"Contingent Obligation" means, as to any Person, any direct or indirect

liability of that Person, whether or not contingent, with or without recourse: (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a "Guaranty Obligation"); (b) with respect to any Surety

Instrument issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments; (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered, or (d) in respect of any Swap Contract.

"Contractual Obligation" means, as to any Person, any provision of any

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

"Conversion/Continuation Date" means any date on which, under Section

2.04, the Company (a) converts Loans of one Type to another Type, or (b) continues as Loans of the same Type, but with a new Interest Period, Loans having Interest Periods expiring on such date.

"Default" means any event or circumstance which, with the giving of

notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Disclosure Letter" means the disclosure letter dated the Closing Date

and signed by a Responsible Officer of the Company delivered to the Agent pursuant to Section 4.01(g).

"Dispositions" has the meaning specified in Section 7.03.

"Distributions" has the meaning specified in Section 7.09.

"Dollars", "dollars" and "\$" each mean lawful money of the United States.

"EBITDA" means, for any period, Combined Net Income or Combined Net Loss,

as the case may be, for such period, plus the sum of (a) interest expense, (b)

income tax expense, (c) depreciation expense, and (d) amortization expense, which were deductible in determining Combined Net Income or Combined Net Loss.

"Eligible Assignee" means (a) a commercial bank organized under the laws

of the United States, or any state thereof, and having a combined capital and surplus of at least \$100,000,000; (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having a combined capital and surplus of at least \$100,000,000, provided that such bank is acting through a branch or agency located in the United States; and (c) a Person that is primarily engaged in the business of commercial banking and that is (i) a Subsidiary of a Bank, (ii) a Subsidiary of a Person of which a Bank is a Subsidiary, or (iii) a Person of which a Bank is a Subsidiary.

"Environmental Claims" means all claims, however asserted, by any

Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

"Environmental Laws" means all federal, state or local laws, statutes,

common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters.

"ERISA" means the Employee Retirement Income Security Act of 1974, and

regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not

incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions

relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension

Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any material liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

"Eurodollar Reserve Percentage" has the meaning specified in the

definition of "Offshore Rate".

"Event of Default" means any of the events or circumstances specified in

Section 8.01.

"Exchange Act" means the Securities Exchange Act of 1934, and regulations

promulgated thereunder.

"Existing Facility" has the meaning set forth in Recital A to this

Agreement.

"FDIC" means the Federal Deposit Insurance Corporation, and any

Governmental Authority succeeding to any of its principal functions.

"Federal Funds Rate" means, for any day, the rate set forth in the weekly

statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"FRB" means the Board of Governors of the Federal

Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Further Taxes" means any and all present or future taxes, levies,

assessments, imposts, duties, deductions, fees, withholdings or similar charges (including, without limitation, net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amounts payable or paid pursuant to Section 3.01.

"GAAP" means generally accepted accounting principles set forth from time

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

"Governmental Authority" means any nation or government, any state or

other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guaranty Obligation" has the meaning specified in the definition of

"Contingent Obligation."

"Indebtedness" of any Person means, without duplication: (a) all

indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than royalty payables and trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all obligations with respect to capital leases; (g) all indebtedness referred to in clauses (a) through (f) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not

assumed or become liable for the payment of such Indebtedness; and (h) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (g) above. For all purposes of this Agreement, the Indebtedness of any Person shall include all recourse Indebtedness of any partnership or joint venture or limited liability company in which such Person is a general partner or a joint venturer or a member.

"Indemnified Liabilities" has the meaning specified in Section 10.05.

"Indemnified Person" has the meaning specified in Section 10.05.

"Independent Auditor" has the meaning specified in subsection 6.01(a).

"Insolvency Proceeding" means, with respect to any Person, (a) any case,

action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Intellectual Property Licenses" has the meaning specified in Section

6.03(b).

"Interest Payment Date" means, as to any Loan other than a Base Rate

Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Loan, the last Business Day of each calendar quarter and each date such Loan is converted into another Type of Loan; provided, however, that if any

Interest Period for an Offshore Rate Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date.

"Interest Period" means, as to any Offshore Rate Loan, the period

commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Loan, and ending on the date one, two, three or six months thereafter as selected by the Company in its Notice of Borrowing or Notice of Conversion/Continuation; provided, that:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be

extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(b) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period for any Loan shall extend beyond the Revolving Termination Date as in effect on the date such Loan is made, converted or continued, as the case may be.

"Investments" has the meaning specified in Section 7.05.

"IRS" means the Internal Revenue Service, and any Governmental Authority

succeeding to any of its principal functions under the Code.

"Lending Office" means, as to any Bank, the office or offices of such

Bank specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on Schedule 10.02, or such other office or

offices as such Bank may from time to time notify the Company and the Agent.

"Leverage Ratio" means, as of any date of determination, the ratio of (a)

Combined Adjusted Total Liabilities, after giving effect to any payments or prepayments hereunder made on such date, to (b) Combined Tangible Net Worth.

"Lien" means any security interest, mortgage, deed of trust, pledge,

hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

"Loan" means an extension of credit by a Bank to the Company under

Article II, and may be a Base Rate Loan or an

Offshore Rate Loan (each, a "Type" of Loan).

"Loan Documents" means this Agreement, the Notes, 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.

"Majority Banks" means at any time Banks then holding at least 66-2/3% of

the then aggregate unpaid principal amount of the Loans, or, if no such principal amount is then outstanding, Banks then having at least 66-2/3% of the Commitments.

"Margin Stock" means "margin stock" as such term is defined in Regulation

G, T, U or X of the FRB.

"Material Adverse Effect" means (a) a material adverse change in, or a

material adverse effect upon, the operations, business, properties or condition (financial or otherwise) of the Company or the Company and its Semiconductor Operations Subsidiaries taken as a whole; (b) a material impairment of the ability of the Company to perform under any Loan Document and to avoid any Event of Default; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Company of any Loan Document.

"Material Semiconductor Operations" means, at any time, semiconductor

operations (excluding any existing Subsidiary that is not a Wholly-Owned Subsidiary, and its Subsidiaries, if any) which both (a) comprise assets having a net book value equal to or greater than ten percent (10%) of the combined total assets of the Company and its Semiconductor Operations Subsidiaries as shown in the Semiconductor Operations Supplemental Schedules, and (b) for the most recent fiscal quarter or the most recent fiscal year, generated operating income equal to or greater than ten percent (10%) of the combined income from operations for the Company and its Semiconductor Operations Subsidiaries as shown in the Semiconductor Operations Supplemental Schedules.

"Material Semiconductor Operations Subsidiary" means, at any time, (a)

any Semiconductor Operations Subsidiary conducting Material Semiconductor Operations, and (b) any Semiconductor Operations Subsidiary owning 50% or more of the voting stock or other equity interest of any Material Semiconductor Operations Subsidiary.

"Multiemployer Plan" means a "multiemployer plan", within the meaning of

Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

"Negative Pledge" has the meaning specified in Section 7.02.

"Note" means a promissory note executed by the Company in favor of a Bank pursuant to Section 2.02(b), in substantially the form of Exhibit C.

"Notice of Borrowing" means a notice in substantially the form of Exhibit A.

"Notice of Conversion/Continuation" means a notice in substantially the form of Exhibit B.

"Obligations" means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document owing by the Company to any Bank, the Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"Offshore Rate" means, for any Interest Period, with respect to Offshore Rate Loans comprising part of the same Borrowing, the rate of interest per annum (rounded upward to the next 1/16th of 1%) determined by the Agent as follows:

$$\text{Offshore Rate} = \frac{\text{LIBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

"Eurodollar Reserve Percentage" means for any day in any Interest Period the maximum reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day (whether or not applicable to any Bank) under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"); and

"LIBOR" means, for any Interest Period, the rate of interest per annum determined by the Agent to be the arithmetic mean (rounded upward to the next 1/16th of 1%) equal to the rates of interest per annum notified to the Agent by BofA as the rate of interest at which dollar deposits in the approximate amount of the amount of the Loan to be made or continued as, or converted into, an Offshore Rate Loan by BofA and having a maturity comparable to such Interest Period would be offered to major banks in the London interbank market at their request at approximately 11:00 a.m. (London time)

two Business Days prior to the commencement of such Interest Period.

The Offshore Rate shall be adjusted automatically as to all Offshore Rate Loans then outstanding as of the effective date of any change in the Eurodollar Reserve Percentage.

"Offshore Rate Loan" means a Loan that bears interest based on the

Offshore Rate.

"Organization Documents" means, for any corporation, the certificate or

articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation.

"Other Taxes" means any present or future stamp, court or documentary

taxes or any other excise or property taxes, charges or similar levies imposed by any Governmental Authority which arise from any payment made hereunder by the Company or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Pari Passu Debt Amount" means, as of any date of determination, an

amount equal to the sum of (a) outstanding Senior Unsecured Debt permitted pursuant to Section 7.06(k), plus (b) outstanding Indebtedness permitted pursuant to Section 7.06(h), as of such date.

"Participant" has the meaning specified in Section 10.08(d).

"PBGC" means the Pension Benefit Guaranty Corporation, or any

Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA)

subject to Title IV of ERISA which the Company sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Liens" has the meaning specified in Section 7.01.

"Permitted Sale-Leaseback Transaction" means a transaction pursuant to

which the Company or any of the

Semiconductor Operations Subsidiaries purchases equipment and, within 12 months thereafter, sells such equipment to, and leases back such equipment from, a third-party pursuant to an operating or capital lease.

"Permitted Subordinated Debt" means any Indebtedness of the Company

issued under a written instrument which, unless otherwise consented to by the Majority Banks prior to the issuance thereof:

(i) without giving effect to the first clause of Section 1501 of the Subordinated Note Indenture providing for modifications in a supplemental indenture or pursuant to Section 301, contains subordination provisions at least as favorable to the Banks as those contained in Article Fifteen of the Subordinated Note Indenture as set forth in Exhibit G;

(ii) provides that the stated maturity date of such subordinated Indebtedness shall be at least one year after the Revolving Termination Date in effect on the date of its issuance;

(iii) requires no mandatory or scheduled amortization, prepayments, redemptions, repurchases, defeasances or sinking fund payments prior to one year after the Revolving Termination Date in effect on the date of its issuance except for mandatory redemptions and

purchases upon the occurrence of certain changes in control or fundamental changes with respect to the Company which are approved by the Majority Banks prior to the issuance of such subordinated Indebtedness, which mandatory redemptions and purchases shall be subject to the subordination provisions set forth in this definition;

(iv) contains no representations, warranties or covenants other than those set forth in Articles Eight and Ten of the Subordinated Note Indenture as set forth in Exhibit G other than those which are not

otherwise inconsistent with the other clauses of this definition or are not more restrictive on the Company than, or are in addition to, the representations, warranties or covenants concerning the operation or condition of the Company contained in the Agreement;

(v) contains no events of default other than those set forth in Section 501(1)-(6) of the Subordinated Note Indenture as set forth in Exhibit G other than a cross-acceleration clause substantially in the

form set forth in the Disclosure Letter;

(vi) contains no modifications, additions or

deletions to the Subordinated Note Indenture as set forth in Exhibit G

(made pursuant to a supplemental indenture, pursuant to Section 301 or 901 of the Subordinated Note Indenture or otherwise) unless the Majority Banks have determined that such modifications, additions or deletions are not otherwise inconsistent with the other clauses of this definition or adverse to the interests of the Banks from the standpoint of senior lenders;

(vii) is unsecured except for Liens granted in favor of the trustee for such Permitted Subordinated Debt as described in the Disclosure Letter to secure fees and other amounts owing to such trustee;

(viii) contains conversion features, including the type of security or property into which such subordinated Indebtedness may be converted, consented to by the Majority Banks prior to the issuance of such subordinated Indebtedness; and

(ix) the Agent and the Majority Banks have determined is in form and substance not otherwise inconsistent with the requirements of this definition.

"Permitted Swap Obligations" means all obligations (contingent or

otherwise) of the Company or any Semiconductor Operations Subsidiary existing or arising under Swap Contracts, provided that each of the following criteria is satisfied: (a) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments or assets held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person in conjunction with a securities repurchase program not otherwise prohibited hereunder, and not for purposes of speculation or taking a "market view;" and (b) such Swap Contracts do not contain (i) any provision ("walk-away" provision) exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party, or (ii) any provision creating or permitting the declaration of an event of default, termination event or similar event upon the occurrence of an Event of Default hereunder (other than an Event of Default under Section 8.01(a)).

"Person" means an individual, partnership, corporation, limited liability

company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

"Plan" means an employee benefit plan (as defined in Section 3(3) of

ERISA) which the Company sponsors or maintains or to which the Company makes, is making, or is obligated to

make contributions and includes any Pension Plan.

"Pro Rata Share" means, as to any Bank at any time, the percentage

equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's Commitment divided by the combined Commitments of all Banks.

"Reportable Event" means, any of the events set forth in Section 4043(c)

of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Requirement of Law" means, as to any Person, any law (statutory or

common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Responsible Officer" means the chief executive officer, president, chief

financial officer or treasurer of the Company, or any other officer having substantially the same authority and responsibility.

"Revolving Termination Date" means the earlier to occur of (a) May 28,

2000, and (b) the date on which the Commitments terminate in accordance with the provisions of this Agreement.

"SEC" means the Securities and Exchange Commission, or any Governmental

Authority succeeding to any of its principal functions.

"Semiconductor Operations Subsidiaries" means all Wholly-Owned

Subsidiaries of the Company conducting from time to time semiconductor operations and as specified and described in the notes to the most recent Semiconductor Operations Supplemental Schedules (individually, a "Semiconductor Operations Subsidiary").

"Semiconductor Operations Supplemental Schedules" means the Supplemental

Schedules of Net Assets of Semiconductor Operations and Other Operations, the Supplemental Schedules of Semiconductor Operations, the Supplemental Schedules of Cash Flows of Semiconductor Operations and the notes thereto, which are to present fairly, in all material respects, the net assets and operations and cash flows of the Company and its Semiconductor Operations Subsidiaries (on a combined basis) for the periods covered thereby, on the basis specified and described in the notes to such schedules. The items "Investments in other affiliated operations" and "Net assets -other operations, at cost" shall be excluded for all purposes in computing covenant compliance in this Agreement, and all references to the Semiconductor Operations Supplemental

Schedules shall be deemed to exclude such items for computing covenant compliance.

"Senior Unsecured Debt" means Indebtedness of the Company issued under a

written instrument consented to by the Agent and the Majority Banks containing terms and conditions no more favorable to the lender(s) under such facility as those contained herein, as amended, supplemented or otherwise modified from time to time with the prior written consent of the Agent and the Majority Banks.

"Subordinated Note Indenture" means that certain Indenture between the

Company and Norwest Bank Minnesota, National Association, substantially in the form of Exhibit G, as amended, supplemented or otherwise modified from time to

time (with the prior written consent of the Majority Banks if such amendment, supplement or other modification would allow for the issuance of Indebtedness not satisfying all the conditions set forth in the definition of "Permitted Subordinated Debt").

"Subsidiary" of a Person means any corporation, association, partnership,

limited liability company, joint venture or other business entity of which 50% or more of the voting stock, membership interests or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

"Surety Instruments" means all letters of credit (including standby and

commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Swap Contract" means any agreement, whether or not in writing, relating

to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap

Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap

Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined by the Company based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Bank).

"Taxes" means any and all present or future taxes, levies, assessments,

imposts, duties, deductions, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, respectively, taxes imposed on or measured by its net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is organized or maintains a lending office.

"Type" has the meaning specified in the definition of "Loan."

"Unfunded Pension Liability" means the excess of a Plan's benefit

liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." each means the United States of America.

"Wholly-Owned Subsidiary" means any corporation or limited liability

company in which (other than directors' qualifying shares or local ownership shares required by law) 100% of the capital stock of each class having ordinary voting power, and 100% of the capital stock of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.02 Other Interpretive Provisions. (a) The meanings of defined terms

are equally applicable to the singular and plural forms of the defined terms. The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified. The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced. The term "including" is not limiting and means "including without limitation." In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the

words "to" and "until" each mean "to but excluding", and the word "through" means "to and including." The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(b) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(c) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms. Unless otherwise expressly provided, any reference to any action of the Agent or the Banks by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their sole discretion."

(d) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Agent, the Company and the Banks, and are the products of all the parties. Accordingly, they shall not be construed against the Agent or the Banks merely because of the Agent's or Banks' involvement in their preparation.

1.03 Accounting Principles. Unless the context otherwise clearly

requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied. References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II - THE REVOLVING CREDIT

2.01 Amounts and Terms of Commitments. Each Bank severally agrees, on

the terms and conditions set forth herein, to make loans to the Company from time to time on any Business Day during the period from the Closing Date to the Revolving Termination Date, in an aggregate amount not to exceed at any time outstanding the amount set forth on Schedule 2.01 (such amount, as the same may

be reduced under Section 2.05 or as a result of one or more assignments under Section 10.08, the Bank's "Commitment"); provided, however, that, after giving

effect to any Borrowing, the aggregate principal amount of all outstanding Loans shall not at any time exceed the combined Commitments. Within the limits of each Bank's Commitment, and subject to the other terms and conditions hereof, the Company may borrow under this Section 2.01, prepay under Section 2.06 and reborrow under this Section 2.01.

2.02 Loan Accounts. (a) The Loans made by the Banks shall be

evidenced by one or more accounts or records maintained by the Banks in the ordinary course of business. The accounts or records maintained by the Agent and each Bank shall be conclusive absent manifest error of the amount of the Loans made by the Banks to the Company, and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) Upon the request of any Bank made through the Agent, the Loans made by each Bank shall be evidenced by a Note executed by the Company in favor of such Bank, instead of loan accounts. Each Bank may endorse on schedules annexed to its Note the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Company with respect thereto. Each Bank is irrevocably authorized by the Company to endorse its Note and each Bank's record shall be conclusive absent manifest error; provided,

however, that the failure of a Bank to make, or an error in making, a notation

thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Bank.

2.03 Procedure for Borrowing. (a) Each Borrowing shall be made upon

the Company's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing, which notice must be received by the Agent prior to (i) in the case of Offshore Rate Loans, 9:00 a.m. (San Francisco time) three Business Days prior to the requested Borrowing Date and (ii) in the case of Base Rate Loans, 8:00 a.m. (San Francisco time) on the requested Borrowing Date, specifying: (A) the amount of the Borrowing, which shall be in an aggregate minimum

amount of \$10,000,000 or any multiple of \$5,000,000 in excess thereof; (B) the requested Borrowing Date, which shall be a Business Day; (C) the Type of Loans comprising the Borrowing; and (D) the duration of the Interest Period applicable to such Loans included in such notice (if the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Offshore Rate Loans, such Interest Period shall be one month). After giving effect to any Borrowing, unless the Agent shall otherwise consent, there may not be more than six different Interest Periods in effect.

(b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Borrowing. Each Bank will make the amount of its Pro Rata Share of each Borrowing available to the Agent for the account of the Company at the Agent's Payment Office by 11:00 a.m. (San Francisco time) on the Borrowing Date requested by the Company in funds immediately available to the Agent. The proceeds of all such Loans will then be made available to the Company by the Agent at such office by crediting the account of the Company on the books of BofA (or any successor Agent pursuant to Section 9.09) with the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent or, if requested by the Company, by wire transfer in accordance with written instructions provided to the Agent by the Company of like funds as received by the Agent.

2.04 Conversion and Continuation Elections. (a) The Company may,

upon irrevocable written notice to the Agent in accordance with Section 2.04(b): (i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of any other Type of Loans, to convert any such Loans (or any part thereof in an amount not less than \$10,000,000, or that is in an integral multiple of \$5,000,000 in excess thereof) into Loans of any other Type; or (ii) elect, as of the last day of the applicable Interest Period, to continue any Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than \$10,000,000, or that is in an integral multiple of \$5,000,000 in excess thereof); provided, that if at any time the aggregate amount of Offshore Rate

Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than \$10,000,000, such Offshore Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Company to continue such Loans as, and convert such Loans into, Offshore Rate Loans shall terminate.

(b) The Company shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than (i) 9:00 a.m. (San Francisco time) at least three Business Days in advance of the Conversion/Continuation Date, if the

Loans are to be converted into or continued as Offshore Rate Loans, and (ii) 8:00 a.m. (San Francisco time) on the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Loans, specifying: (A) the proposed Conversion/Continuation Date; (B) the aggregate amount of Loans to be converted or continued; (C) the Type of Loans resulting from the proposed conversion or continuation; and (D) other than in the case of conversions into Base Rate Loans, the duration of the requested Interest Period. After giving effect to any conversion or continuation of Loans, unless the Agent shall otherwise consent, there may not be more than six different Interest Periods in effect.

(c) During the existence of an Event of Default, the Company may not elect to have a Loan converted into or continued as an Offshore Rate Loan. If upon the expiration of any Interest Period applicable to Offshore Rate Loans, the Company has failed to select timely a new Interest Period to be applicable to such Offshore Rate Loans, as the case may be, or if any Event of Default then exists, the Company shall be deemed to have elected to convert such Offshore Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Company, or if the Agent has received a notice of an Event of Default pursuant to Section 9.05, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans held by each Bank with respect to which the notice was given.

2.05 Voluntary Termination or Reduction of Commitments. Subject to

Section 3.04, the Company may, upon not less than three Business Days' prior notice to the Agent by 9:00 a.m. (San Francisco time), terminate the Commitments, or permanently reduce the Commitments by an aggregate minimum amount of \$10,000,000, or any multiple of \$5,000,000 in excess thereof; unless,

after giving effect thereto and to any prepayments of Loans made on the effective date thereof, the then-outstanding principal amount of the Loans would exceed the amount of the combined Commitments then in effect. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share. All accrued commitment fees to, but not including the effective date of any termination of Commitments, shall be paid on the effective date of such termination.

2.06 Optional Prepayments. Subject to Section 3.04, the Company may,

at any time or from time to time, upon (a) in

the case of Offshore Rate Loans, irrevocable notice to the Agent given prior to 9:00 a.m. (San Francisco time) not less than three Business Days and (b) in the case of Base Rate Loans, irrevocable notice to the Agent given prior to 8:00 a.m. (San Francisco time) on the date of prepayment, ratably prepay Loans in whole or in part, in minimum amounts of \$10,000,000, or any multiple of \$5,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment. If such notice is given by the Company, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to each such date on the amount prepaid and any amounts required pursuant to Section 3.04.

2.07 Repayment. The Company shall repay to the Banks on the Revolving

Termination Date the aggregate principal amount of Loans outstanding on such date.

2.08 Interest. (a) Each Loan shall bear interest on the outstanding

principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Offshore Rate or the Base Rate, as the case may be (and subject to the Company's right to convert to other Types of Loans under Section 2.04), plus

the Applicable Margin.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Loans under Section 2.06 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Agent at the request or with the consent of the Majority Banks.

(c) Notwithstanding subsection (a) of this Section, if any amount of principal of or interest on any Loan, or any other amount payable hereunder or under any other Loan Document is not paid in full when due (whether at stated maturity, by acceleration, demand or otherwise), the Company agrees to pay interest on such unpaid principal or other amount, from the date such amount becomes due until the date such amount is paid in full, and after as well as before any entry of judgment thereon to the extent permitted by law, payable on demand, at a fluctuating rate per annum equal to the Base Rate plus 2%.

(d) Anything herein to the contrary notwithstanding, the obligations of the Company to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be

contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Company shall pay such Bank interest at the highest rate permitted by applicable law.

2.09 Fees. (a) Arrangement, Agency Fees. The Company shall pay an

arrangement fee to the Arranger for the Arranger's own account, and shall pay an agency fee to the Agent for the Agent's own account, as required by the letter agreement between the Company and the Arranger and the Agent dated April 10, 1997.

(b) Participation Fee. The Company shall pay to the Agent for the

account of each Bank a participation fee, as required by the letter agreement between the Company and the Agent dated April 10, 1997.

(c) Commitment Fees. The Company shall pay to the Agent for the

account of each Bank a commitment fee on the average daily unused portion of such Bank's Commitment, computed on a quarterly basis in arrears on the last Business Day of each calendar quarter based upon the daily utilization for that quarter as calculated by the Agent, at a rate per annum equal to the Applicable Fee Percentage. Such commitment fee shall accrue from the Closing Date to the Revolving Termination Date and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter commencing on June 30, 1997 through the Revolving Termination Date, with the final payment to be made on the Revolving Termination Date; provided that, in connection with any termination of

Commitments under Section 2.05, the accrued commitment fee calculated for the period ending on such date shall also be paid on the date of such termination, with the following quarterly payment being calculated on the basis of the period from such termination date to such quarterly payment date. The commitment fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Section 4.02 are not met.

2.10 Computation of Fees and Interest. All computations of interest

for Base Rate Loans when the Base Rate is determined by BofA's "reference rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof. Each determination of an interest rate by the Agent shall be conclusive and binding on the Company and the

Banks in the absence of manifest error.

2.11 Payments by the Company. (a) All payments to be made by the

Company shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Company shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 10:00 a.m. (San Francisco time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Agent later than 10:00 a.m. (San Francisco time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Agent receives notice from the Company prior to the date on which any payment is due to the Banks that the Company will not make such payment in full as and when required, the Agent may assume that the Company has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.12 Payments by the Banks to the Agent. Unless the Agent receives

notice from a Bank on or prior to the Closing Date or, with respect to any Borrowing after the Closing Date, at least one Business Day prior to the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Agent for the account of the Company the amount of that Bank's Pro Rata Share of the Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the Borrowing Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent in immediately available funds and the Agent in such

circumstances has made available to the Company such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Agent submitted to any Bank with respect to amounts owing under this Section shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the Borrowing Date, the Agent will notify the Company of such failure to fund and, upon demand by the Agent, the Company shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing. The failure of any Bank to make any Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on any Borrowing Date.

2.13 Sharing of Payments, Etc. If, other than as expressly provided

elsewhere herein, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise), other than pursuant to Article III, in excess of its ratable share (or other share contemplated hereunder), such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is

thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Company agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.10) with respect to such participation as fully as if such Bank were the direct creditor of the Company in the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

2.14 Optional Extension of Commitments. The Company may request the

Banks to extend the Revolving Termination Date for a period of one year by delivering a written request for such extension to the Agent (who shall promptly notify the Banks) at any time after the first anniversary of the Closing Date but on or before the 45th day prior to the Revolving Termination Date. Each Bank shall respond in writing to such extension request by providing written notice of its acceptance or rejection of such request to the Agent within 30 Business Days after it receives such request from the Agent. Any Bank not responding within such period shall be deemed to have rejected such request for extension. Such extension shall require the unanimous consent of the Banks, and if such unanimous consent is obtained, the Revolving Termination Date shall thereupon be so extended by one year after the then current Revolving Termination Date.

ARTICLE III - TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes. (a) Any and all payments by the Company to each Bank or

the Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Company shall pay all Other Taxes.

(b) If the Company shall be required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then, subject to Section 3.01(e): (i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section), such Bank or the Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made; (ii) the Company shall make such deductions and withholdings; (iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and (iv) the Company shall also pay to each Bank or the Agent for the account of such Bank, at the time interest is paid, Further Taxes in the amount that the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed (but only if such Taxes, Other Taxes or Further Taxes are imposed because the Company has made any payment to the Agent or any Bank hereunder or under any other Loan Document from a Person or entity outside of the United States to a Person or entity inside of the United States or from a Person or entity inside of the United States to a Person or entity outside of the United States).

States).

(c) Subject to Section 3.01(e), the Company agrees to indemnify and hold harmless each Bank and the Agent for the full amount of (i) Taxes, (ii) Other Taxes, and (iii) Further Taxes referred to in Section 3.01(b) in the amount that the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed (but only if such Taxes, Other Taxes or Further Taxes are imposed because the Company has made any payment to the Agent or any Bank hereunder or under any other Loan Document from a Person or entity outside of the United States to a Person or entity inside of the United States or from a Person or entity inside of the United States to a Person or entity outside of the United States), and any liability (including penalties, interest, additions to tax and expenses; provided, however, that the Company shall not be responsible for any such penalty, interest or expense resulting from the gross negligence or willful misconduct of the Agent or any Bank) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Agent makes written demand therefor.

(d) Within 30 days after the date of any payment by the Company of Taxes, Other Taxes or Further Taxes, the Company shall furnish to each Bank or the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to such Bank or the Agent.

(e) The Company will not be required to pay any additional amounts in respect of United States Federal income tax pursuant to Section 3.01(b) or (c) to any Bank for the account of any Lending Office of such Bank:

(i) if the obligation to pay such additional amounts arose solely as a result of such Bank's failure to comply with its obligations under Section 9.10 in respect of such Lending Office;

(ii) if such Bank shall have delivered to the Company a Form 4224 in respect of such Lending Office pursuant to Section 9.10, and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or in the official interpretation of such law or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the

force of law) after the date of delivery of such Form 4224; or

(iii) if the Bank shall have delivered to the Company a Form 1001 in respect of such Lending Office pursuant to Section 9.10, and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form 1001.

(f) If the Company is required to pay any amount to any Bank or the Agent pursuant to Section 3.01(b) or (c), then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Company which may thereafter accrue, if such change in the sole judgment of such Bank is not otherwise disadvantageous to such Bank.

(g) Each of the Banks and the Agent agrees that it will take all reasonable actions by all usual means to maintain all exemptions, if any, available to it from United States withholding taxes (whether available pursuant to treaty, existing administrative waiver, or otherwise); provided, however,

that neither the Agent nor any Bank shall be obligated by reason of this Section 3.01(g) to disclose any information regarding its tax affairs or tax computations, to reorder or alter in any way its general tax or other affairs or tax planning, or to undertake any action that such Person deems to involve the incurrence of any risk of liability or cost to itself or which requires any expenditure of effort which such Person deems unreasonable under the circumstances.

3.02 Illegality. If any Bank determines that the introduction of any

Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by such Bank to the Company through the Agent, any obligation of that Bank to make Offshore Rate Loans shall be suspended until such Bank notifies the Agent and the Company that the circumstances giving rise to such determination no longer exist, and (a) if such Bank may lawfully continue to maintain such Offshore Rate

Loans to the last day of the Interest Period with respect thereto, the Company shall repay in full such Offshore Rate Loans, together with interest accrued thereon, on the last day of the Interest Period thereof, or (b) if such Bank may not lawfully continue to maintain such Offshore Rate Loans to the last day of

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the Interest Period with respect thereto, such Offshore Rate Loans shall automatically be converted into Base Rate Loans and the Company shall pay, within five Business Days of such conversion, all interest accrued on such Offshore Rate Loans prior to such conversion and all amounts required under Section 3.04 in connection with such conversion.

3.03 Increased Costs and Reduction of Return. (a) If any Bank

determines that, due to either (i) the introduction announced after the date hereof of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Offshore Rate or in respect of the assessment rate payable by any Bank to the FDIC for insuring U.S. deposits or a change in the rate of taxation imposed on or measured by a Bank's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank is organized or maintains a lending office) in or in the interpretation of any law or regulation or (ii) the compliance by that Bank with any guideline or request from any central bank or other Governmental Authority announced after the date hereof (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans, then the Company shall be liable for, and shall from time to time, within 30 days after written notice from such Bank (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If any Bank shall have determined that (i) the introduction announced after the date hereof of any Capital Adequacy Regulation, (ii) any change announced after the date hereof in any Capital Adequacy Regulation, (iii) any change announced after the date hereof in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any Capital Adequacy Regulation, affects or would affect the amount of capital required to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment, Loans, credits or obligations under this Agreement, then, upon demand of such Bank to the Company through the Agent, the Company shall pay to

the Bank, from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase.

3.04 Funding Losses. The Company shall reimburse each Bank and hold

each Bank harmless from any loss or expense which the Bank may sustain or incur as a consequence of: (a) the failure of the Company to make on a timely basis any payment of principal of any Offshore Rate Loan, (b) the failure of the Company to borrow, continue or convert a Loan after the Company has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation, (c) the failure of the Company to make any prepayment in accordance with any notice delivered under Section 2.06, (d) the prepayment or other payment (including after acceleration thereof) of an Offshore Rate Loan on a day that is not the last day of the relevant Interest Period, or (e) the automatic conversion under Section 2.04 or Section 3.02 of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period; including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained; provided, however, that any such loss or expense shall not include lost profit

due solely to a failure to receive the Applicable Margin relating to any such Loan for the portion of the applicable Interest Period remaining after the date of such prepayment.

3.05 Inability to Determine Rates. If either the Agent or the

Majority Banks determine (a) that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan, or (b) that the Offshore Rate applicable pursuant to Section 2.08(a) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to the Agent or such Banks of funding such Loan, the Agent will promptly so notify the Company and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans, as the case may be, hereunder shall be suspended until the Agent upon the instruction of the Majority Banks revokes such notice in writing. Upon receipt of such notice, the Company may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Company does not revoke such Notice, the Banks shall make, convert or continue the Loans, as proposed by the Company, in the amount specified in the applicable notice submitted by the Company, but such Loans shall be made, converted or continued, as the case may be, as Base Rate Loans instead of Offshore Rate Loans.

3.06 Certificates of Banks. Any Bank claiming reimbursement or

compensation under this Article III shall

deliver to the Company (with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to the Bank hereunder and such certificate shall be conclusive and binding on the Company in the absence of manifest error; provided, however, that the Company shall not be liable for any such amount

attributable to any period prior to the date 180 days prior to the date that an officer at such Bank responsible for the administration of this Agreement knew or reasonably should have known of such claim for reimbursement or compensation.

3.07 Replacement of Bank. (a) In the event that any Bank makes a

demand for payment pursuant to Section 3.01 or 3.03, or any Bank has suspended its funding of Offshore Loans pursuant to Section 3.02 or 3.05, the Company shall have the right, if no Event of Default then exists, to replace such Bank in accordance with this Section 3.07.

(b) If the Company determines to replace a Bank pursuant to this Section 3.07, the Company shall have the right to replace such Bank with an entity that is an Eligible Assignee (a "Replacement Bank"); provided that such

Replacement Bank: (i) if it is not already a Bank, shall be reasonably acceptable to the Agent, (ii) shall unconditionally agree in writing (with a copy to the Agent) to purchase all of such Bank's rights hereunder and interest in the Loans owing to such Bank and the Note held by such Bank without recourse at the principal amount of such Note plus interest and fees accrued thereon to the date of such purchase on a date therein specified, and (iii) shall, if such Replacement Bank is not already a Bank, execute and deliver to the Agent an Assignment and Acceptance substantially in the form of Exhibit F pursuant to

which such Replacement Bank becomes a party hereto with a Commitment equal to that of the Bank being replaced.

(c) Upon (i) satisfaction of the requirements set forth in Section 3.07(b), (ii) payment to such Bank by the Replacement Bank of the purchase price in immediately available funds, (iii) payment to such Bank by the Company of all requested increased costs or additional amounts accrued to the date of such purchase which the Company is obligated to pay under Article III (including any break funding costs under Section 3.04) and all other amounts owed by the Company to such Bank hereunder (other than the principal of and interest on the Loans of such Bank purchased by the Replacement Bank and interest and fees accrued thereon to the date of purchase), and (iv) payment to the Agent by the Replacement Bank or the Company of a non-refundable processing fee of \$3,500, the Replacement Bank shall constitute a "Bank" hereunder with a Commitment as so specified and the Bank being so replaced shall no longer constitute a "Bank" hereunder (and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Replacement

Bank) and such Bank shall be relieved of its obligations hereunder.

(d) If, however, the conditions to replacement set forth in this Section are for any reason not satisfied, or the proposed Replacement Bank for any reason fails to purchase such rights and interest in accordance with the terms hereof, the Company shall continue to be obligated to pay the increased costs or additional amounts due to such Bank pursuant to Section 3.01 or 3.03, as applicable.

(e) In no event shall the Agent or any Bank have any obligation to be a Replacement Bank or to assist the Company in finding a Replacement Bank.

3.08 Survival. The agreements and obligations of the Company in

Section 3.01 and 3.03 shall survive the payment of all other Obligations.

ARTICLE IV - CONDITIONS PRECEDENT

4.01 Conditions to Effectiveness. The effectiveness of this Agreement

is subject to the condition that the Agent shall have received on or before the Closing Date all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement and Notes. This Agreement and the Notes

executed by each party thereto;

(b) Resolutions; Incumbency; Organization Documents.

(i) Copies of the resolutions of the board of directors of the Company authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary of the Company;

(ii) A certificate of the Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to execute, deliver and perform, as applicable, this Agreement and all other Loan Documents to be delivered by it hereunder; and

(iii) the articles or certificate of incorporation and the bylaws of the Company as in effect on the Closing Date, certified by the Secretary of the Company as of the Closing Date;

(c) Good Standing. Good standing and tax good standing certificate

for the Company from the Secretary of State (or similar, applicable Governmental Authority) of its

state of incorporation and each state where the Company is qualified to do business as a foreign corporation as of a recent date;

(d) Legal Opinions. An opinion of (i) David A. Channer, Esquire,

Assistant General Counsel to the Company, addressed to the Agent and the Banks, substantially in the form of Exhibit E-1 and (ii) Wilson, Sonsini, Goodrich &

Rosati, outside counsel to the Company, addressed to the Agent and the Banks, substantially in the form of Exhibit E-2;

(e) Payment of Fees. Evidence of payment by the Company of all

accrued and unpaid fees, costs and expenses to the extent then due and payable under the fee letters referred to in Section 2.09 on the Closing Date, together with Attorney Costs of BofA to the extent invoiced prior to or on the Closing Date;

(f) Certificate. A certificate signed by a Responsible Officer,

dated as of the Closing Date, stating that: (i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date; (ii) no Default or Event of Default exists; and (iii) there has occurred since February 27, 1997, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect, other than the material adverse changes, if any, as may have been disclosed in the written projections dated February 17, 1997 delivered to the Banks prior to the date hereof;

(g) Disclosure Letter. The Disclosure Letter dated as of the Closing

Date; and

(h) Other Documents. Such other approvals, opinions, documents or

materials as the Agent or any Bank may request.

4.02 Conditions to All Borrowings. The obligation of each Bank to

make any Loan to be made by it, or to continue or convert any Loan under Section 2.04, is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date or Conversion/Continuation Date:

(a) Notice of Borrowing or Conversion/Continuation. The Agent shall

have received a Notice of Borrowing or a Notice of Conversion/Continuation, as applicable;

(b) Continuation of Representations and Warranties. The

representations and warranties in Article V (other than the representations and warranties contained in Sections 5.05 and 5.14) shall be true and correct on and as of such Borrowing Date with the same effect as if made on and as of such Borrowing Date (except to the extent such representations and

warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date); and

(c) No Existing Default. No Default or Event of Default shall exist

or shall result from such Borrowing.

Each Notice of Borrowing submitted by the Company hereunder shall constitute a representation and warranty by the Company hereunder, as of the date of each such notice and as of each Borrowing Date that the conditions in this Section 4.02 are satisfied.

ARTICLE V - REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Agent and each Bank that:

5.01 Corporate Existence and Power. The Company and each of its

Semiconductor Operations Subsidiaries: (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets and to carry on its business, (c) in the case of the Company, has the power and authority to execute, deliver and perform its obligations under the Loan Documents, (d) is duly qualified as a foreign corporation and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license, and (e) is in compliance in all material respects with all Requirements of Law; except, in each case referred to in subsection (b), (d) or (e), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 Corporate Authorization; No Contravention. The execution,

delivery and performance by the Company of this Agreement and each other Loan Document to which the Company is party, have been duly authorized by all necessary corporate action, and do not: (a) contravene the terms of any of the Company's Organization Documents, (b) 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 (c) violate any Requirement of Law.

5.03 Governmental Authorization. No approval, license, consent,

exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is

necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company or any of its Semiconductor Operations Subsidiaries of the Agreement or any other Loan Document except as required by this Agreement.

5.04 Binding Effect. This Agreement and each other Loan Document to

which the Company is a party constitute the legal, valid and binding obligations of the Company, enforceable against the Company 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.

5.05 Litigation. Except as set forth in the Forms 10K for the fiscal

year ended August 29, 1996 and the Forms 10Q for the fiscal quarters ended November 28, 1996 and February 27, 1997, respectively, and in each case as filed or amended and filed with the SEC by the Company, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the Company, or any of its Semiconductor Operations Subsidiaries or any of their respective properties which (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby, or (b) could reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.06 No Default. No Default or Event of Default exists or would

result from the incurring of any Obligations by the Company. As of the Closing Date, neither the Company nor any Semiconductor Operations Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under Section 8.01(e).

5.07 ERISA Compliance. (a) Each Plan is in compliance in all

material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the best knowledge of the Company, nothing has occurred which would cause the loss of such qualification. The

Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur, (ii) no Pension Plan has any Unfunded Pension Liability, (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA), (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan, and (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

5.08 Use of Proceeds; Margin Regulations. The proceeds of the Loans

are to be used solely for the purposes set forth in and permitted by Section 6.12 and Section 7.08. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

5.09 Title to Properties. The Company and each Semiconductor

Operations Subsidiary have good and marketable title to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. As of the Closing Date, the property of the Company and the Semiconductor Operations Subsidiaries is subject to no Liens, other than Permitted Liens .

5.10 Taxes. The Company and the Semiconductor Operations Subsidiaries

have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or

their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no final tax assessment against the Company or any Semiconductor Operations Subsidiary that could reasonably be expected to result in a Material Adverse Effect.

5.11 Financial Condition.

(a) The unaudited consolidated balance sheet of the Company and its Subsidiaries dated February 27, 1997 and the related consolidated statements of operations and cash flows for the interim periods then ended: (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end adjustments, (ii) present fairly in all material respects the consolidated financial condition of the Company and its Subsidiaries as of the date thereof and results of operations for the period covered thereby, and (iii) include or disclose all material indebtedness and other liabilities, direct or contingent, of the Company and its Subsidiaries on a consolidated basis as of the date thereof, including liabilities for taxes, material commitments and material Contingent Obligations.

(b) The unaudited Semiconductor Operations Supplemental Schedules dated February 27, 1997 for the interim periods then ended: (i) include amounts based on estimates of annual amounts and are subject to changes in estimates and ordinary year-end adjustments, (ii) present fairly, in all material respects, the net assets and operations and cash flows of the Company and its Semiconductor Operations Subsidiaries (on a combined basis) for the periods covered thereby, on the basis specified and described in the notes to such schedules, and (iii) were prepared on a basis consistent with the basic consolidated financial statements of the Company and its Subsidiaries except as disclosed in the notes thereto.

(c) Since February 27, 1997, there has been no Material Adverse Effect other than the material adverse changes, if any, as may have been disclosed in the written projections dated February 17, 1997 delivered to the Banks prior to the date hereof.

5.12 Environmental Matters. The Company conducts in the ordinary

course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Company has reasonably concluded that it is in material compliance with all such Environmental Laws and that any Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse

Effect.

5.13 Regulated Entities. None of the Company, any Person controlling

the Company, or any Subsidiary, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Company is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

5.14 Intellectual Property. Except as set forth in the Forms 10K for

the fiscal year ended August 29, 1996 and the Forms 10Q for the fiscal quarters ended November 28, 1996 and February 27, 1997, respectively, and in each case as filed or amended and filed with the SEC by the Company, (a) the Company and its Semiconductor Operations Subsidiaries own or are licensed to use or otherwise have the right to use (or could obtain such ownership or licenses or rights on terms not materially adverse to the Company and its Semiconductor Operations Subsidiaries, taken as a whole, and under circumstances that could not reasonably be expected to have a Material Adverse Effect) all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises and other rights that are reasonably necessary for the operation of their semiconductor operations business, and (b) there are no pending or, to the best knowledge of Company, threatened claims that any slogan or other advertising device, product, process, method, substance, part or other material now employed by the Company or any Semiconductor Operations Subsidiary infringes upon any rights held by any other Person, except where the consequences of such infringement could not reasonably be expected to have a Material Adverse Effect.

5.15 Subsidiaries; Minority Interests. As of the Closing Date, the

Company has no Subsidiaries other than those specifically disclosed in part (a) of Schedule 5.15 to the Disclosure Letter and has no equity investments in any other corporation or entity in excess of \$10,000,000, individually, other than those specifically disclosed in part (b) of Schedule 5.15 to the Disclosure Letter. No Material Semiconductor Operations are conducted, individually or in the aggregate, by Subsidiaries which are not Semiconductor Operations Subsidiaries. All Semiconductor Operations Subsidiaries are Wholly-Owned Subsidiaries, and all Wholly-Owned Subsidiaries which conduct any active semiconductor operations are Semiconductor Operations Subsidiaries.

5.16 Insurance. The properties of the Company and its Semiconductor

Operations Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Company, in such amounts, with such deductibles and covering such risks as are customarily carried

by companies engaged in similar businesses and owning similar properties in localities where the Company or such Semiconductor Operations Subsidiaries operate.

5.17 Swap Obligations. Neither the Company nor any of its

Semiconductor Operations Subsidiaries has incurred any outstanding obligations under any Swap Contracts, other than Permitted Swap Obligations. The Company has undertaken its own independent assessment of its consolidated assets, liabilities and commitments and has considered appropriate means of mitigating and managing risks associated with such matters and has not relied on any swap counterparty or any Affiliate of any swap counterparty in determining whether to enter into any Swap Contract.

5.18 Full Disclosure. None of the representations or warranties made

by the Company in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, written statement or certificate furnished by or on behalf of the Company or any Semiconductor Operations Subsidiary in connection with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of the Company to the Banks prior to the Closing Date, taken together with all such exhibits, reports, written statements and certificates filed or amended and filed by the Company with the SEC, but excluding the items listed in Section 5.19), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered. In addition, any factual information, forecasts and projections by industry analysts, including those set forth in the information memorandum distributed to the Banks prior to closing, have been developed solely by such analysts and are not adopted by the Company, notwithstanding their inclusion in such information memorandum, and the Company makes no representations or warranties concerning same, unless such representation or warranty is separately made by the Company.

5.19 Projections. All projections (including the projections dated

February 17, 1997 delivered to the Banks prior to the date hereof), forward-looking information or other similar or related information furnished by or on behalf of the Company in connection with this Agreement were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair in the light of conditions existing at the time of preparation of such forecasts, and represented, at the time of preparation, the Company's reasonable estimate of its future financial performance; provided, however, that such

projections and other forward-looking information are not to be viewed as factual and actual results during the period or

period covered thereby may differ from the projected or forecasted results.

ARTICLE VI - AFFIRMATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation (other than indemnity obligations which remain inchoate at such time) shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

6.01 Financial Statements. The Company shall deliver to the Agent, in

form and detail satisfactory to the Agent and the Majority Banks, with sufficient copies for each Bank:

(a) promptly after becoming available, but not later than 90 days after the end of each fiscal year (commencing with the fiscal year ended August 28, 1997), a copy of the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such year and the related consolidated statements of operations and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, together with the related Semiconductor Operations Supplemental Schedules, and accompanied by the opinion of Coopers & Lybrand, LLP or another nationally-recognized independent public accounting firm ("Independent Auditor") which opinion shall state that

(i) such consolidated financial statements present fairly in all material respects the financial position of the Company and its Subsidiaries on a consolidated basis as of the date thereof and the results of operations for the periods indicated in conformity with GAAP, except as otherwise indicated therein and (ii) such related Semiconductor Operations Supplemental Schedules were prepared on a basis consistent with the basic consolidated financial statements of the Company and its Subsidiaries except as disclosed in the notes thereto and the information therein is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole except as specifically noted therein. Such financial statements shall be accompanied by a certificate of a Responsible Officer which shall state that such Semiconductor Operations Supplemental Schedules present fairly, in all material respects, the net assets and operations and cash flows of the Company and its Semiconductor Operations Subsidiaries (on a combined basis) for the periods covered thereby, on the basis specified and described in the notes to such schedules. The Company will not place restrictions on the examinations of the auditors or any material portion of the Company's or any Subsidiary's records; and

(b) promptly after becoming available, but not later

than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ended May 29, 1997), a copy of the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter and the related consolidated statements of operations for the period commencing on the first day and ending on the last day of such quarter, and statement of cash flows for the year to date, together with the related Semiconductor Operations Supplemental Schedules, accompanied by a certificate of a Responsible Officer which shall state that (i) such unaudited consolidated financial statements (A) fairly present in all material respects, in accordance with GAAP (subject to ordinary, good faith year-end adjustments, the financial position and the results of operations of the Company and its Subsidiaries on a consolidated basis, and (B) include or disclose all material indebtedness and other liabilities, direct or contingent, of the Company and its Subsidiaries on a consolidated basis as of the date thereof, including liabilities for taxes, material commitments and material Contingent Obligations, and (ii) such related Semiconductor Operations Supplemental Schedules (A) include amounts based on estimates of annual amounts and are subject to changes in estimates and ordinary year-end adjustments, (B) present fairly, in all material respects, the net assets and operations and cash flows of the Company and its Semiconductor Operations Subsidiaries (on a combined basis) for the periods covered thereby, on the basis specified and described in the notes to such schedules, and (C) were prepared on a basis consistent with the basic consolidated financial statements of the Company and its Subsidiaries except as disclosed in the notes thereto.

6.02 Certificates; Other Information. The Company shall furnish to

the Agent, with sufficient copies for each Bank:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), a Compliance Certificate executed by a Responsible Officer;

(b) promptly after becoming available, but not later than 20 days after the filing thereof with the SEC or the delivery thereof to its Shareholders, as applicable, copies of all annual reports and proxy statements that the Company sends to its shareholders, and copies of all financial statements and regular, periodical or special reports (including Forms 10K, 10Q, 8K, S-1 and S-3) that the Company or any Subsidiary may make to, or file with, the SEC; and

(c) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Semiconductor Operations Subsidiary as the Agent, at the request of any Bank, may from time to time reasonably request in writing.

6.03 Notices. The Company shall promptly, after any Responsible

Officer becomes aware thereof or should have become aware thereof, notify the Agent and each Bank:

(a) of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance that could reasonably be expected to become a Default or Event of Default;

(b) of the occurrence of any breach or termination of any material Contractual Obligation pursuant to which the Company or any of its Material Semiconductor Operations Subsidiaries is licensed or otherwise has the right to use any patented technology, trademarks, service marks, trade names, copyrights or contractual franchises that are reasonably necessary for the operation of their respective businesses ("Intellectual Property Licenses"); or the receipt

of any written claim with respect to any Intellectual Property License in which the licensor, seller or grantor of such intellectual property rights states its intention (i) to terminate such Intellectual Property License, (ii) to require the Company or any Semiconductor Operations Subsidiary to cease using such intellectual property rights (or any material portion thereof), or to cease marketing or selling products developed based on intellectual property rights (or any material portion thereof) covered by such Intellectual Property License, or (iii) to cease performing its obligations thereunder, and which, in each of the cases set forth in clauses (i), (ii) and (iii), could reasonably be expected to have a Material Adverse Effect;

(c) of the commencement of, or any material development in, any litigation, arbitration or other similar proceeding affecting the Company or any Semiconductor Operations Subsidiary with respect to any Intellectual Property License, in which injunctive or similar relief (whether temporary or permanent) is sought and which could reasonably be expected to have a Material Adverse Effect;

(d) of any other matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, which matters include, for example (but not by way of limitation): (i) breach or non-performance of, or any default under, a Contractual Obligation of the Company or any Semiconductor Operations Subsidiary, (ii) any dispute, litigation, investigation, proceeding or suspension between the Company or any Semiconductor Operations Subsidiary and any Governmental Authority, or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Company or any Semiconductor Operations Subsidiary, including pursuant to any applicable Environmental Laws;

(e) of the occurrence of any of the following events

affecting the Company or any ERISA Affiliate (but in no event more than 10 days after such event), and deliver to the Agent and each Bank a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any ERISA Affiliate with respect to such event: (i) an ERISA Event, (ii) a material increase in the Unfunded Pension Liability of any Pension Plan, (iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by the Company or any ERISA Affiliate, or (iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability;

(f) of any material change in accounting policies or financial reporting practices by the Company and its Subsidiaries on a consolidated basis or the Company and its Semiconductor Operations Subsidiaries on a combined basis; provided that the description of any such changes set forth in the Company's filings with the SEC, or the notes to any financial statements or Semiconductor Operations Supplemental Schedules included therein, when delivered to Agent and the Banks, shall constitute notice sufficient under this subsection (f);

(g) of the issuance of any Permitted Subordinated Debt and any Senior Unsecured Debt, together with a copy of any written instrument evidencing, or which is proposed to evidence, such Indebtedness; and

(h) of any existing Subsidiary that is not a Wholly-Owned Subsidiary that conducts semiconductor operations (i) becoming a Wholly-Owned Subsidiary, or (ii) having Material Semiconductor Operations.

Each notice under this Section (other than under subsections (f) and (g)) shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under Section 6.03(a) shall describe with particularity any and all sections or clauses of this Agreement or other Loan Document that have been (or could reasonably be expected to be) breached or violated.

6.04 Preservation of Corporate Existence, Etc. The Company shall, and

shall cause each Material Semiconductor Operations Subsidiary to: (a) preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of incorporation, except, with respect to any Material Semiconductor Operations Subsidiary, in connection with transactions permitted by

Section 7.03 or 7.04; (b) preserve and maintain in full force and effect all material governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except in connection with transactions permitted by Section 7.03 or 7.04; (c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill, except, with respect to any Material Semiconductor Operations Subsidiary, in connection with transactions permitted by Section 7.03 or 7.04; and (d) preserve or renew all of its registered patents, trademarks, trade names and service marks, except where the non-preservation of which could not reasonably be expected to have a Material Adverse Effect.

6.05 Maintenance of Property. The Company shall maintain, and shall

cause each Material Semiconductor Operations Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted and make all reasonably necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.06 Insurance. The Company shall maintain, and shall cause each

Semiconductor Operations Subsidiary to maintain, with financially sound and reputable independent insurers or through self-insurance, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

6.07 Payment of Obligations. The Company shall, and shall cause each

Semiconductor Operations Subsidiary to, pay and discharge as the same shall become due and payable (or within any applicable grace period), all their respective material obligations and liabilities, which matters may include, for example (but not by way of limitation): (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Semiconductor Operations Subsidiary, and (b) all lawful claims which, if unpaid, would by law become a Lien upon its property, except for Permitted Liens.

6.08 Compliance with Laws. The Company shall comply, and shall cause

each Material Semiconductor Operations Subsidiary to comply, in all material respects, with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal

Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist.

6.09 Compliance with ERISA. The Company shall, and shall cause each

of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law, (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification, and (c) make all required contributions to any Plan subject to Section 412 of the Code.

6.10 Inspection of Property and Books and Records. (a) The Company

shall maintain and shall cause each Semiconductor Operations Subsidiary to maintain financial books of record and account sufficient to permit the Company to prepare financial statements in accordance with GAAP.

(b) The Company shall permit, and shall cause each Semiconductor Operations Subsidiary to permit, representatives and independent contractors of the Agent (i) to visit and inspect any of their respective material properties, (ii) to examine their respective financial records, and make copies thereof or abstracts therefrom, and (iii) to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Banks and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance written notice to the Company; provided, however, that when an Event of

Default exists, the Agent or any Bank may do any of the foregoing at the expense of the Company at any time during normal business hours and without advance written notice. At any time when no Event of Default has occurred and is continuing, any such representative, independent contractor or independent public accountants (other than employees of the Agent) selected by the Agent to perform such inspections or audits, must be reasonably acceptable to the Company.

(c) Notwithstanding the foregoing, while no Event of Default exists, neither the Company nor any of its Semiconductor Operations Subsidiaries will be required to disclose, permit the inspection, examination, copying or making extracts of, or discussions of, any document, information or other matter that (i) constitutes non-financial trade secrets or non-financial proprietary information, or (ii) in respect to which disclosure to the Agent or any Bank (or designated representative) is then prohibited by law or any agreement binding upon the Company or such Semiconductor Operations Subsidiary that was not entered into by the Company or such Semiconductor Operations Subsidiary for the primary purpose of concealing information from Agent and the Banks or evading the provisions of this Agreement.

6.11 Environmental Laws. The Company shall, and shall cause each

Material Semiconductor Operations Subsidiary to, conduct its operations and keep and maintain its property in compliance in all material respects with all Environmental Laws.

6.12 Use of Proceeds. The Company shall use the proceeds of the Loans

for working capital and other general corporate purposes not in contravention of any Requirement of Law or of any Loan Document.

6.13 Ranking; Designated Senior Indebtedness. The Company shall take,

or cause to be taken, all actions necessary to ensure that the Obligations are and continue to rank at least pari passu in right of payment with all other

unsecured Indebtedness of the Company. The Obligations shall be deemed "Designated Senior Indebtedness" for purposes of Permitted Subordinated Debt issued under the Subordinated Note Indenture.

6.14 New Semiconductor Operations Subsidiaries. The Company shall

cause each new Wholly-Owned Subsidiary which from time to time conducts any active semiconductor operations to be included as a Semiconductor Operations Subsidiary in the Semiconductor Operations Supplemental Schedules.

ARTICLE VII - NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation (other than indemnity obligations which remain inchoate at such time) shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

7.01 Limitation on Liens. The Company shall not, and shall not suffer

or permit any Semiconductor Operations Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its properties, revenues or assets, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) Liens existing on the Closing Date and set forth in Schedule 7.01 to the Disclosure Letter securing Indebtedness outstanding on such date (including any such Lien securing Indebtedness that is renewed, extended or refunded after the Closing Date, provided that the principal amount of such Indebtedness outstanding at the time of such renewal, extension or refunding is not increased and such Lien is not extended to any other property, other than replacements or substitutions for such property);

(b) Liens created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.07;

(d) Liens consisting of carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings are for the purpose of preventing the forfeiture or sale of the property subject thereto;

(e) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations with respect to surety and appeal bonds, or letters of credit issued in lieu thereof, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate could not reasonably be expected to result (even if enforced) in a Material Adverse Effect;

(g) Liens consisting of judgment or judicial attachment liens, arising in circumstances not constituting an Event of Default under Section 8.01(j);

(h) Liens consisting of easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business (including the easements, rights-of-way, restrictions and other similar encumbrances incurred in connection with the interchange and new road to be located on the Company's headquarters property in Boise, Idaho) which, in the aggregate, do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Company and its Semiconductor Operations Subsidiaries taken as a whole;

(i) Liens on (i) assets of corporations which become Semiconductor Operations Subsidiaries after the date of this Agreement, (ii) assets which are acquired at the time a corporation merges with or into the Company or a Semiconductor Operations Subsidiary pursuant to Section 7.04, and (iii) assets acquired by the Company or a Semiconductor Operations

Subsidiary pursuant to Section 7.05; provided, however, that such Liens existed

at the time the respective corporations became Semiconductor Operations
Subsidiaries or at the time the assets were acquired and were not created in
anticipation thereof;

(j) purchase money and other security interests, and liens in the nature
of capital leases, in personal or real property where the security interests do
not extend beyond the property purchased or financed, any replacements,
additions, attachments and accessions thereto, and the proceeds (including
insurance proceeds) thereof and the amount of indebtedness secured thereby does
not materially exceed the value of the property and, in the aggregate, the
amount of all indebtedness so secured does not at any time exceed 20% of the
Company's and the Semiconductor Operations Subsidiaries' combined net property,
plant and equipment (as reflected on the Semiconductor Operations Supplemental
Schedules) as of the last day of the fiscal quarter most recently ended prior
thereto (including any such Lien securing any such indebtedness that is renewed,
extended or refunded, provided that the principal amount of such indebtedness
outstanding at the time of such renewal, extension or refunding is not
materially increased and such Lien is not extended to any other property);

(k) Liens arising solely by virtue of any statutory, common law or
contractual provision relating to banker's liens, rights of set-off or similar
rights and remedies as to deposit accounts or other funds maintained with a
creditor depository institution; provided that (i) such deposit account is not a

dedicated cash collateral account and is not subject to restrictions against
access by the Company or any Semiconductor Operations Subsidiary in excess of
those set forth by regulations promulgated by the FRB, and (ii) such deposit
account is not intended by the Company or any Semiconductor Operations
Subsidiary to provide collateral to the depository institution;

(l) Liens securing extensions of credit made by the Company or another
Semiconductor Operations Subsidiary to such Semiconductor Operations
Subsidiaries, to the extent such extensions of credit are permitted by Section
7.06;

(m) Liens granted after the Closing Date, pursuant to documentation in
effect on the Closing Date, in favor of United States National Bank of Oregon in
connection with letters of credit issued for the Company's account in a maximum
aggregate principal amount of \$15,000,000;

(n) leases and subleases of, and licenses and sublicenses with respect
to, property where the Company or a Semiconductor Operations Subsidiary is the
lessor or licensor (or sublessor or sublicensor); provided that such leases,

subleases, licenses and sublicenses do not in the aggregate materially interfere with the business of the Company and its Semiconductor Operations Subsidiaries taken as a whole;

(o) Liens with respect to operating leases otherwise permitted by this Agreement; provided, that such Liens encumber only property financed or leased, -----
any replacements, additions, attachments and accessions thereto, and the proceeds (including insurance proceeds) thereof;

(p) Liens incurred in the ordinary course of business used to secure cash reserves that have been deposited with the Company or its Semiconductor Operations Subsidiaries by customers to obtain the rights to delivery of future goods or services;

(q) Liens consisting of pledges of cash collateral or government securities to secure on a mark-to-market basis Permitted Swap Obligations only, provided that the counterparty to any Swap Contract relating to any such Permitted Swap Obligation is under a similar requirement to deliver similar collateral from time to time to the Company or the Semiconductor Operations Subsidiary party thereto on a mark-to-market basis; provided, however, that, as -----
of any determination date, the amount of all such outstanding secured Permitted Swap Obligations, together with all outstanding secured Indebtedness permitted by subsection (r) below, shall not in the aggregate exceed 5% of Combined Tangible Assets;

(r) Liens incurred in the ordinary course of business securing Indebtedness other than borrowed money; provided, however, that the amount of -----
all such outstanding secured Indebtedness, together with all outstanding secured Permitted Swap Obligations permitted by subsection (q) above, shall not in the aggregate exceed 5% of Combined Tangible Assets as of the end of the most recent fiscal quarter;

(s) Liens securing Indebtedness permitted by Section 7.06(n); and

(t) Liens in favor of a trustee granted pursuant to any Permitted Subordinated Debt.

7.02 Exclusive Negative Pledge. The Company shall not, and shall not -----

permit any of its Semiconductor Operations Subsidiaries to, enter into any Contractual Obligation (other than this Agreement) which prohibits the creation or assumption of any Lien upon or with respect to any part of such Persons properties or assets (including intangible assets, such as patents and trademarks, and the capital stock of Semiconductor Operations Subsidiaries) (such Contractual Obligation, a "Negative Pledge"), whether now owned or -----
hereafter acquired, other than:

(a) Negative Pledges in favor of the Company or a Semiconductor Operations Subsidiary with respect to the assets of a Semiconductor Operations Subsidiary in connection with extensions of credit made by the Company or a Semiconductor Operations Subsidiary to such Semiconductor Operations Subsidiary, to the extent such extensions of credit are permitted by Section 7.07;

(b) Negative Pledges granted in connection with extensions of credit (whether or not guaranteed by the Company or a Semiconductor Operations Subsidiary) made available by Persons other than the Company to a Semiconductor Operations Subsidiary to the extent such extensions of credit are permitted by Sections 7.06(h);

(c) Negative Pledges granted in connection with Permitted Subordinated Debt permitted by Section 7.06(j) and Senior Unsecured Debt permitted by Section 7.06(k); and

(d) Negative Pledges granted in connection with real or personal property financing arrangements to the extent permitted by Section 7.01(j), in favor of the Person providing such financing, pursuant to which the Company or a Semiconductor Operations Subsidiary, as applicable, agrees not to create or assume any Lien upon or with respect to the real property and equipment being financed (together with replacements, additions, attachments, accessions and proceeds (including insurance proceeds) thereof and accessories thereto).

7.03 Disposition of Assets. The Company shall not, and shall not

suffer or permit any Semiconductor Operations Subsidiary to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any property (including accounts and notes receivable, with or without recourse) (together, "Dispositions") or

enter into any agreement to do any of the foregoing, except for:

(a) Dispositions by a Semiconductor Operations Subsidiary of all or substantially all of its assets (upon voluntary dissolution, liquidation or otherwise) to the Company or any other Person provided that if such a

Disposition is to a Person other than the Company or another Semiconductor Operations Subsidiary (or a Wholly-Owned Subsidiary which, immediately following such dissolution or liquidation, will become a Semiconductor Operations Subsidiary), such Disposition would be a Distribution permitted under Section 7.09(d);

(b) Dispositions of assets in the ordinary course of business (the parties hereby agreeing that Dispositions of inventory, or used, worn-out or surplus equipment, or equipment

pursuant to Permitted Sale-Leaseback Transactions shall be considered to be Dispositions in the ordinary course of business);

(c) Dispositions of immaterial (\$1,000,000 or less individually) assets outside the ordinary course of business;

(d) Dispositions of material (greater than \$1,000,000 individually) assets outside the ordinary course of business; provided, that the aggregate

fair market value of all material assets so sold, together with the aggregate fair market value of any material (greater than \$1,000,000 individually) assets disposed of pursuant to sale-leaseback transactions which do not constitute Permitted Sale-Leaseback Transactions, shall not exceed 10% of Combined Tangible Assets as of the end of the most recent fiscal quarter; and

(e) Dispositions of non semiconductor operations assets, including dispositions of the capital stock of Subsidiaries that are not Semiconductor Operations Subsidiaries.

7.04 Consolidations and Mergers. The Company shall not, and shall not

suffer or permit any Semiconductor Operations Subsidiary to, liquidate, dissolve or reorganize, or merge or consolidate with or into any other Person, except that:

(a) the Company or any Semiconductor Operations Subsidiary may merge, consolidate or reorganize with or into another Person (other than the Company or another Subsidiary) in connection with an Acquisition permitted pursuant to Section 7.05(g) or (o), provided, that (i) no Default or Event of Default has

occurred or would occur as a result thereof on a pro forma basis, (ii) in the case of a transaction involving the Company, the Company shall be the surviving corporation, and (iii) in the case of a transaction involving a Semiconductor Operations Subsidiary, the Semiconductor Operations Subsidiary shall be the surviving corporation;

(b) any Semiconductor Operations Subsidiary may merge, consolidate or reorganize with or into the Company or a Semiconductor Operations (or a Wholly-Owned Subsidiary which, immediately following such merger or consolidation, will become a Semiconductor Operations Subsidiary), provided that the Company or such

Wholly-Owned Subsidiary shall be the continuing or surviving corporation;

(c) any Semiconductor Operations Subsidiary may consolidate or merge with or into any other Semiconductor Operations Subsidiary; and

(d) any Semiconductor Operations Subsidiary may

liquidate or dissolve as permitted under Section 7.03(a).

7.05 Loans and Investments. The Company shall not purchase or

acquire, or suffer or permit any Semiconductor Operations Subsidiary to purchase or acquire, any capital stock, equity interest, or any obligations or other securities of, or any interest in, any Person, or make any Acquisitions, or make any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including any Affiliate of the Company (together, "Investments"), except for:

(a) Investments held by the Company or a Semiconductor Operations Subsidiary in the form of cash equivalents and liquid investments;

(b) Investments in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services or licensing of property in the ordinary course of business;

(c) Investments made by the Company to or in its Semiconductor Operations Subsidiaries, or by a Semiconductor Operations Subsidiary to or in the Company or another Semiconductor Operations Subsidiary, to the extent permitted by Section 7.07;

(d) Investments in Micron Electronics, Inc. provided, however, that the

aggregate principal amount of all advances, loans and other extensions of credit to Micron Electronics, Inc. outstanding at any time plus the cumulative amount

of all equity contributions in Micron Electronics, Inc. since the Closing Date shall not exceed \$100,000,000 in the aggregate;

(e) Investments in non Semiconductor Operations Subsidiaries (other than Micron Electronics, Inc.); provided, however, that the aggregate principal

amount of all outstanding advances, loans and other extensions of credit plus

the cumulative amount of all equity contributions since the Closing Date in connection with such Investments shall not exceed an amount equal to 5% of Combined Tangible Net Worth as of the last day of the most recently ended fiscal quarter;

(f) incidental loans or advances to employees in the ordinary course of business or as part of their overall compensation package;

(g) Investments incurred in order to consummate Acquisitions, to acquire minority interests or to acquire minority interests in a Subsidiary that is not a Wholly-Owned Subsidiary; provided, however, that (i) the Investment is being

made in a Person that is engaged in a line of business that

would be permitted under Section 7.12 if such Person were a Semiconductor Operations Subsidiary, (ii) no Default or Event of Default has occurred or would occur as a result of such Investment on a pro forma basis, (iii) such Investments are undertaken in accordance with all applicable Requirements of Law, (iv) if such Investment constitutes an Acquisition, the prior, effective written consent or approval to such Investment of the board of directors or equivalent governing body of the Person acquired or in which the Investment is being made is obtained, and (v) the cumulative aggregate consideration paid (including the assumption of debt), the aggregate principal amount of all outstanding advances, loans and other extension of credit, plus the cumulative

amount of all equity contributions made since the Closing Date in connection with such Investments shall not exceed an amount equal to 25% of Combined Tangible Assets as of the last day of the most recently ended fiscal quarter;

(h) Investments consisting of guarantees by the Company and its Semiconductor Operations Subsidiaries of the obligations of vendors and suppliers of the Company or its Semiconductor Operations Subsidiaries entered into in the ordinary course of business;

(i) Investments constituting Permitted Swap Obligations or payments or advances under Swap Contracts relating to Permitted Swap Obligations;

(j) Investments existing on the Closing Date;

(k) Investments received in settlement of delinquent obligations or disputes, including Investments received in connection with the bankruptcy or reorganization of third Persons;

(l) Investments consisting of deposit accounts maintained in the ordinary course of business;

(m) Investments accepted in connection with Dispositions of assets permitted under Section 7.03;

(n) Any Investment made in connection with a transaction permitted under Section 7.04; and

(o) Investments not described or covered by any of the foregoing subsections (a) through (n) of this Section; provided that (i) no Default or

Event of Default has occurred or would occur as a result of such Investment on a pro forma basis, (ii) such Investments are undertaken in accordance with all applicable Requirements of Law, (iii) if such Investment constitutes an Acquisition, the prior, effective written consent or approval to such Investment of the board of directors or equivalent governing body of the Person acquired

or in which the Investment is being made is obtained, and (iv) the cumulative aggregate consideration paid (including the assumption of debt), the aggregate principal amount of all outstanding advances, loans and other extension of credit, plus the cumulative amount of all equity contributions made since the

Closing Date in connection with such Investments shall not exceed an amount equal to 2% of Combined Tangible Assets as of the last day of the most recently ended fiscal quarter.

7.06 Limitation on Indebtedness and Contingent Obligations. The

Company shall not, and shall not suffer or permit any Semiconductor Operations Subsidiary to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness or Contingent Obligations, except, without duplication:

(a) Indebtedness incurred pursuant to this Agreement;

(b) Indebtedness and Contingent Obligations existing on the Closing Date and set forth in Schedule 7.06 to the Disclosure Letter;

(c) Contingent Obligations in the form of endorsements for collection or deposit in the ordinary course of business;

(d) Indebtedness with respect to cash deposited by customers to obtain the rights to delivery of future goods or services;

(e) Permitted Swap Obligations;

(f) Indebtedness permitted by Section 7.01(j) or incurred in connection with deferred purchases of equipment;

(g) Indebtedness incurred in connection with Investments permitted by Section 7.05(c);

(h) Indebtedness incurred by Semiconductor Operations Subsidiaries from Persons other than the Company or another Semiconductor Operations Subsidiary up to a maximum aggregate principal amount outstanding of \$50,000,000;

(i) Indebtedness with respect to deferred compensation or employee benefit programs incurred in the ordinary course of business or in connection with the discontinuance or sale of businesses or facilities;

(j) Subject to Section 7.10, Permitted Subordinated Debt incurred by the Company in an aggregate principal amount not to exceed at any time \$500,000,000;

(k) Senior Unsecured Debt incurred by the Company in an aggregate principal amount not to exceed at any time \$300,000,000;

(l) Indebtedness or Contingent Obligations incurred in connection with the bonding requirements of Micron Construction, Inc.;

(m) Indebtedness incurred in the ordinary course of business by the Company or any Semiconductor Operations Subsidiary in connection with the payment of foreign currency amounts owed to the Company or any Semiconductor Operations Subsidiary by a customer;

(n) Indebtedness consisting of obligations with respect to standby letters of credit issued in the ordinary course of business;

(o) Contingent Obligations of the Company with respect to Indebtedness of its Semiconductor Operations Subsidiaries to the extent such Indebtedness is otherwise permitted under this Section 7.06, and Contingent Obligations of the Company with respect to Indebtedness of the Company or another Semiconductor Operations Subsidiaries to the extent such Indebtedness is otherwise permitted under this Section 7.06; and

(p) Indebtedness and Contingent Obligations other than for borrowed money, to the extent not otherwise permitted by this Section 7.06, in an aggregate principal amount not exceeding \$50,000,000 at any time.

7.07 Transactions with Affiliates. The Company shall not, and shall

not suffer or permit any Semiconductor Operations Subsidiary to, enter into any transaction with any Affiliate of the Company, except (a) with respect to any Affiliate which is not a Semiconductor Operations Subsidiary, upon fair and reasonable terms no less favorable to the Company or such Semiconductor Operations Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate of the Company or such Semiconductor Operations Subsidiary, and (b) with respect to any Affiliate which is a Semiconductor Operations Subsidiary, upon fair and reasonable terms.

7.08 Use of Proceeds. The Company shall not, and shall not suffer or

permit any Subsidiary to, use any portion of the Loan proceeds, directly or indirectly, (a) to purchase or carry Margin Stock, (b) to repay or otherwise refinance indebtedness of the Company or others incurred to purchase or carry Margin Stock, (c) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (d) to acquire any security in any transaction that is subject to Section 13 or 14

of the Exchange Act.

7.09 Distributions. The Company shall not, and shall not suffer or

permit any Semiconductor Operations Subsidiary to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of its capital stock (in connection with a reclassification of such stock or otherwise), or purchase, redeem or otherwise acquire for value any shares of its capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding (collectively "Distributions"), except that, so long as no Default or Event of

Default exists or would result therefrom:

(a) the Company may make Distributions payable solely in its capital stock, and may distribute rights under any stockholder rights plan;

(b) the Company may make Distributions with the proceeds received from the substantially concurrent issue of new shares of its capital stock and may redeem rights distributed under any stockholder rights plan;

(c) any Semiconductor Operations Subsidiary may declare and make Distributions on account of any shares of any class of its capital stock or redeem or otherwise acquire for value any shares of its capital stock or any warrants, rights or options to acquire such shares, to or from the Company or to or from another Semiconductor Operations Subsidiary; and

(d) the Company and its Semiconductor Operations Subsidiaries may make Distributions from earnings available therefor; provided, that the aggregate

amount of all such Distributions paid during the then current fiscal quarter and the three fiscal quarters immediately preceding such quarter may not at any time exceed 25% of Combined Net Income for the most recently ended fiscal quarter and the three fiscal quarters immediately preceding such quarter.

7.10 Permitted Subordinated Debt. The Company shall not:

(a) issue any Permitted Subordinated Debt if:

(i) the aggregate issue price thereof (defined as the aggregate principal amount at maturity less the aggregate original issue discount) which, when aggregated with all other subordinated indebtedness, would exceed the amount permitted under Section 7.06(j) immediately after giving effect to the issuance thereof; or

(ii) a Default or Event of Default shall exist

either immediately prior to, or after giving effect to, the incurrence of such Permitted Subordinated Debt.

(b) pay any principal (including sinking fund payments) or any other amount (including scheduled interest payments) with respect to any Permitted Subordinated Debt (including the payment of cash in connection with such a conversion thereof), or purchase or redeem (or offer to purchase or redeem) any Permitted Subordinated Debt, or deposit any monies, securities or other Property with any trustee or other Person to provide assurance that the principal or any portion thereof of any Permitted Subordinated Debt will be paid when due or otherwise to provide for the defeasance of any Permitted Subordinated Debt except, subject to the subordination provisions contained in any Permitted

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Subordinated Debt therein, the Company may:

(i) pay scheduled interest payments on Permitted Subordinated Debt;

(ii) make mandatory payments consisting of prepayments or redemptions of Permitted Subordinated Debt in each case scheduled at the time of issuance of Permitted Subordinated Debt;

(iii) deliver securities, cash and other property upon the conversion of the Permitted Subordinated Debt in accordance with the terms thereof (including the payment of cash in lieu of fractional shares in connection with such a conversion); and

(iv) make voluntary payments consisting of prepayments, sinking fund payments, defeasances or redemptions with the prior consent of the Majority Banks.

(c) amend, waive, supplement or otherwise modify any instrument relating to any Permitted Subordinated Debt (including any modifications to the Subordinated Note Indenture made pursuant to a supplemental indenture, Section 301 of the Subordinated Note Indenture or otherwise) if, as a result thereof, such Permitted Subordinated Debt would no longer satisfy all the conditions set forth in the definition of "Permitted Subordinated Debt" or as otherwise approved by the Majority Banks.

7.11 ERISA. The Company shall not, and shall not suffer or permit any

of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could be reasonably expected to result in liability of the Company in an aggregate amount in excess of 5% of Combined Tangible Net Worth, or (b) engage in a transaction

that could reasonably be expected to subject the Company to liability under Section 4069 or 4212(c) of ERISA.

7.12 Business or Accounting Changes. The Company shall not, and shall

not suffer or permit any Semiconductor Operations Subsidiary to: (a) engage in any material line of business substantially different from those lines of business carried on by the Company and its Semiconductor Operations Subsidiaries on the date hereof, together with businesses which are appropriate extensions of or are reasonably related or incidental to the current businesses of the Company and its Semiconductor Operations Subsidiaries, or (b) make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP, or change the convention for determining the fiscal year of the Company or of any Semiconductor Operations Subsidiary.

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 2/26/98	0.75 to 1.00
5/28/98 and thereafter	1.00 to 1.00

7.14 Combined Tangible Net Worth. The Company shall not permit, as of

the last day of any fiscal quarter, Combined Tangible Net Worth to be less than an amount equal to \$2,017,142,130, plus the sum of (a) 75% of Combined Net

Income (not reduced by Combined Net Loss for any period) earned in each fiscal quarterly accounting period commencing with the fiscal quarter ending May 29, 1997, and (b) 100% of the amount by which Combined Tangible Net Worth increases as a result of any secondary public or private offering of equity securities by the Company and its Semiconductor Operations Subsidiaries (not in connection with an Acquisition or employee stock option or purchase plans) after the Closing Date.

7.15 Leverage Ratio. The Company shall not permit, as of the last day

of any fiscal quarter, the Leverage Ratio to exceed 0.75 to 1.00.

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	4.00 to 1.00
9/03/98	4.00 to 1.00
12/03/98 and thereafter	5.00 to 1.00

7.17 Maximum Combined Net Loss. The Company shall not permit Combined

 Net Loss to exceed (a) 2% of Combined Tangible Net Worth in any fiscal quarter or (b) 5% of Combined Tangible Net Worth in any period of four consecutive fiscal quarters.

7.18 Material Semiconductor Operations. The Company shall not permit

 any Material Semiconductor Operations to be conducted, individually or in the aggregate, by any Subsidiaries which are not Semiconductor Operations Subsidiaries. The Company shall not permit any Semiconductor Operations Subsidiary to be a non Wholly-Owned Subsidiary.

ARTICLE VIII - EVENTS OF DEFAULT

8.01 Event of Default. Any of the following shall constitute an

 "Event of Default":

(a) Non-Payment. The Company fails to pay, (i) when and as required to

 be paid herein, any amount of principal of any Loan, (ii) any amount of interest or commitment fee payable hereunder within five days after the same becomes due, or (iii) any other amount payable hereunder or under any other Loan Document within 30 days after the same becomes due; or

(b) Representation or Warranty. Any representation

or warranty by the Company or any Semiconductor Operations Subsidiary made or deemed made herein or in any other Loan Document is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. The Company fails to perform or observe any term, -----
covenant or agreement contained in Section 6.13 or in Article VII; or

(d) Other Defaults. (i) The Company fails to perform or observe any -----
term, covenant or agreement contained in any of Sections 6.01, 6.02(a), 6.02(b), 6.03 or 6.10(b), and such default shall continue unremedied for a period of five days after the earlier of (a) the date upon which a Responsible Officer knew or reasonably should have known of such failure, and (b) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or (ii) the Company fails to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of 20 days after the earlier of (x) the date upon which a Responsible Officer knew or reasonably should have known of such failure, and (y) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or

(e) Cross-Acceleration - Indebtedness. The Company or any Semiconductor -----
Operations Subsidiary (i) fails to make any payment in respect of any individual item of Indebtedness having an aggregate principal amount (including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$10,000,000, or with respect to any multiple items of Indebtedness having an aggregate principal amount (including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$20,000,000, when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, or (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness described in Section 8.01(e)(i) hereof and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, if, in the case of clause (i) or clause (ii), the effect of such failure, event or condition results in the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) declaring such Indebtedness to be due and payable prior to its stated maturity; or

(f) Cross-Acceleration - Swap Obligations. There -----

occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (i) any event of default under such Swap Contract as to which the Company or any Semiconductor Operations Subsidiary is the Defaulting Party (as defined in such Swap Contract), or (ii) any Termination Event (as defined in such Swap Contract) as to which the Company or any Semiconductor Operations Subsidiary is an Affected Party (as defined in such Swap Contract), and, in either event, the Swap Termination Value owed by the Company or such Semiconductor Operations Subsidiary as a result thereof is greater than \$10,000,000; or

(g) Insolvency; Voluntary Proceedings. The Company or any Semiconductor

Operations Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise, (ii) voluntarily ceases to conduct its business in the ordinary course, except as may otherwise be permitted herein, (iii) voluntarily commences any Insolvency Proceeding with respect to itself, or (iv) takes any action to effectuate or authorize any of the foregoing; or

(h) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding

is commenced or filed against the Company or any Semiconductor Operations Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's or any Semiconductor Operations Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy, (ii) the Company or any Semiconductor Operations Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding, or (iii) the Company or any Semiconductor Operations Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(i) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan

or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of 5% of Combined Tangible Net Worth, (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds 5% of Combined Tangible Net Worth, or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any

installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of 5% of Combined Tangible Net Worth; or

(j) Monetary Judgments. One or more non-interlocutory judgments, non-

interlocutory orders, decrees or arbitration awards is entered against the Company or any Semiconductor Operations Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of \$20,000,000 or more, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of 30 consecutive days after the entry thereof; or

(k) Non-Monetary Judgments. Any non-monetary judgment, order or decree

is entered against the Company or any Semiconductor Operations Subsidiary which could reasonably be expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(l) Change of Control. If (i) any Person or two or more Persons acting

in concert, other than J.R. Simplot, J.R. Simplot Company, Simplot Canada Limited, a member of J.R. Simplot's immediate family and any other Persons controlled by or under common control with any of the foregoing, shall either acquire beneficial ownership, directly or indirectly, of, or acquire by contract or otherwise, or enter into a contract or arrangement which upon consummation will result in its or their acquisition of, or control over, securities of the Company (or other securities convertible into such securities) representing 30% or more of the combined voting power of all securities of the Company entitled to vote in the election of directors; or (ii) during any period of up to 12 consecutive months, commencing after the Closing Date, individuals who at the beginning of such 12-month period were directors of the Company shall cease for any reason to constitute a majority of the Board of Directors of the Company unless the persons replacing such individuals were nominated by the Board of Directors of the Company; or

(m) Loss of Governmental Licenses. Any Governmental Authority revokes or

fails to renew any material license, permit or franchise of the Company or any Semiconductor Operations Subsidiary, or the Company or any Semiconductor Operations Subsidiary for any reason loses any material governmental license, permit or franchise, or the Company or any Semiconductor Operations Subsidiary suffers the imposition of any restraining order, escrow, suspension or impound of funds in connection with any proceeding (judicial or

administrative) with respect to any material governmental license, permit or franchise and the effect of such revocation, failure to renew, loss or imposition could reasonably be expected to have a Material Adverse Effect; or

(n) Permitted Subordinated Debt; Loss of Subordination. Any event occurs

which gives the holder or holders of any Permitted Subordinated Debt (or an agent or trustee on its or their behalf) the right to declare such Permitted Subordinated Debt due before the date on which it otherwise would become due, or the right to require the issuer thereof to redeem or purchase, or offer to redeem or purchase, all or any portion of any Permitted Subordinated Debt; or a final unstayed judgment is entered by a court of competent jurisdiction that any Permitted Subordinated Debt is not subordinated in accordance with its terms to the Obligations.

8.02 Remedies. If any Event of Default occurs, the Agent shall, at

the request of, or may, with the consent of, the Majority Banks: (a) declare the commitment of each Bank to make Loans to be terminated, whereupon such commitments shall be terminated, (b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company, and (c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law; provided,

however, that upon the occurrence of any event specified in subsection (g) or

(h) of Section 8.01 (in the case of clause (i) of subsection (h) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank.

8.03 Rights Not Exclusive. The rights provided for in this Agreement

and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

8.04 Certain Financial Covenant Defaults. In the event that, after

taking into account any extraordinary charge to earnings taken or to be taken as of the end of any fiscal period of the Company (a "Charge"), and if solely by

virtue of such Charge, there would exist an Event of Default due to the breach of any of Sections 7.13, 7.14, 7.15, 7.16 or 7.17 as of

such fiscal period end date on which the Company announces publicly it will take, is taking or has taken such Charge (including an announcement in the form of a statement in a report filed with the SEC) or, if such announcement is made prior to such fiscal period end date, the date that is such fiscal period end date, and (b) the date the Company delivers to the Agent its audited annual or unaudited quarterly financial statements in respect of such fiscal period reflecting such Charge as taken.

ARTICLE IX - THE AGENT

9.01 Appointment and Authorization; "Agent". Each Bank hereby

irrevocably (subject to Section 9.09) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

9.02 Delegation of Duties. The Agent may execute any of its duties

under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Agent. None of the Agent-Related Persons shall (i)

be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or

willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

9.04 Reliance by Agent. (a) The Agent shall be entitled to rely, and

shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Bank that has executed this Agreement 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 the Bank.

9.05 Notice of Default. The Agent shall not be deemed to have

knowledge or notice of the occurrence of any

Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; provided, however, that

unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.06 Credit Decision. Each Bank acknowledges that none of the Agent-

Related Persons has made any representation or warranty to it, and that no act by the Agent hereinafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and credit worthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and credit worthiness of the Company. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or credit worthiness of the Company which may come into the possession of any of the Agent-Related Persons.

9.07 Indemnification of Agent. Whether or not the transactions

contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and

without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank

shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

9.08 Agent in Individual Capacity. BofA (and any successor Agent

pursuant to Section 9.09) and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though BofA (or such successor Agent) were not the Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BofA (and any successor Agent pursuant to Section 9.09) or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, BofA (and any successor Agent pursuant to Section 9.09) shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" include BofA (or such successor Agent) in its individual capacity.

9.09 Successor Agent. The Agent may, and at the request of the

Majority Banks shall, resign as Agent upon 30 days' notice to the Banks. If the Agent resigns under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks, which successor agent shall be approved by the Company. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers

and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Majority Banks appoint a successor agent as provided for above.

9.10 Withholding Tax. (a) If any Bank is a "foreign corporation,

partnership or trust within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Agent, to deliver to the Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, two properly completed and executed copies of IRS Form 1001 before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to

notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Company to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to notify the Agent of the percentage amount which it is no longer the beneficial owner of Obligations of the Company to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 4224 as no longer valid.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. However, if the forms or other documentation required by subsection (a) of this Section are not delivered to the Agent, then the Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank because the appropriate form was not delivered or was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

9.11 Co-Agents. None of the Banks identified on the facing page or

signature pages of this Agreement as a "co-agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, none of the Banks so identified as a "co-agent" shall have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to

enter into this Agreement or in taking or not taking action hereunder.

ARTICLE X - MISCELLANEOUS

10.01 Amendments and Waivers. No amendment or waiver of any provision

of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company or any applicable Subsidiary therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Agent at the written request of the Majority Banks) and the Company and acknowledged by the Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall,

unless in writing and signed by all the Banks and the Company and acknowledged by the Agent, do any of the following: (a) increase or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to Section 8.02), (b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document, (c) reduce the principal of, or the rate of interest specified herein on any Loan, or (subject to clause (ii) below) any fees or other amounts payable hereunder or under any other Loan Document, (d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder, or (e) amend this Section, Section 2.13 or Section 2.14, or any provision herein providing for consent or other action by all Banks; and, provided further, that (i) no amendment, waiver or

consent shall, unless in writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, (ii) the fee letters referred to in Section 2.09 may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto; and (iii) nothing herein shall be construed to prohibit deemed amendments from taking effect pursuant to Sections 3.07 or 10.08(c) hereof.

10.02 Notices. (a) All notices, requests, consents, approvals,

waivers and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission, provided that any matter transmitted by the Company by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.02, and (ii) shall be followed promptly by delivery of a hard copy

original thereof) and mailed, faxed or

delivered, to the address or facsimile number specified for notices on Schedule

10.02; or, as directed to the Company or the Agent, to such other address as

shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Company and the Agent.

(b) 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; except that notices pursuant to Article II or IX to the Agent shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Company. The Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Company to give such notice and the Agent and the Banks shall not have any liability to the Company or other Person on account of any action taken or not taken by the Agent or the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Company to repay the Loans shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic or facsimile notice.

10.03 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.

10.04 Costs and Expenses. The Company shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BofA (including in its capacity as Agent) and the Arranger for all reasonable costs and expenses incurred by them 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, any Loan Document and any other documents prepared in connection herewith or therewith, the consummation of the transactions contemplated hereby and thereby, and in connection with any borrowing base audit of the Company by the Agent, including Attorney Costs incurred by them with respect thereto; and

(b) 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 or any other Loan 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). The agreements in this Section shall survive the payment of all other Obligations.

10.05 Company Indemnification. Whether or not the transactions

contemplated hereby are consummated, 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 (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) 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 the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all 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. The agreements in this Section shall survive payment of all other Obligations.

10.06 Payments Set Aside. To the extent that the Company 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.

10.07 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.

10.08 Assignments, Participations, etc. (a) Any Bank may, with the

written consent of the Company (at all times other than during the existence of an Event of Default) and the Agent, which consents shall not unreasonably be withheld, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank or to another Bank party hereto) (each an "Assignee") all, or any ratable part of all, of the Loans, the

Commitments and the other rights and obligations of such Bank hereunder, in a minimum amount of \$10,000,000, or such lesser amount which represents a Bank's entire Commitment (provided that no minimum amount limitation shall apply in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank or to another Bank party hereto); provided,

however, that the Company and the Agent may continue to deal solely and directly

with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance substantially in the

form of Exhibit F ("Assignment and Acceptance"), together with any Note or Notes

subject to such assignment, and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of \$3,500.

(b) From and after the date that the Agent notifies the assignor Bank that the Agent and the Company have received (and provided their consent, if required, with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Within five Business Days after the Company's receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee, (and provided that the Company consents to such assignment in accordance with Section 10.08(a)), the Company shall execute and deliver to the Agent, new Notes evidencing such Assignee's assigned Loans and Commitment and, if the assignor Bank has retained a portion of its Loans and its Commitment, replacement Notes in the principal amount of the Loans retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by such Bank). Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto.

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(d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Company (a "Participant") participating

interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this

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Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company and the Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with

respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.01. In the case of any such

participation, the Participant shall be entitled to the benefit of Sections 3.01, 3.03 and 10.05 as though it were also a Bank hereunder (provided, however, that no Participant shall be entitled to greater benefits under any such Section than the Bank which sold such participation would have been entitled to), and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Notwithstanding any other provision in this Agreement, any Bank may at any time, without the consent of any Person, create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR (S)203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

10.09 Confidentiality. Each Bank agrees to take and to cause its

Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all confidential information provided to it by the Company or any Subsidiary, or by the Agent on the Company's or such Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Company or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank; provided, however, that any Bank may disclose such information (A) at the

request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process, provided, that the Bank shall use its reasonable, good faith efforts to provide prior written notice (unless prohibited from doing so by any applicable Requirement of Law) to the Company

to allow the Company to seek a protective order; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding (except as set forth in clause (E)) to which the Agent, any Bank or their respective Affiliates may be party, provided, that the Bank shall use its reasonable, good faith efforts to provide prior written notice (unless prohibited from doing so by any applicable Requirement of Law) to the Company to allow the Company to seek a protective order; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors, provided such persons have a need to know such information and agree to be bound by the terms of this Section 10.09 as so they were a party hereto; (G) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; (H) as to any Bank or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Company or any Subsidiary is party or is deemed party with such Bank or such Affiliate; and (I) to its Affiliates. Upon the execution hereof by all the parties, the confidentiality undertaking set forth in this Section shall replace and supersede the terms of any confidentiality agreement between the Company and any of the Agent or the Banks executed prior to the Closing Date and shall survive the termination of this Agreement for a period of 12 months.

10.10 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 authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Company and the Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not

affect the validity of such set-off and application.

10.11 Notification of Addresses, Lending Offices, Etc. Each Bank shall

notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in

respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.12 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 and any other Loan Document 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 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.

10.13 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.

10.14 No Third Parties Benefited. This Agreement is made and entered

into for the sole protection and legal benefit of the Company, the Banks, the Agent and the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.15 Governing Law and Jurisdiction. (a) THIS AGREEMENT AND THE

NOTES 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 AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF CALIFORNIA OR OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, THE AGENT AND THE BANKS 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
 AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE COMPANY, THE AGENT AND THE BANKS
 EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH
 MAY BE MADE BY ANY OTHER MEANS PERMITTED BY CALIFORNIA LAW.

10.16 Waiver of Jury Trial. THE COMPANY, THE BANKS AND THE AGENT EACH

 WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION
 BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN
 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 COMPANY, THE
 BANKS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE
 TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE
 PARTIES 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 AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF.
 THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR
 MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.17 Entire Agreement. 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.

10.18 Amendment and Restatement of Existing Facility. From and after

 the Closing Date, this Agreement amends and restates the Existing Facility.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in San Francisco, California by their proper and duly authorized officers as of the day and year first above written.

MICRON TECHNOLOGY, INC.

By: _____
Name: Norman Schlachter
Title: Treasurer

S-1

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

By: _____
Name: Michael J. McCutchin
Title: Managing Director

S-2

ABN AMRO BANK N.V., SEATTLE
BRANCH, as Co-Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

THE BANK OF NOVA SCOTIA,
as Co-Agent

By: _____
Name:
Title:

S-4

FLEET NATIONAL BANK,
as Co-Agent

By: _____
Name:
Title:

S-5

PNC BANK, NATIONAL ASSOCIATION,
as Co-Agent

By: _____
Name:
Title:

S-6

UNITED STATES NATIONAL BANK OF
OREGON, as Co-Agent

By: _____
Name:
Title:

S-7

By: _____
Name:
Title:

By: _____
Name:
Title:

KEYBANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

S-10

MELLON BANK, N.A.

By: _____
Name:
Title:

THE DAI-ICHI KANGYO BANK,
LIMITED, SAN FRANCISCO AGENCY

By: _____
Name:
Title:

S-12

THE FUJI BANK, LIMITED, LOS
ANGELES AGENCY

By: _____
Name:
Title:

S-13

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, SAN FRANCISCO AGENCY

By: _____
Name:
Title:

THE SUMITOMO BANK LIMITED

By: _____
Name:
Title:

S-15

FIRST SECURITY BANK, N.A.

By: _____
Name:
Title:

S-16

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

By: _____
Name:
Title:

S-17

THE SAKURA BANK, LIMITED

By: _____
Name:
Title:

S-18

THE BANK OF NEW YORK

By: _____
Name:
Title:

S-19

BANQUE PARIBAS

By: _____
Name:
Title:

S-20

COMMITMENTS AND PRO RATA SHARES

Bank -----	Commitment -----	Pro Rata Share -----
Bank of America National Trust and Savings Association	\$ 44,000,000	8.8%
ABN AMRO Bank, N.V., Seattle Branch	35,000,000	7.0
The Bank of Nova Scotia	35,000,000	7.0
Fleet National Bank	35,000,000	7.0
PNC Bank, National Association	35,000,000	7.0
United States National Bank of Oregon	35,000,000	7.0
Royal Bank of Canada	30,000,000	6.0
Banque Nationale de Paris	25,000,000	5.0
KeyBank National Association	25,000,000	5.0
Mellon Bank, N.A.	25,000,000	5.0
The Dai-Ichi Kangyo Bank, Limited, San Francisco Agency	25,000,000	5.0
The Fuji Bank, Limited, Los Angeles Agency	25,000,000	5.0
The Industrial Bank of Japan, Limited, San Francisco Agency	25,000,000	5.0
The Sumitomo Bank Limited	25,000,000	5.0
First Security Bank, N.A.	16,000,000	3.2
The Long-Term Credit Bank of Japan, Ltd., Los Angeles Agency	16,000,000	3.2
The Sakura Bank, Limited	16,000,000	3.2
The Bank of New York	14,000,000	2.8
Banque Paribas	14,000,000	2.8
	=====	=====
TOTAL	\$500,000,000	100.0

COMMITMENTS AND PRO RATA SHARES

-1-

5/23/97

OFFSHORE AND DOMESTIC LENDING OFFICES,

ADDRESSES FOR NOTICES

MICRON TECHNOLOGY, INC.

Notices:

Micron Technology, Inc.
8000 S. Federal Way
Mail Stop 157
Boise, Idaho 83706-9632
Attention: Norman L. Schlachter
Treasurer
Telephone: (208) 368-3766
Facsimile: (208) 368-4095

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Agent

Address for Notices of Borrowing and
Notices of Conversion/Continuation:

Bank of America National Trust
and Savings Association
Agency Management Services #5596
1455 Market Street, 13th Floor
San Francisco, California 94103
Attention: Blanca Vinje
Sr. Associate Agency Officer
Telephone: (415) 436-2783
Facsimile: (415) 436-2700

Notices (other than Notice of Borrowing
and Notices of Conversion/Continuation):

Bank of America National Trust
and Savings Association
Credit Products-High Technology-SF #3697
555 California Street, 41st Floor
San Francisco, CA 94104
Attention: Michael J. McCutchin
Managing Director
Telephone: (415) 622-4589
Facsimile: (415) 622-2514

Payment Office:

LENDING OFFICES AND ADDRESSES

5/23/97

Bank of America National Trust
and Savings Association
ABA No. 121-000-358
1850 Gateway Boulevard, Fourth Floor
Concord, California 94520
Account No.: 12332-15032
Reference: Micron Technology, Inc.
Attention: Agency Management Services #5596

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

Notices (other than Notice of Borrowing
and Notices of Conversion/Continuation):

San Francisco, CA 94104
Attention: Michael J. McCutchin
Managing Director
Telephone: (415) 622-4589
Facsimile: (415) 622-2514

Domestic and Offshore Lending Office:

Bank of America National Trust
and Savings Association
ABA No. 121-000-358
1850 Gateway Boulevard, Fourth Floor
Concord, California 94520
Account No.: 12331-83980
Reference: Micron Technology, Inc.

PNC BANK, NATIONAL ASSOCIATION

Notices:

PNC Bank, National Association
One PNC Plaza
249 5th Avenue, Mail Stop: P-1-P0PP-02-4
Pittsburgh, PA 15222
Attention: Philip Liebscher
Vice President
Telephone: (412) 762-3202
Facsimile: (412) 762-6484

Domestic and Offshore Lending Office:

LENDING OFFICES AND ADDRESSES
-2-

5/23/97

PNC Bank, National Association
One PNC Plaza
249 5th Avenue, Mail Stop: P-1-P0PP-02-4
Pittsburgh, PA 15222
Attention: Sally Hunter
Telephone: (412) 768-3807
Facsimile: (412) 768-4586

UNITED STATES NATIONAL BANK OF OREGON

Notices:

United States National Bank of Oregon
111 S.W. Fifth Avenue
Suite 400
Portland, OR 97204
Attention: Jeff A. Killian
Vice President
Telephone: (503) 275-6350
Facsimile: (503) 275-5795

Domestic and Offshore Lending Office:

United States National Bank of Oregon
Oregon Corporate Loan Servicing
555 S.W. Oak
Suite PL7
Portland, OR 97204
Attention: Lan Tran
Telephone: (503) 275-3337
Facsimile: (503) 275-4600

ABN AMRO BANK, N.V., SEATTLE BRANCH

Notices:

ABN AMRO Bank, N.V., Seattle Branch
600 University Street
One Union Square
Suite 2323
Seattle, WA 98101
Attention: Lee-Lee Miao
Vice President
Telephone: (206) 654-0362
Facsimile: (206) 682-5641

Domestic and Offshore Lending Office:

ABN AMRO Bank, N.V., Seattle Branch
600 University Street

One Union Square
Suite 2323
Seattle, WA 98101
Attention: Suzanne Smith
Telephone: (206) 587-0281
Facsimile: (206) 682-5641

THE BANK OF NOVA SCOTIA

Notices:

The Bank of Nova Scotia
580 California Street
Suite 2100
San Francisco, CA 94104
Attention: Maarten Van Otterloo
Senior Relationship Manager
Telephone: (415) 616-4161
Facsimile: (415) 397-0791

Domestic and Offshore Lending Office:

The Bank of Nova Scotia
580 California Street
Suite 2100
San Francisco, CA 94104
Attention: Maarten Van Otterloo
Senior Relationship Manager
Telephone: (415) 616-4161
Facsimile: (415) 397-0791

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
SAN FRANCISCO AGENCY

Notices:

The Industrial Bank of Japan, Limited,
San Francisco Agency
555 California Street
Suite 3110
San Francisco, CA 94104
Attention: Michael D. McCorriston
Vice President
Telephone: (415) 693-1822
Facsimile: (415) 982-1917

Domestic and Offshore Lending Office:

The Industrial Bank of Japan, Limited,
San Francisco Agency
555 California Street

Suite 3110
San Francisco, CA 94104
Attention: Jeannette O'Donnell
Telephone: (415) 693-1831
Facsimile: (415) 982-1917

KEYBANK NATIONAL ASSOCIATION

Notices:

KeyBank National Association
700 Fifth Avenue
48th Floor
Seattle, WA 98104
Attention: J. T. Taylor
Vice President
Telephone: (206) 684-6057
Facsimile: (206) 684-6035

Domestic and Offshore Lending Office:

KeyBank National Association
700 Fifth Avenue
48th Floor
Seattle, WA 98104

ROYAL BANK OF CANADA

Notices:

Royal Bank of Canada
600 Wilshire Boulevard
Suite 800
Los Angeles, CA 90017
Attention: Michael Cole
Manager
Telephone: (213) 955-5328
Facsimile: (213) 955-5350

Domestic and Offshore Lending Office:

Royal Bank of Canada
600 Wilshire Boulevard
Suite 800
Los Angeles, CA 90017

LENDING OFFICES AND ADDRESSES

5/23/97

BANQUE NATIONALE DE PARIS

Notices:

Banque Nationale de Paris
180 Montgomery Street
3rd Floor
San Francisco, CA 94104
Attention: Rafael Lumanlan
Vice President
Telephone: (415) 956-0707
Facsimile: (415) 296-8954

Domestic and Offshore Lending Office:

Banque Nationale de Paris, San Francisco Branch
180 Montgomery Street
San Francisco, CA 94104
Telephone: (415) 956-0707
Telex: RCA 278900 (Answerback: BNPS UR)
Facsimile: (415) 989-9041

THE FUJI BANK, LIMITED, LOS ANGELES AGENCY

Notices:

The Fuji Bank, Limited,
Los Angeles Agency
333 South Grand Avenue
25th Floor, Suite 3900
Los Angeles, CA 90071
Attention: Steve Brennan
Vice President and Manager
Telephone: (213) 253-4174
Facsimile: (213) 253-4198

Domestic and Offshore Lending Office:

The Fuji Bank, Limited,
Los Angeles Agency
333 South Grand Avenue
25th Floor, Suite 3900
Los Angeles, CA 90071
Attention: Vivian Chang
Telephone: (213) 253-4129
Facsimile: (213) 253-4198

THE BANK OF NEW YORK

Notices:

The Bank of New York
10990 Wilshire Boulevard
Suite 1125
Los Angeles, CA 90024
Attention: Robert Louk
Vice President
Telephone: (310) 996-8663
Facsimile: (310) 996-8667

Domestic and Offshore Lending Office:

The Bank of New York
One Wall Street
22nd Floor
New York, NY 10286
Attention: Sandra Morgan
Telephone: (212) 635-6743
Facsimile: (212) 635-6877

THE DAI-ICHI KANGYO BANK, LIMITED,
SAN FRANCISCO AGENCY

Notices:

The Dai-Ichi Kangyo Bank, Limited,
San Francisco Agency
101 California Street
Suite 4000
San Francisco, CA 94111
Attention: Virgilio N. Madrid
Vice President
Telephone: (415) 393-1811
Facsimile: (415) 788-7868

Domestic and Offshore Lending Office:

The Dai-Ichi Kangyo Bank, Limited,
San Francisco Agency
101 California Street
Suite 4000
San Francisco, CA 94111
Attention: Karen Leung
Telephone: (415) 393-1815
Facsimile: (415) 788-7868

FIRST SECURITY BANK, N.A.

Notices:

First Security Bank, N.A.
3276 Elder Street
Boise, ID 83705
Attention: Brian W. Cook
Vice President
Telephone: (208) 393-2162
Facsimile: (208) 393-2472

Domestic and Offshore Lending Office:

First Security Bank, N.A.
3276 Elder Street
Boise, ID 83705
Attention: Rhonda Miller
Telephone: (208) 393-4117
Facsimile: (208) 393-4540

FLEET NATIONAL BANK

Notices:

Fleet National Bank
One Federal Street
Boston, MA 02211
Attention: Frank Benesh
Vice President
Telephone: (617) 346-0617
Facsimile: (617) 346-0568

Domestic and Offshore Lending Office:

Fleet National Bank
One Federal Street
Boston, MA 02211
Attention: Pauline Kowalczyk
Telephone: (617) 346-0622
Facsimile: (617) 346-0595

LENDING OFFICES AND ADDRESSES

5/23/97

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

Notices:

The Long-Term Credit Bank of Japan,
Ltd., Los Angeles Agency
350 South Grand Avenue, Suite 3000
Los Angeles, CA 90071
Attention: Tamotsu Ukai
Vice President
Telephone: (213) 689-63345
Facsimile: (213) 626-1067

Domestic and Offshore Lending Office:

The Long-Term Credit Bank of Japan,
Ltd., Los Angeles Agency
350 South Grand Avenue, Suite 3000
Los Angeles, CA 90071
Attention: Cindy Ly
Telephone: (213) 689-6247
Facsimile: (213) 626-1067

MELLON BANK, N.A.

Notices:

Mellon Bank, N.A.
Info Tech Group Rep Office
435 Tasso Street, Suite 100
Palo Alto, CA 93401
Attention: Sean C. Gannon
Assistant Vice President
Telephone: (415) 326-3005
Facsimile: (415) 326-2382

Domestic and Offshore Lending Office:

Mellon Bank, N.A.
3 Mellon Bank Center
Room 2304
Pittsburgh, PA 15259
Attention: D. Carr
Telephone: (412) 234-1872
Facsimile: (412) 234-5049

LENDING OFFICES AND ADDRESSES

5/23/97

THE SUMITOMO BANK LIMITED

Notices:

The Sumitomo Bank Limited
1201 Third Avenue
Suite 5320
Seattle, WA 98101
Attention: Bob Granfelt
Vice President
Telephone: (206) 223-4050
Facsimile: (206) 623-8551

Domestic and Offshore Lending Office:

The Sumitomo Bank Limited
777 S. Figueroa #2600
Los Angeles, CA 90017
Attention: Miriam Delgado
Vice President
Telephone: (213) 955-0867
Facsimile: (213) 623-6832

THE SAKURA BANK, LIMITED
SAN FRANCISCO AGENCY

Notices:

The Sakura Bank, Limited
San Francisco Agency
345 California Street, Suite 1100
San Francisco, CA 94104
Attention: J.R. Best
Telephone: (415) 765-0881
Facsimile: (415) 765-0860

Domestic and Offshore Lending Office:

The Sakura Bank, Limited
San Francisco Agency
345 California Street, Suite 1100
San Francisco, CA 94104
Attention: Debbie T. Maranon
Telephone: (415) 765-0873
Facsimile: (415) 765-0860

BANQUE PARIBAS

Notices:

Banque Paribas
2029 Century Park East, Suite 3900
Los Angeles, CA 90067
Attention: Jeffrey P. White
Assistant Vice President
Telephone: (310) 551-7312
Facsimile: (310) 556-8759

Domestic and Offshore Lending Office:

Banque Paribas
2029 Century Park East, Suite 3900
Los Angeles, CA 90067
Attention: Shirley Williams
Telephone: (310) 551-7360
Facsimile: (310) 553-1504 OR (310) 556-8759

LENDING OFFICES AND ADDRESSES
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5/23/97

FORM OF NOTICE OF BORROWING

Date: _____, 199__

To: Bank of America National Trust and Savings Association, as Agent for the Banks party to the First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997 (as extended, renewed, amended or restated from time to time, the "Credit Agreement") among Micron Technology, Inc., the

 several financial institutions from time to time party to the Credit Agreement (the "Banks"), and Bank of America National Trust and Savings

 Association, as Agent

Ladies and Gentlemen:

The undersigned, Micron Technology, Inc. (the "Company"), refers to the

 Credit Agreement, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.03 of the Credit Agreement, of the Borrowing specified below:

1. The Business Day of the proposed Borrowing is _____, 199__.
2. The aggregate amount of the proposed Borrowing is \$_____.
3. The Borrowing is to be comprised of \$_____ of [Base Rate] [Offshore Rate] Loans.
- [4. The duration of the Interest Period for the Offshore Rate Loans included in the Borrowing shall be _____ months.]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing, before and after giving effect thereto and to the application of the proceeds therefrom:

(a) 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 as though made on and as of such date, except to the extent such representations and warranties relate to an earlier

date, in which case they were true and correct as of such earlier date;

(b) no Default or Event of Default has occurred and is continuing, or would result from such proposed Borrowing; and

(c) The proposed Borrowing will not cause the aggregate principal amount of all outstanding Loans to exceed the combined Commitments of the Banks.

MICRON TECHNOLOGY, INC.

By:
Title:

NOTICE OF BORROWING
A-2

FORM OF NOTICE OF CONVERSION/CONTINUATION

Date: _____, 199__

To: Bank of America National Trust and Savings Association, as Agent for the Banks party to the First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997 (as extended, renewed, amended or restated from time to time, the "Credit Agreement") among Micron Technology, Inc., the

several financial institutions from time to time party to the Credit Agreement (the "Banks"), and Bank of America National Trust and Savings

Association, as Agent

Ladies and Gentlemen:

The undersigned, Micron Technology, Inc. (the "Company"), refers to the

Credit Agreement, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.04 of the Credit Agreement, of the [conversion] [continuation] of the Loans specified herein, that:

1. The Conversion/Continuation Date is _____, 199__.
2. The aggregate amount of the Loans to be [converted] [continued] is \$_____.
3. The Loans are to be [converted into] [continued as] [Offshore Rate] [Base Rate] Loans.
- [4. The duration of the Interest Period for the Offshore Rate Loans included in the [conversion] [continuation] shall be ____ months.]

MICRON TECHNOLOGY, INC.

By:
Title:

NOTICE OF CONVERSION/CONTINUATION
B-3

5/23/97

FORM OF MASTER PROMISSORY NOTE

\$ _____

May 28, 1997

FOR VALUE RECEIVED, the undersigned Micron Technology, Inc., a Delaware corporation, (the "Company") hereby promises to pay to the order of

_____ (the "Bank"), at the Agent's Payment Office, the

aggregate unpaid principal amount of all Loans made by the Bank to the Company from time to time pursuant to the Credit Agreement described below at the times and in the amounts specified in the Credit Agreement. The Company also promises to pay interest on such unpaid principal amount at the times and at the rates specified in the Credit Agreement.

The Bank is hereby authorized to endorse the date, amount, and maturity of each Loan made by it and the amount and date of each payment of principal made by the Company with respect thereto on the schedule annexed to this Note and on continuations of such schedule, both schedule and continuations being hereby made a part of this Note; provided, that any failure to endorse such information on such schedule or continuation thereof shall not in any manner affect any obligation of the Company under the Credit Agreement and this Note.

This Master Promissory Note is one of the Notes referred to in, and is issued under, the First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997 (as extended, renewed, amended or restated from time to time, the "Credit Agreement") among the Company, the several financial institutions

_____ from time to time party to the Credit Agreement (the "Banks"), and Bank of

_____ America National Trust and Savings Association, as Agent, and amends and restates any prior promissory noted delivered to the holder under the Existing Facility.

The holder of this Master Promissory Note shall be entitled to the benefits provided for in the Credit Agreement. Reference is made to the Credit Agreement for the provisions on (i) the obligation of the Bank to advance funds under this Master Promissory Note, (ii) the manner in which interest is computed and accrued, (iii) the Company's rights, if any, to prepay all or part of the Loans, (iv) the events upon which the maturity of this Master Promissory Note may be accelerated or shall be automatically accelerated, as the case may be, (v) Attorneys Costs and other fees and expenses incurred in any

enforcement of this Master Promissory Note, (vi) the Company's right to cure certain Events of Default, and (vii) the Bank's rights to assign all or part of this Master Promissory Note to Eligible Assignees and/or to sell participating interests in any Loans, as more fully set forth in the Credit Agreement. Terms defined in the Credit Agreement shall have the same meanings herein.

This Master Promissory Note shall be governed by and construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the undersigned has caused this Master Promissory Note to be executed by its officer thereunto duly authorized.

MICRON TECHNOLOGY, INC.

By:
Title:

FORM OF PROMISSORY NOTE
C-2

5/23/97

SCHEDULE

[illegible]

FORM OF COMPLIANCE CERTIFICATE

MICRON TECHNOLOGY, INC.
 FINANCIAL STATEMENT DATE: _____, 199__

Reference is made to that certain First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997 (as extended, renewed, amended or restated from time to time, the "Credit Agreement") among Micron Technology, Inc. (the "Company"), the several financial institutions from time to time party to this Credit Agreement (the "Banks"), and Bank of America National Trust and Savings Association, as agent for the Banks (in such capacity, the "Agent").

Unless otherwise defined herein, capitalized terms used herein have the respective meanings assigned to them in the Credit Agreement.

The undersigned Responsible Officer of the Company hereby certifies as of the date hereof that he/she is the [Chief Financial Officer] [Treasurer] of the Company, and that, as such, he/she is authorized to execute and deliver this Certificate to the Banks and the Agent on the behalf of the Company and its consolidated Subsidiaries, and that:

[Use the following paragraph if this Certificate is delivered in connection with the financial statements required by Section 6.01(a) of the Credit Agreement.]

1. Attached as Schedule 1 hereto are true and correct copies of the

audited consolidated balance sheet of the Company and its Subsidiaries as at the end of the fiscal year ended _____, 199__ and the related consolidated statements of operations and cash flows for the year then ended, setting forth in each case in comparative form the figures for the previous fiscal year, together with the related Semiconductor Operations Supplemental Schedules, and accompanied by the report of the Independent Auditor, whose opinion (a) states (i) that such consolidated financial statements present fairly in all material respects the financial position of the Company and its Subsidiaries on a consolidated basis as of the date thereof and the results of operations for the periods indicated in conformity with GAAP, except as otherwise indicated therein, and (ii) such related Semiconductor Operations Supplemental Schedules were prepared on a basis consistent with the basic consolidated financial statements of the Company and its Subsidiaries except as disclosed in the notes thereto and the information therein is fairly stated in all material respects in relation to the basic consolidated financial statements

taken as a whole except as specifically noted therein. Such Semiconductor Operations Supplemental Schedules present fairly, in all material respects, the net assets and operations and cash flows of the Company and its Semiconductor Operations Subsidiaries (on a combined basis) for the periods covered thereby, on the basis specified and described in the notes to such schedules.

[Use the following paragraph if this Certificate is delivered in connection with the financial statements required by Section 6.01(b) of the Credit Agreement.]

1. Attached as Schedule 1 hereto are true and correct copies of the

unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of the fiscal quarter ended _____, 1999 and the related consolidated statements of operations and cash flows for the interim periods then ended, together with the related Semiconductor Operations Supplemental Schedules. The unaudited consolidated financial statements of the Company and its Subsidiaries (a) fairly present in all material respects, in accordance with GAAP (subject to ordinary, good faith year-end adjustments, the financial position and the results of operations of the Company and its Subsidiaries on a consolidated basis, and (b) include or disclose all material indebtedness and other liabilities, direct or contingent, of the Company and its Subsidiaries on a consolidated basis as of the date thereof, including liabilities for taxes, material commitments and material Contingent Obligations. Such related Semiconductor Operations Supplemental Schedules (x) include amounts based on estimates of annual amounts and are subject to changes in estimates and ordinary year-end adjustments, (y) present fairly, in all material respects, the net assets and operations and cash flows of the Company and its Semiconductor Operations Subsidiaries (on a combined basis) for the periods covered thereby, on the basis specified and described in the notes to such schedules, and (z) were prepared on a basis consistent with the basic consolidated financial statements of the Company and its Subsidiaries except as disclosed in the notes thereto.

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and conditions (financial or otherwise) of the Company during the accounting period covered by the attached financial statements.

3. The Company, during such period, has observed, performed or satisfied all of its covenants and other agreements, and satisfied every condition in the Credit Agreement to be observed, performed or satisfied by the

Company, and the undersigned has no knowledge of any Default or Event of Default.

4. The representations and warranties of the Company contained in Article V of the Credit Agreement are true and correct as though made on and as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they were true and correct as of such earlier date).

5. The following financial covenant analyses and information set forth on Schedule 2 attached hereto are true and accurate on and as of the date of this

Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of
_____, 199__.

MICRON TECHNOLOGY, INC.

By:
Title:

FORM OF COMPLIANCE CERTIFICATE
D-3

5/23/97

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) / (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	Minimum Adjusted
fiscal quarter ending	Quick
-----	-----

Ratio

- -----

Closing Date through 2/26/98	0.75 to 1.00
5/28/98 and thereafter	1.00 to 1.00

FORM OF COMPLIANCE CERTIFICATE

5/23/97

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): | \$===== |
| 2. | Line B.3 (Combined Tangible Net Worth): | \$_____ |
| 3. | Leverage Ratio (Line C.1c / Line C.2): _____ to 1.00 | |
- Leverage Ratio not to exceed 0.75 to 1

/1/ Excluding non-semiconductor operations and assets otherwise included therein.

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 / (Lines D.1 + D.2): _____ to 1.00
- 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	4.00 to 1.00
9/03/98	4.00 to 1.00
12/03/98 and thereafter	5.00 to 1.00

/2/ To the extent deducted in determining Semiconductor Operations Group Net Income or Net Loss.

E. SECTION 7.17: MAXIMUM COMBINED LOSS.

-
- 1. Combined Net Loss for quarter ending on above date: \$ _____
 - 2. Combined Net Loss for Subject Period: \$ _____
 - 3. Line B.3 (Combined Tangible Net Worth): \$ _____
 - a. 2% of Line E.3: \$ _____
 - 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: \$ _____

/3/ Excluding non-semiconductor operations and assets otherwise included therein.

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: \$_____

2. Aggregate fair market value of
all material (greater than \$1,000,000
individually) assets disposed of pur-
suant 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 out-
standing 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

FORM OF OPINION OF COMPANY'S ASSISTANT GENERAL COUNSEL

SEE ATTACHMENT HERETO.

FORM OF OPINION OF COMPANY'S ASSOCIATE GENERAL COUNSEL
E-1-1

5/23/97

FORM OF OPINION OF COMPANY'S OUTSIDE COUNSEL

SEE ATTACHMENT HERETO.

FORM OF OPINION OF COMPANY'S OUTSIDE COUNSEL
E-2-2

5/23/97

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This ASSIGNMENT AND ACCEPTANCE AGREEMENT (this "Assignment and Acceptance") dated as of _____, 199__ is made between _____ (the "Assignor") and _____ (the "Assignee").

RECITALS

WHEREAS, the Assignor is party to that certain First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997 (as amended, amended and restated, modified, supplemented or renewed, the "Credit Agreement") among Micron Technology, Inc. (the "Company"), the several financial institutions from time to time party thereto (including the Assignor, the "Banks"), and Bank of America National Trust and Savings Association, as agent for the Banks (the "Agent"). Any terms defined in the Credit Agreement and not defined in this Assignment and Acceptance are used herein as defined in the Credit Agreement;

WHEREAS, as provided under the Credit Agreement, the Assignor has committed to making Loans (the "Loans") to the Company in an aggregate amount not to exceed \$_____ (the "Commitment");

WHEREAS, [the Assignor has made Loans in the aggregate principal amount of \$_____ to the Company] [no Loans are outstanding under the Credit Agreement]; and

WHEREAS, the Assignor wishes to assign to the Assignee [part of the] [all] rights and obligations of the Assignor under the Credit Agreement in respect of its Commitment, [together with a corresponding portion of each of its outstanding Loans], in an amount equal to \$_____ (the "Assigned Amount"), on the terms and subject to the conditions set forth herein and the Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. Assignment and Acceptance.

(a) Subject to the terms and conditions of this Assignment and Acceptance, (i) the Assignor hereby sells, transfers and assigns to the Assignee, and (ii) the Assignee hereby purchases, assumes and undertakes from the Assignor, without recourse and without representation or warranty (except as provided in this Assignment and Acceptance) ____% (the "Assignee's Percentage Share") of (A) the Commitment [and the Loans] of the Assignor and (B) all related rights, benefits, obligations, liabilities and indemnities of the Assignor under and in connection with the Credit Agreement and the Loan Documents.

(b) With effect on and after the Effective Date (as defined in Section 5 hereof), the Assignee shall be a party to the Credit Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Bank under the Credit Agreement, including the requirements concerning confidentiality and the payment of indemnification, with a Commitment in an amount equal to the Assigned Amount. The Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank. It is the intent of the parties hereto that the Commitment of the Assignor shall, as of the Effective Date, be reduced by an amount equal to the Assigned Amount and the Assignor shall relinquish its rights and be released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee; provided, however, that the Assignor shall not relinquish its rights under Sections 10.04 and 10.05 of the Credit Agreement to the extent such rights relate to the time prior to the Effective Date.

(c) After giving effect to the assignment and assumption set forth herein, on the Effective Date the Assignee's Commitment will be \$_____.

(d) After giving effect to the assignment and assumption set forth herein, on the Effective Date the Assignor's Commitment will be \$_____.

2. Payments.

(a) As consideration for the sale, assignment and transfer contemplated in Section 1 hereof, the Assignee shall pay to the Assignor on the Effective Date in immediately available funds an amount equal to \$_____, representing the Assignee's Pro Rata Share of the principal amount of all Loans.

(b) The [Assignor] [Assignee] further agrees to pay to the Agent a processing fee in the amount specified in

Section 10.08 of the Credit Agreement.

3. Reallocation of Payments. Any interest, fees and other payments

accrued to the Effective Date with respect to the Commitment [and Loans] shall be for the account of the Assignor. Any interest, fees and other payments accrued on and after the Effective Date with respect to the Assigned Amount shall be for the account of the Assignee. Each of the Assignor and the Assignee agrees that it will hold in trust for the other party any interest, fees and other amounts which it may receive to which the other party is entitled pursuant to the preceding sentence and pay to the other party any such amounts which it may receive promptly upon receipt.

4. Independent Credit Decision. The Assignee (a) acknowledges that it

has received a copy of the Credit Agreement and the Schedules and Exhibits thereto, together with copies of the most recent financial statements referred to in Section 6.01 of the Credit Agreement, and such other documents and information as it has deemed appropriate to make its own credit and legal analysis and decision to enter into this Assignment and Acceptance; and (b) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Credit Agreement.

5. Effective Date; Notices.

(a) As between the Assignor and the Assignee, the effective date for this Assignment and Acceptance shall be _____, 199__ (the "Effective Date"); provided that the following conditions precedent have been satisfied on _____ or before the Effective Date:

(i) this Assignment and Acceptance shall be executed and delivered by the Assignor and the Assignee;

(ii) the consent of the Company and the Agent required for an effective assignment of the Assigned Amount by the Assignor to the Assignee under Section 10.08 of the Credit Agreement shall have been duly obtained and shall be in full force and effect as of the Effective Date;

(iii) the Assignee shall pay to the Assignor all amounts due to the Assignor under this Assignment and Acceptance;

(iv) the Assignee shall have complied with

Section 10.08 of the Credit Agreement (if applicable);

(v) the processing fee referred to in Section 2(b) hereof and in Section 10.08 of the Credit Agreement shall have been paid to the Agent; and

(vi) the Assignor shall have assigned and the Assignee shall have assumed a percentage equal to the Assignee's Percentage Share of the rights and obligations of the Assignor under the Credit Agreement (if such agreement exists).

(b) Promptly following the execution of this Assignment and Acceptance, the Assignor shall deliver to the Company and the Agent for acknowledgement by the Agent, a Notice of Assignment substantially in the form attached hereto as Schedule 1.

6. Agent. The Assignee hereby appoints and authorizes the Assignor to

take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the Banks pursuant to the terms of the Credit Agreement. [The Assignee shall assume no duties or obligations held by the Assignor in its capacity as Agent under the Credit Agreement.] [INCLUDE ONLY IF ASSIGNOR IS AGENT]

7. Withholding Tax. The Assignee (a) represents and warrants to the

Bank, the Agent and the Company that under applicable law and treaties no tax will be required to be withheld by the Bank with respect to any payments to be made to the Assignee hereunder, (b) agrees to furnish (if it is organized under the laws of any jurisdiction other than the United States or any State thereof) to the Agent and the Company prior to the time that the Agent or Company is required to make any payment of principal, interest or fees hereunder, duplicate executed originals of either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 (wherein the Assignee claims entitlement to the benefits of a tax treaty that provides for a complete exemption from U.S. federal income withholding tax on all payments hereunder) and agrees to provide new Forms 4224 or 1001 upon the expiration of any previously delivered form or comparable statements in accordance with applicable U.S. law and regulations and amendments thereto, duly executed and completed by the Assignee, and (c) agrees to comply with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

8. Representations and Warranties.

(a) The Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being

assigned by it hereunder and that such interest is free and clear of any Lien or other adverse claim; (ii) it is duly organized and existing and it has the full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance and to fulfill its obligations hereunder; (iii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance, and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; and (iv) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles.

(b) The Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto. The Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition or statements of the Company, or the performance or observance by the Company, of any of its respective obligations under the Credit Agreement or any other instrument or document furnished in connection therewith.

(c) The Assignee represents and warrants that (i) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance, and to fulfill its obligations hereunder; (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance; and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; (iii) this Assignment and Acceptance has been duly executed and

delivered by it and constitutes the legal, valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles; and (iv) it is an Eligible Assignee.

9. Further Assurances. The Assignor and the Assignee each hereby agree

to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Assignment and Acceptance, including the delivery of any notices or other documents or instruments to the Company or the Agent, which may be required in connection with the assignment and assumption contemplated hereby.

10. Miscellaneous.

(a) Any amendment or waiver of any provision of this Assignment and Acceptance shall be in writing and signed by the parties hereto. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof and any waiver of any breach of the provisions of this Assignment and Acceptance shall be without prejudice to any rights with respect to any other or further breach thereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) The Assignor and the Assignee shall each pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Assignment and Acceptance.

(d) This Assignment and Acceptance may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(e) THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF CALIFORNIA.

(f) THE ASSIGNOR AND THE ASSIGNEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS ASSIGNMENT AND ACCEPTANCE, THE CREDIT AGREEMENT, ANY RELATED DOCUMENTS AND AGREEMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALING, OR STATEMENTS (WHETHER ORAL OR WRITTEN).

[Other provisions to be added as may be negotiated between the Assignor and the Assignee, provided that such provisions are not inconsistent with the Credit Agreement.]

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Assignment and Acceptance to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By: _____
Title:

[ASSIGNEE]

By: _____
Title:

SCHEDULE 1

NOTICE OF ASSIGNMENT AND ACCEPTANCE

_____, 19__

Bank of America National Trust
and Savings Association, as Agent
1455 Market Street, 12th Floor
San Francisco, CA 94103
Attn: Agency Management Services #5596

Micron Technology, Inc.
Mail Stop 157
8000 South Federal Way
Boise, Idaho 83707-0006
Attention: Norman L. Schlachter
Treasurer

Ladies and Gentlemen:

We refer to the First Amended and Restated Revolving Credit Agreement dated as of May 28, 1997 (as amended, amended and restated, modified, supplemented or renewed from time to time the "Credit Agreement") among Micron

Technology, Inc. (the "Company"), the several financial institutions from time to time party thereto (including the Assignor, the "Banks"), and Bank of America National Trust and Savings Association, as agent for the Banks (the "Agent").

Terms defined in the Credit Agreement are used herein as therein defined.

1. We hereby give you notice of, and request your consent to, the assignment by _____ (the "Assignor") to _____ (the "Assignee") of ____% of the right, title and interest of the Assignor in and to the Credit Agreement (including, without limitation, the right, title and interest of the Assignor in and to the Commitments of the Assignor [and all outstanding Loans made by the Assignor]) pursuant to the Assignment and Acceptance Agreement attached hereto (the "Assignment and Acceptance"). Before giving effect to such assignment the Assignor's Commitment is \$ _____ and the aggregate amount of its outstanding Loans is \$ _____.

2. The Assignee agrees that, upon receiving the consent of the Agent and, if applicable, the Company to such assignment, the Assignee will be bound by the terms of the

Credit Agreement as fully and to the same extent as if the Assignee were the Bank originally holding such interest in the Credit Agreement.

3. The following administrative details apply to the Assignee:

(A) Notice Address:

Assignee name: _____

Address: _____

Attention: _____

Telephone: (____) _____

Telecopier: (____) _____

Telex (Answerback): _____

(B) Payment Instructions:

Account No.: _____

At: _____

Reference: _____

Attention: _____

4. You are entitled to rely upon the representations, warranties and covenants of each of the Assignor and Assignee contained in the Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Notice of Assignment and Acceptance to be executed by their respective duly authorized officials, officers or agents as of the date first above mentioned.

Very truly yours,

[NAME OF ASSIGNOR]

By: _____
Title:

By: _____
Title:

[NAME OF ASSIGNEE]

By: _____
Title:

By: _____
Title:

ACKNOWLEDGED AND ASSIGNMENT
CONSENTED TO:

MICRON TECHNOLOGY, INC.

By: _____
Title: _____

By: _____
Title: _____

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as Agent

By: _____
Vice President

FORM OF SUBORDINATED NOTE INDENTURE

FORM OF SUBORDINATED NOTE INDENTURE
G-1

5/23/97

=====

- - - - -

FIRST AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

Dated as of May 28, 1997

among

MICRON TECHNOLOGY, INC.,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Agent,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

Arranged by

BancAmerica Securities, Inc.

- - - - -

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EXHIBITS:

A	Form of Notice of Borrowing
B	Form of Notice of Conversion/Continuation
C	Form of Promissory Note
D	Form of Compliance Certificate
E-1	Form of Legal Opinion of Company's Associate General Counsel
E-2	Form of Legal Opinion of Company's Outside Counsel
F	Form of Assignment and Acceptance
G	Subordinated Note Indenture

EXHIBIT 11

MICRON TECHNOLOGY, INC.

Computation of Per Share Earnings
(Amounts in millions except for per share data)

Quarter Ended	May 29 1997	May 30, 1996

PRIMARY		
Weighted average shares outstanding	210.3	208.2
Net effect of dilutive stock options	7.2	6.3
	-----	-----
Total shares	217.5	214.5
	=====	=====
Net income	\$ 96.8	\$ 58.2
	=====	=====
Primary earnings per share	\$ 0.45	\$ 0.27
	=====	=====
FULLY DILUTED		
Weighted average shares outstanding	210.3	208.2
Net effect of dilutive stock options	8.1	6.3
	-----	-----
Total shares	218.4	214.5
	=====	=====
Net income	\$ 96.8	\$ 58.2
	=====	=====
Fully diluted earnings per share	\$ 0.44	\$ 0.27
	=====	=====

EXHIBIT 11

MICRON TECHNOLOGY, INC.

Computation of Per Share Earnings
(Amounts in millions except for per share amounts)

For the nine months ended	May 29, 1997	May 30, 1996
---------------------------	-----------------	-----------------

PRIMARY

Weighted average shares outstanding	209.7	207.4
Net effect of dilutive stock options	5.9	8.5
	-----	-----
Total shares	215.6	215.9
	=====	=====
Net income	\$260.2	\$574.9
	=====	=====
Primary earnings per share	\$ 1.21	\$ 2.66
	=====	=====

FULLY DILUTED

Weighted average shares outstanding	209.7	207.4
Net effect of dilutive stock options	7.0	8.5
	-----	-----
Total shares	216.7	215.9
	=====	=====
Net income	\$260.2	\$574.9
	=====	=====
Fully diluted earnings per share	\$ 1.20	\$ 2.66
	=====	=====

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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9-MOS		
	AUG-28-1997	
	MAY-29-1997	434
		88
		383
		(16)
		377
	1,338	3,808
	(1,095)	
	4,155	
647		281
	0	
		0
		21
		2,768
4,155		2,569
	2,569	1,880
		2,291
		0
		0
	2	
	490	
		215
	0	
		0
		0
		0
		260
		1.21
		1.20