

Savings Plan

The Company has an employee savings plan (the Savings Plan) that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the Savings Plan, participating U.S. employees may defer a portion of their pretax earnings, up to the Internal Revenue Service annual contribution limit (\$9,240 for calendar year 1994). Effective July 1, 1994, the Company matches 30% to 70% of each employee's contributions, depending on length of service, up to a maximum 6% of the employee's earnings. Prior to July 1, 1994, the Company matched 30% to 50% of each employee's contributions, depending on length of service, up to a maximum 6% of the employee's earnings. The Company's matching contributions to the Savings Plan were approximately \$10.7 million in 1994 and \$11.1 million in each of 1993 and 1992.

Preferred Stock

Five million shares of preferred stock have been authorized for issuance in one or more series. The Board of Directors is authorized to fix the number and designation of any such series and to determine the rights, preferences, privileges, and restrictions granted to or imposed on any such series.

Commitments and Contingencies

Lease Commitments

The Company leases various facilities and equipment under noncancelable operating lease arrangements. The major facilities leases are for terms of five to ten years and generally provide renewal options for terms of up to five additional years. Rent expense under all operating leases was approximately \$122 million, \$170 million, and \$160 million in 1994, 1993, and 1992, respectively. Future minimum lease payments under these noncancelable operating leases having remaining terms in excess of one year as of September 30, 1994, are as follows:

1995	\$ 85,090
1996	60,127
1997	38,025
1998	16,928
1999	6,908
Later years	24,256
Total minimum lease payments	\$ 231,334

Leases for facilities that were subject to the Company's restructuring actions initiated in the third quarter of 1991 and in the third quarter of 1993 are included in the preceding table. Future lease payments associated with these facilities were provided for in the Company's restructuring reserves recorded in 1993 and 1991, and therefore do not represent future operating expenses. Minimum lease payments may decline in the future, as the leases for facilities subject to restructuring actions are terminated or otherwise completed. For additional information regarding restructuring of operations, refer to pages 33-34 of the Notes to Consolidated Financial Statements.

In January 1994, a wholly owned subsidiary of the Company exercised its option to purchase, for \$51.9 million, the remaining partnership interest in the Cupertino Gateway Partners partnership, a general partnership, which owns the Company's campus-type office facilities located in Cupertino, California (the "Campus"). As a result of this purchase, the Company's wholly owned subsidiary now owns 100% of the right, title, and interest in the Campus, as opposed to a 50.001% investment in the partnership held in the prior year. Because of this purchase, future minimum lease payments to the partnership of approximately \$162 million have been excluded from the preceding table.