

NOTE 8--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 (\$10,000 for calendar year 1998). 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. The Company's matching contributions to the Savings Plan were approximately \$14 million, \$19 million, and \$22 million in 1998, 1997, and 1996, respectively.

NOTE 9--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 5 to 10 years and generally provide renewal options for terms of up to 5 additional years. Rent expense under all operating leases was approximately \$63 million, \$106 million, and \$129 million in 1998, 1997, and 1996, respectively. Future minimum lease payments under noncancelable operating leases having remaining terms in excess of one year as of September 25, 1998, are as follows (in millions):

FISCAL YEARS		
1999.....	\$	44
2000.....		39
2001.....		27
2002.....		15
2003.....		7
Later years.....		39
Total minimum lease payments.....		\$ 171

PURCHASE COMMITMENTS

In the ordinary course of business, the Company has entered into agreements with vendors which obligate it to purchase product components which may not be common to the rest of the personal computer industry.

LITIGATION

ABRAHAM AND EVELYN KOSTICK TRUST V. PETER CRISP ET AL.

In January 1996, a purported shareholder derivative action was filed in the California Superior Court for Santa Clara County naming the Company and its then directors as defendants, seeking injunctive relief and damages for alleged acts of mismanagement. Between February 1996 and October 1997, the complaint has been amended several times as a result of the Courts' rulings upon various demurrers filed by the Company. The Third Amended Complaint was filed in October 1997, and eliminated the class action claims and restated claims against certain directors and former directors. In November 1997, the Company's Board of Directors appointed a special investigation committee and engaged independent counsel to assist in the investigation of the claims made in the Third Amended Complaint. Also in November 1997, the Company filed a demurrer to the Third Amended Complaint. The special investigative committee continues its investigation.