

Senior Officers Restricted Performance Share Plan

In December 1996, the Company's Board of Directors approved a Senior Officers Restricted Performance Share Plan (the "Performance Share Plan") for which officers of the Company at the level of Senior Vice President and above, and other key employees as recommended by management and designated by the Compensation Committee of the Board, will be eligible. The Performance Share Plan provides for a grant of shares to each eligible participant, with annual vesting conditioned on the achievement of performance goals established in advance by the Compensation Committee and subject to such other terms as may be determined by the Committee. The Performance Share Plan is intended to provide an incentive for superior performance, to promote the maintenance of substantial stock ownership levels by officers of the Corporation, and to enable the Corporation to attract and retain highly qualified executive officers. The Company's Board of Directors has reserved 2 million shares for issuance under the provisions of the Performance Share Plan. The Performance Share Plan is subject to shareholder approval at the Annual Meeting of Shareholders scheduled for February 1997.

Stock Repurchase Programs

In November 1992, the Board of Directors authorized the purchase of up to 10 million shares of the Company's common stock in the open market. Approximately 6.6 million shares remain authorized for repurchase. No shares were repurchased under this authorization in 1996, 1995, or 1994.

Employee 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 (\$9,500 for calendar year 1996). Effective October 1, 1995, the Company matches 50% to 100% of each employee's contributions, depending on length of service, up to a maximum 6% of the employee's earnings. Prior to October 1, 1995, the Company matched 30% to 70% 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 \$22 million, \$15 million, and \$11 million in 1996, 1995, and 1994, respectively.

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 \$129 million, \$127 million, and \$122 million in 1996, 1995, and 1994, respectively. Future minimum lease payments under these noncancelable operating leases having remaining terms in excess of one year as of September 27, 1996, are as follows:

(In millions)

1997	\$ 47
1998	44
1999	32
2000	24
2001	16
Later years	25
Total minimum lease payments	\$188

Purchase Commitment

In connection with the sale of its Fountain, Colorado, manufacturing facility to SCI Systems, Inc. ("SCI"), the Company is obligated to purchase certain percentages of its total annual volumes of CPUs and logic boards from SCI over each of the next three years. The Company has met these obligations through September 27, 1996, and believes it will meet them in the future.