

**APPLE COMPUTER, INC.
COMPENSATION COMMITTEE CHARTER**

There shall be a Committee of the Board of Directors to be known as the Compensation Committee with purpose, composition, duties and responsibilities, as follows:

Purpose of the Committee. The Committee shall (i) establish and modify compensation and incentive plans and programs, and (ii) review and approve compensation and awards under compensation and incentive plans and programs for elected officers of the Corporation and (iii) be the administering committee for certain stock option and other stock-based plans as designated by the Board.

Composition. The members of the Committee shall be appointed by the Board of Directors. The Committee will be composed of not less than three Board members. Each member shall be “independent” in accordance with applicable law, including the rules and regulations of the Securities and Exchange Commission and the rules of the Nasdaq Stock Market. The Chairman of the Committee shall be designated by the Board of Directors. The Chairman of the Board, any member of the Committee or the Secretary of the Corporation may call meetings of the Committee.

Authority and Resources. The Committee may request any officer or employee of the Corporation or the Corporation’s outside counsel to attend a Committee meeting. The Committee has the right at any time to obtain advice, reports or opinions from internal and external counsel and expert advisors and have the authority to hire independent legal, financial and other advisors as it may deem necessary, at the Corporation’s expense, without consulting with, or obtaining approval from, any officer of the Corporation in advance.

Duties and Responsibilities. The duties of the Committee shall include the following:

- Review periodically and approve all compensation and incentive plans and programs (other than those administered by the Benefits Committee).
- Conduct and review with the Board of Directors an annual evaluation of the performance of all executive officers, including the Chief Executive Officer.

- Review periodically and fix the salaries, bonuses and perquisites of elected officers of the Corporation and its subsidiaries, including the Chief Executive Officer.
- Act as administering committee of the Corporation's various stock plans and equity arrangements that may be adopted by the Corporation from time to time, with such authority and powers as are set forth in the respective plans' instruments, including but not limited to the granting of options to employees.
- Review for approval or disapproval special hiring or termination packages for officers and director-level employees of the Corporation and its subsidiaries that go beyond the Board's adopted criteria for management authority, if it is determined by the members of the Committee that approval by the full Board is not necessary.
- To the extent it deems necessary, recommend to the Board of Directors the establishment or modification of employee stock-based plans for the Corporation and its subsidiaries.
- To the extent it deems necessary, review and advise the Board of Directors regarding other compensation plans.
- To prepare an annual Compensation Committee Report for inclusion in the Corporation's proxy statement.
- Review the Committee charter, structure, process and membership requirements at least once a year.
- Report to the Board of Directors concerning the Committee's activities.
- The Committee can delegate any of its responsibilities to the extent allowed under applicable law.

Exceptions. Notwithstanding any implication to the contrary above:

- The Committee shall not be empowered to review or approve broad-based employee benefit plans (such as medical or insurance plans) not specifically delegated to the Committee, and the consideration and approval of any such plans shall remain the responsibility of the Board, the Benefits Committee or the officers of the Corporation and its subsidiaries, depending on the amounts involved.

- In making its determination regarding compensation and plans which it is responsible for administering, the Committee shall take into account compensation received from all sources, including plans or arrangements which it is not responsible to administer.
- The Committee should take into consideration the tax-deductibility requirements of Section 162(m) of the Internal Revenue Code when reviewing and approving compensation for executive officers and, if deemed advisable, have such compensation approved by no less than two outside Committee members. If the Committee does not have two outside directors as defined in Section 162(m) of the Internal Revenue Code, such compensation should be approved by a majority of the outside Board members.
- The Committee shall not be empowered to approve matters which applicable law, the Corporation's charter, or the Corporation's bylaws require be approved by a vote of the whole Board.