

HEWLETT PACKARD CO
Form DEF 14A
February 11, 2005

QuickLinks -- Click here to rapidly navigate through this document

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant /x/

Filed by a Party other than the Registrant //

Check the appropriate box:

- // Preliminary Proxy Statement
- // Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- /x/ Definitive Proxy Statement
- // Definitive Additional Materials
- // Soliciting Material Under Rule 14a-12

HEWLETT-PACKARD COMPANY

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- /x/ No fee required.
- // Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

// Fee paid previously with preliminary materials.

// Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Patricia C. Dunn

Non-Executive
Chairman of the Board

Robert P. Wayman

Chief Executive Officer
and Chief Financial Officer

To our Stockholders:

**Hewlett-Packard
Company**

3000 Hanover Street
Palo Alto, CA 94304
www.hp.com

We are pleased to invite you to attend the annual meeting of stockholders of Hewlett-Packard Company to be held on Wednesday, March 16, 2005 at 2 p.m., local time, at The Westin Michigan Avenue, Chicago, Illinois.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

Your vote is important. Whether or not you plan to attend the annual meeting, we hope you will vote as soon as possible. You may vote over the Internet, as well as by telephone or by mailing a proxy or voting instruction card. Voting over the Internet, by phone or by written proxy will ensure your representation at the annual meeting regardless of whether you attend in person. Please review the instructions on the proxy or voting instruction card regarding each of these voting options.

Thank you for your ongoing support of and continued interest in Hewlett-Packard Company.

Sincerely,

2005 ANNUAL MEETING OF STOCKHOLDERS

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS	1
QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING	2
<i>Why am I receiving these materials?</i>	2
<i>What information is contained in this proxy statement?</i>	2
<i>How may I obtain HP's 10-K and other financial information?</i>	2
<i>What items of business will be voted on at the annual meeting?</i>	2
<i>How does the Board recommend that I vote?</i>	2
<i>What shares can I vote?</i>	2
<i>What is the difference between holding shares as a stockholder of record and as a beneficial owner?</i>	2
<i>What if I have questions for HP's transfer agent?</i>	3
<i>How can I attend the annual meeting?</i>	3
<i>How can I vote my shares in person at the annual meeting?</i>	3
<i>How can I vote my shares without attending the annual meeting?</i>	4
<i>What is the deadline for voting my shares?</i>	4
<i>Can I change my vote?</i>	4
<i>Who can help answer my questions?</i>	4
<i>Is my vote confidential?</i>	5
<i>How many shares must be present or represented to conduct business at the annual meeting?</i>	5
<i>How are votes counted?</i>	5
<i>What is the voting requirement to approve each of the proposals?</i>	5
<i>Is cumulative voting permitted for the election of directors?</i>	5
<i>What happens if additional matters are presented at the annual meeting?</i>	6
<i>Who will serve as inspector of elections?</i>	6
<i>What should I do if I receive more than one set of voting materials?</i>	6
<i>How may I obtain a separate set of proxy materials or request a single set for my household?</i>	6
<i>Who will bear the cost of soliciting votes for the annual meeting?</i>	6
<i>Where can I find the voting results of the annual meeting?</i>	7
<i>What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?</i>	7
CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS	8
Board Independence	8
Board Structure and Committee Composition	8
Consideration of Director Nominees	12
Executive Sessions	13
Communications with the Board	13
Policy regarding Stock Option Expensing	13
New York Stock Exchange Certification	14
Common Stock and Dividends	14
Headquarters Information	14
DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES	15
PROPOSALS TO BE VOTED ON	16
PROPOSAL NO. 1 Election of Directors	16
PROPOSAL NO. 2 Ratification of Independent Registered Public Accounting Firm	18
PROPOSAL NO. 3 Approval of an Additional 75 Million Shares for the Hewlett-Packard Company	19
2000 Employee Stock Purchase Plan	19
COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	22
Beneficial Ownership Table	22
Section 16(a) Beneficial Ownership Reporting Compliance	25

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	26
EXECUTIVE OFFICERS	27
EXECUTIVE COMPENSATION	29
Summary Compensation Table	29
Option Grants in Last Fiscal Year	32
Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values	33
Long-term Incentive Plans Awards in Last Fiscal Year	34
Equity Compensation Plan Information	36
Employment Contracts, Termination of Employment and Change-in-Control Arrangements	39
Pension Plan	41
Report of the HR and Compensation Committee of the Board of Directors on Executive Compensation	43
Stock Performance Graphs	48
PRINCIPAL ACCOUNTANT FEES AND SERVICES	49
REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS	50
APPENDIX A: AUDIT COMMITTEE CHARTER	A-1
APPENDIX B: HR AND COMPENSATION COMMITTEE CHARTER	B-1
APPENDIX C: NOMINATING AND GOVERNANCE COMMITTEE CHARTER	C-1
APPENDIX D: HEWLETT-PACKARD COMPANY 2000 EMPLOYEE STOCK PURCHASE PLAN	D-1

HEWLETT-PACKARD COMPANY

3000 Hanover Street
Palo Alto, California 94304
(650) 857-1501

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

- Time and Date** 2:00 p.m., local time, on Wednesday, March 16, 2005
- Place** The Westin Michigan Avenue, Chicago, Illinois
- Items of Business**
- (1) To elect directors
 - (2) To ratify the appointment of the independent registered public accounting firm for the fiscal year ending October 31, 2005
 - (3) To approve an additional 75 million shares for the Hewlett-Packard Company 2000 Employee Stock Purchase Plan
 - (4) To consider such other business as may properly come before the meeting
- Adjournments and Postponements** Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.
- Record Date** You are entitled to vote only if you were an HP stockholder as of the close of business on January 18, 2005.
- Meeting Admission** You are entitled to attend the annual meeting only if you were an HP stockholder as of the close of business on January 18, 2005 or hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record or hold your shares through the Hewlett-Packard Company 401(k) Plan or the Hewlett-Packard Company 2000 Employee Stock Purchase Plan, your ownership will be verified against the list of stockholders of record or plan participants on the record date prior to being admitted to the meeting. If you are not a stockholder of record but hold shares through a broker, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to January 18, 2005, a copy of the voting instruction card provided by your broker, trustee or nominee, or similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above, you will not be admitted to the annual meeting.
- The annual meeting will begin promptly at 2:00 p.m., local time. Check-in will begin at 12:30 p.m., local time, and you should allow ample time for the check-in procedures.
- Voting** **Your vote is very important. Whether or not you plan to attend the annual meeting, we encourage you to read this proxy statement and submit your proxy or voting instructions as soon as possible. You may submit your proxy or voting instructions for the annual meeting by completing, signing, dating and returning your proxy or voting instruction card in the pre-addressed envelope provided, or, in most cases, by using the telephone or the Internet. For specific instructions on how to vote your shares, please refer to the section entitled *Questions and Answers* beginning on page 2 of this proxy statement and the instructions on the proxy or voting instruction card.**

By order of the Board of Directors,

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

ANN O. BASKINS

Senior Vice President, General Counsel and Secretary

This notice of annual meeting and proxy statement and form of proxy are being distributed on or about February 11, 2005.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q: Why am I receiving these materials?

A: The Board of Directors (the "Board") of Hewlett-Packard Company, a Delaware corporation ("HP"), is providing these proxy materials for you in connection with HP's annual meeting of stockholders, which will take place on March 16, 2005. As a stockholder, you are invited to attend the annual meeting and are entitled to and requested to vote on the items of business described in this proxy statement.

Q: What information is contained in this proxy statement?

A: The information in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, HP's Board and Board committees, the compensation of directors and the five most highly paid executive officers for fiscal 2004, and certain other required information.

Q: How may I obtain HP's 10-K and other financial information?

A: A copy of our 2004 Form 10-K is enclosed.

Stockholders may request another free copy of the 2004 Form 10-K and other financial information from:

**Hewlett-Packard Company
Attn: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304
(866) 438-4771 (U.S. and Canada) or (402) 572-4975 (international)**

Alternatively, current and prospective investors can access the 10-K and other financial information on HP's Investor Relations web site at:

<http://investor.hp.com/docreq.cfm>

HP will also furnish any exhibit to the 2004 Form 10-K if specifically requested.

Q: What items of business will be voted on at the annual meeting?

A: The items of business scheduled to be voted on at the annual meeting are:

The election of directors

The ratification of HP's independent registered public accounting firm for the 2005 fiscal year

The approval of an additional 75 million shares for the Hewlett-Packard Company 2000 Employee Stock Purchase Plan, also known as the "Share Ownership Plan"

We will also consider any other business that properly comes before the annual meeting. See "What happens if additional matters are presented at the annual meeting?" below.

Q: How does the Board recommend that I vote?

A: Our Board recommends that you vote your shares "FOR" each of the nominees to the Board, "FOR" the ratification of HP's independent registered public accounting firm for the 2005 fiscal year, and "FOR" the approval of an additional 75 million shares for the Hewlett-Packard Company 2000 Employee Stock Purchase Plan.

Q: What shares can I vote?

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

A: Each share of HP common stock issued and outstanding as of the close of business on January 18, 2005, the *Record Date*, is entitled to be voted on all items being voted upon at the annual meeting. You may vote all shares owned by you as of this time, including (1) shares held directly in your name as the *stockholder of record*, including shares purchased through HP's Dividend Reinvestment Plan and HP's employee stock purchase plans and shares held through HP's Direct Registration Service, and (2) shares held for you as the *beneficial owner* through a broker, trustee or other nominee such as a bank. On the *Record Date* we had approximately 2,907,908,163 shares of common stock issued and outstanding.

Q: *What is the difference between holding shares as a stockholder of record and as a beneficial owner?*

A: Most HP stockholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record

If your shares are registered directly in your name with HP's transfer agent, Computershare Investor Services LLC ("Computershare"), you are considered, with respect to those shares, the *stockholder of record*, and these proxy materials are being sent directly to you by HP. As the *stockholder of record*, you have the right to grant your voting proxy directly to HP or to a third party, or to vote in person at the meeting. HP has enclosed or sent a proxy card for you to use.

Beneficial Owner

If your shares are held in a brokerage account or by another nominee, you are considered the *beneficial owner* of shares held *in street name*, and these proxy materials are being forwarded to you together with a voting instruction card on behalf of your broker, trustee or nominee. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote and you are also invited to attend the annual meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares.

Since a beneficial owner is not the *stockholder of record*, you may not vote these shares in person at the meeting unless you obtain a "legal proxy" from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting.

Q: What if I have questions for HP's transfer agent?

A: Please contact HP's transfer agent, at the phone number or address listed below, with questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

Computershare Investor Services LLC
Shareholder Services
2 North LaSalle Street
Chicago, Illinois 60602
Telephone: (800) 286-5977 (U.S. and Canada)
Telephone: (312) 360-5138
(international)

A dividend reinvestment and stock purchase program is also available through Computershare. For information about this program, please contact Computershare at the following address or the phone number listed above:

Computershare Trust Company
Dividend Reinvestment Services
2 North LaSalle Street
Chicago, Illinois 60602

Q: How can I attend the annual meeting?

A: You are entitled to attend the annual meeting only if you were an HP stockholder or joint holder as of the close of business on January 18, 2005 or you hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record or hold your shares through the Hewlett-Packard Company 401(k) Plan (the "HP 401(k) Plan") or the Hewlett-Packard Company 2000 Employee Stock Purchase Plan (the "Share Ownership Plan"), your name will be verified against the list of stockholders of record or plan participants on the record date prior to your being admitted to the annual meeting. If you are not a stockholder of record but hold shares through a broker, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership on the record date, such as your most recent account statement prior to January 18, 2005, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above, you will not be admitted to the annual meeting.

The meeting will begin promptly at 2:00 p.m., local time. Check-in will begin at 12:30 p.m., local time, and you should allow ample time for the check-in procedures.

Q: How can I vote my shares in person at the annual meeting?

A: Shares held in your name as the stockholder of record may be voted in person at the annual meeting. Shares held beneficially in street name may be voted in person at the annual meeting only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving

you the right to vote the shares. *Even if you plan to attend the annual meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the meeting.*

Q: How can I vote my shares without attending the annual meeting?

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the annual meeting. If you are a stockholder of record, you may vote by submitting a proxy. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee. For directions on how to vote, please refer to the instructions below and those included on your proxy card or, for shares held beneficially in street name, the voting instruction card provided by your broker, trustee or nominee.

By Internet Stockholders of record of HP common stock with Internet access may submit proxies by following the "Vote by Internet" instructions on their proxy cards. Most HP stockholders who hold shares beneficially in street name may vote by accessing the website specified on the voting instruction cards provided by their brokers, trustee or nominees. Please check the voting instruction card for Internet voting availability.

By Telephone Stockholders of record of HP common stock who live in the United States or Canada may submit proxies by following the "Vote by Phone" instructions on their proxy cards. Most HP stockholders who hold shares beneficially in street name and live in the United States or Canada may vote by phone by calling the number specified on the voting instruction cards provided by their brokers, trustee or nominees. Please check the voting instruction card for telephone voting availability.

By Mail Stockholders of record of HP common stock may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. HP stockholders who hold shares beneficially in street name may vote by mail by completing, signing and dating the voting instruction cards provided and mailing them in the accompanying pre-addressed envelopes.

Q: What is the deadline for voting my shares?

A: If you hold shares as the stockholder of record, or through the Share Ownership Plan, your vote by proxy must be received before the polls close at the annual meeting.

If you hold shares in the HP 401(k) Plan, your voting instructions must be received by 11:59 p.m. Eastern time on March 13, 2005 for the trustee to vote your shares.

If you hold shares beneficially in street name with a broker, trustee or nominee, please follow the voting instructions provided by your broker, trustee or nominee. You may vote your shares in person at the annual meeting, only if at the annual meeting you provide a legal proxy obtained from your broker, trustee or nominee.

Q: Can I change my vote?

A: You may change your vote at any time prior to the vote at the annual meeting, except that any change to your voting instructions for the HP 401(k) Plan must be provided by 11:59 p.m. Eastern time on March 13, 2005 as described above. If you are the stockholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically revokes the earlier proxy), by providing a written notice of revocation to the HP Corporate Secretary prior to your shares being voted, or by attending the annual meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or, if you have obtained a legal proxy from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

Q: Who can help answer my questions?

A: If you have any questions about the annual meeting or how to vote or revoke your proxy, you should contact HP's proxy solicitor:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
Stockholders: (877) 750-5838
International calls: (646) 822-7402
Banks and brokers (call collect):
(212) 750-5833

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

If you need additional copies of this proxy statement or voting materials, please contact Innisfree M&A Incorporated ("Innisfree") as described above or send an e-mail to info@innisfreema.com.

Q: Is my vote confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within HP or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide on their proxy card written comments, which are then forwarded to HP management.

Q: How many shares must be present or represented to conduct business at the annual meeting?

A: The quorum requirement for holding the annual meeting and transacting business is that holders of a majority of shares of HP common stock entitled to vote must be present in person or represented by proxy. Both abstentions and broker non-votes (described below) are counted for the purpose of determining the presence of a quorum.

Q: How are votes counted?

A: In the election of directors, you may vote "FOR" all or some of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. You also may cumulate your votes as described below under "Is cumulative voting permitted for the election of directors?"

For the other items of business, you may vote "FOR," "AGAINST" or "ABSTAIN." If you elect to "ABSTAIN," the abstention has the same effect as a vote "AGAINST." If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you sign your proxy card or voting instruction card without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board ("FOR" all of HP's nominees to the Board, "FOR" ratification of HP's independent registered public accounting firm, "FOR" approval of an additional 75 million shares for the Share Ownership Plan, and in the discretion of the proxy holders, Patricia C. Dunn, Robert P. Wayman and Ann O. Baskins, on any other matters that properly come before the meeting). For any shares you hold in the HP 401(k) Plan, if your voting instructions are not received by 11:59 p.m. Eastern time on March 13, 2005, your shares will be voted in proportion to the way the other HP 401(k) Plan participants vote their shares, except as may be otherwise required by law.

Q: What is the voting requirement to approve each of the proposals?

A: In the election of directors, the nine persons receiving the highest number of "FOR" votes at the annual meeting will be elected. All other proposals require the affirmative "FOR" vote of a majority of those shares present in person or represented by proxy and entitled to vote on those proposals at the annual meeting. If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained. Abstentions have the same effect as votes against the matter.

Q: Is cumulative voting permitted for the election of directors?

A: In the election of directors, you may elect to cumulate your vote. Cumulative voting will allow you to allocate among the director nominees, as you see fit, the total number of votes equal to the number of director positions to be filled multiplied by the number of shares you hold. For example, if you own 100 shares of stock, and there are nine directors to be elected at the annual meeting, you may allocate 900 "FOR" votes (nine times 100) among as few or as many of the nine nominees to be voted on at the annual meeting as you choose.

If you choose to cumulate your votes, you will need to submit a proxy card or a ballot and make an explicit statement of your intent to cumulate your votes, either by so indicating in writing on the proxy card or by indicating in writing on your ballot when voting at the annual meeting. If you hold shares beneficially in street name and wish to cumulate

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

votes, you should contact your broker, trustee or nominee. If you sign your proxy card or voting instruction card with no further instructions, Ms. Dunn, Mr. Wayman and Ms. Baskins, as proxy holders, may cumulate and cast your votes in favor of the election of some or all of the applicable nominees in their sole discretion, except that none of your votes will be cast for any nominee as to whom you instruct that your votes be withheld.

Cumulative voting applies only to the election of directors. For all other matters, each share of common stock outstanding as of the close of business on the *Record Date* is entitled to one vote.

Q: What happens if additional matters are presented at the annual meeting?

A: Other than the three items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders, Ms. Dunn, Mr. Wayman and Ms. Baskins, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

Q: Who will serve as inspector of elections?

A: The inspector of elections will be a representative from an independent firm, IVS Associates, Inc.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each HP proxy card and voting instruction card that you receive.

Q: How may I obtain a separate set of proxy materials or request a single set for my household?

A: If you share an address with another stockholder, you may receive only one set of proxy materials (including our 2004 Form 10-K and proxy statement) unless you have provided contrary instructions. If you wish to receive a separate set of proxy materials now, please request the additional copies by sending an e-mail to Innisfree at info@innisfreema.com or calling:

(877) 750-5838
International Calls: (646) 822-7402

If you are a stockholder of record and wish to receive a separate set of proxy materials in the future, please call Computershare at:

(800) 286-5977
International Calls: (312) 360-5138

If you hold shares beneficially in street name and you wish to receive a separate set of proxy materials in the future, please call Automatic Data Processing, Inc. (ADP) at:

(800) 542-1061

All stockholders also may write to us at the address below to request a separate copy of these materials:

Hewlett-Packard Company
Attn: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304

Similarly, if you share an address with another stockholder and have received multiple copies of our proxy materials, you may write us at the address above to request delivery of a single copy of these materials.

If you wish to request electronic delivery of proxy materials in the future, please sign up at:

<http://www.hp.com/hpinfo/investor/financials/edelivery/>

Q: Who will bear the cost of soliciting votes for the annual meeting?

A: HP is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. If you choose to access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. In addition

to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We also have hired Innisfree to assist us in the distribution of proxy materials and the solicitation of votes described above. We will pay Innisfree a fee of \$15,000 plus customary costs and expenses for these services. HP has agreed to indemnify Innisfree against certain liabilities arising out of or in connection with its agreement. Upon request, we will also reimburse brokerage houses and other custodians, nominees and fiduciaries for forwarding proxy and solicitation materials to stockholders.

Q: Where can I find the voting results of the annual meeting?

A: We intend to announce preliminary voting results at the annual meeting and publish final results in our quarterly report on Form 10-Q for the second quarter of fiscal 2005.

Q: What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?

A: You may submit proposals, including director nominations, for consideration at future stockholder meetings.

Stockholder Proposals: For a stockholder proposal to be considered for inclusion in HP's proxy statement for the annual meeting next year, the Corporate Secretary of HP must receive the written proposal at our principal executive offices no later than October 14, 2005. Such proposals also must comply with Securities and Exchange Commission regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary
Hewlett-Packard Company
3000 Hanover Street
Palo Alto, California 94304
Fax: (650) 857-4837

For a stockholder proposal that is not intended to be included in HP's proxy statement under Rule 14a-8, the stockholder must deliver a proxy statement and form of proxy to holders of a sufficient number of shares of HP common stock to approve that proposal, provide the information required by the bylaws of HP and give timely notice to the Corporate Secretary of HP in accordance with the bylaws of HP, which, in general, require that the notice be received by the Corporate Secretary of HP:

Not earlier than the close of business on November 16, 2005, and

Not later than the close of business on December 16, 2005.

If the date of the stockholder meeting is moved more than 30 days before or 60 days after the anniversary of the HP annual meeting for the prior year, then notice of a stockholder proposal that is not intended to be included in HP's proxy statement under Rule 14a-8 must be received no earlier than the close of business 120 days prior to the meeting and no later than the close of business on the later of the following two dates:

90 days prior to the meeting; and

10 days after public announcement of the meeting date.

Nomination of Director Candidates: You may propose director candidates for consideration by the Board's Nominating and Governance Committee. Any such recommendations should include the nominee's name and qualifications for Board membership and should be directed to the Corporate Secretary of HP at the address of our principal executive offices set forth above.

In addition, the bylaws of HP permit stockholders to nominate directors for election at an annual stockholder meeting. To nominate a director, the stockholder must deliver a proxy statement and form of proxy to holders of a sufficient number of shares of HP common stock to elect such nominee and provide the information required by the bylaws of HP, as well as a statement by the nominee

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

acknowledging that he or she will owe a fiduciary obligation to HP and its stockholders. In addition, the stockholder must give timely notice to the Corporate Secretary of HP in accordance with the bylaws of HP, which, in general, require that the notice be received by the Corporate Secretary of HP within the time period described above under "Stockholder Proposals" for stockholder proposals that are not intended to be included in HP's proxy statement.

Copy of Bylaw Provisions: You may contact the HP Corporate Secretary at our principal executive offices for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates. HP's bylaws also are available on HP's website at <http://www.hp.com/hpinfo/investor/bylaws.html>.

CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

HP is committed to maintaining the highest standards of business conduct and corporate governance, which we believe are essential to running our business efficiently, serving our stockholders well and maintaining HP's integrity in the marketplace. HP has adopted a code of business conduct and ethics for directors, officers (including HP's principal executive officer, principal financial officer and controller) and employees, known as the Standards of Business Conduct. HP also has adopted Corporate Governance Guidelines, which, in conjunction with the Certificate of Incorporation, Bylaws and Board Committee charters, form the framework for governance of HP. HP's Standards of Business Conduct and Corporate Governance Guidelines are available at <http://www.hp.com/hpinfo/investor/>. HP will post on this web site any amendments to the Standards of Business Conduct or waivers of the Standards of Business Conduct for directors and executive officers.

Stockholders may request free printed copies of the Standards of Business Conduct and the Corporate Governance Guidelines from:

Hewlett-Packard Company
Attention: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304
(866) GET-HPQ1 or (866) 438-4771

or alternatively on HP's Investor Relations web site at:

<http://investor.hp.com/docreq.cfm>

Board Independence

HP's Corporate Governance Guidelines provide that a majority of the Board shall consist of independent directors. The Board has determined that each of the director nominees standing for election, except the Chief Executive Officer (the "CEO") and Chief Financial Officer, and each of the members of each Board Committee has no material relationship with HP (either directly or as a partner, shareholder or officer of an organization that has a relationship with HP) and is independent within the meaning of HP's director independence standards. These standards reflect exactly New York Stock Exchange Inc. ("NYSE") and NASDAQ Stock Market, Inc. ("NASDAQ") director independence standards, as currently in effect.

Board Structure and Committee Composition

As of the date of this proxy statement, our Board has nine directors and the following five committees: (1) Acquisitions, (2) Audit, (3) HR and Compensation, (4) Nominating and Governance, and (5) Technology. The committee membership and meetings during the last fiscal year and the function of each of the committees are described below. Each of the committees operates under a written charter adopted by the Board. All of the committee charters are available on HP's website at <http://www.hp.com/hpinfo/investor/structure.html>. During fiscal 2004, the Board held eight meetings. Each director attended at least 75% of all Board and applicable committee meetings. Directors are encouraged to attend annual meetings of HP stockholders. Eight directors attended the last annual meeting of stockholders.

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

Name of Director	Acquisitions⁽¹⁾	Audit⁽²⁾	HR and Compensation	Nominating and Governance	Technology
Non-Employee Directors:					
Patricia C. Dunn ⁽³⁾		Member			
Lawrence T. Babbio, Jr. ⁽⁴⁾	Chair	*	Chair	Member	
Philip M. Condit ⁽⁵⁾			*	*	
Sam Ginn ⁽⁶⁾			*	*	
Richard A. Hackborn					Member
Dr. George A. Keyworth II ⁽⁷⁾	Member	Member			Chair
Robert E. Knowling, Jr. ⁽⁸⁾		*	Member	Chair	
Sanford M. Litvack ⁽⁹⁾		*			
Thomas J. Perkins ⁽¹⁰⁾			*		*
Robert L. Ryan ⁽¹¹⁾	Member	Chair			Member
Lucille S. Salhany			Member	Member	
Former Employee Director					
Carleton S. Fiorina ⁽¹²⁾					
Number of Meetings in Fiscal 2004	3	16	7	5	6

* = Former Committee Chair or member

- (1) The Acquisitions Committee was established in March 2004.
- (2) The Finance and Investment Committee, which consisted of Mr. Babbio as Chair, Ms. Dunn, Mr. Knowling and Mr. Litvack, held one meeting in November 2003, then it terminated and its functions were taken over by the Audit Committee and the Acquisitions Committee in March 2004.
- (3) Ms. Dunn served as Chair of the Audit Committee until March 2004. The Board elected Ms. Dunn Non-Executive Chairman of the Board on February 8, 2005.
- (4) Mr. Babbio was a member of the Audit Committee from May 2003 to March 2004. Mr. Babbio has served as Chair of the Acquisitions Committee and the HR and Compensation Committee since March 2004.
- (5) Mr. Condit did not stand for reelection and retired from the Board in March 2004. Mr. Condit served as Chair of the HR and Compensation Committee until his retirement from the Board.
- (6) Mr. Ginn did not stand for re-election and retired from the Board in March 2004. Mr. Ginn served as Chair of the Nominating and Governance Committee until his retirement from the Board.
- (7) Dr. Keyworth has served as Chair of the Technology Committee since March 2004.
- (8) Mr. Knowling joined the HR and Compensation Committee in March 2004, and he joined the Nominating and Governance Committee and became its Chair in May 2004. He served as a member of the Audit Committee until March 2004.
- (9) Mr. Litvack resigned from the Board on February 2, 2005.
- (10) Mr. Perkins did not stand for re-election at the 2004 annual meeting of stockholders and retired from the Board in March 2004. Mr. Perkins served as Chair of the Technology Committee until his retirement from the Board. Mr. Perkins was re-elected to the Board on February 7, 2005.
- (11) Mr. Ryan was elected to the Board in March 2004. Mr. Ryan joined the Audit Committee and became its Chair in March 2004. Mr. Ryan joined the Acquisitions Committee and the Technology Committee in March 2004.

(12)

Ms. Fiorina terminated as Chairman and Chief Executive Officer and resigned as a director on February 8, 2005.

Acquisitions Committee

The Acquisitions Committee oversees the scope, direction, quality, investment levels and execution of HP's investment, acquisition, managed services, joint venture and divestiture transactions as part of HP's business strategy. The Acquisitions Committee reviews and evaluates guidelines for such transactions, and reviews and approves proposed transactions in accordance with such guidelines. The Acquisitions Committee also evaluates HP's integration planning and execution, and the financial results of transactions after integration.

The charter of the Acquisitions Committee is available at <http://www.hp.com/hpinfo/investor/structure.html>.

Audit Committee

HP has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). The Audit Committee assists the Board in fulfilling its responsibilities for general oversight of the integrity of HP's financial statements, HP's compliance with legal and regulatory requirements, the qualifications and independence of the independent registered public accounting firm, the performance of HP's internal audit function and the independent registered public accounting firm, risk assessment and risk management, and finance and investment functions. Among other things, the Audit Committee prepares the Audit Committee report for inclusion in the annual proxy statement; annually reviews its charter and performance; appoints, evaluates and determines the compensation of the independent registered public accounting firm; reviews and approves the scope of the annual audit, the audit fee and the financial statements; reviews HP's disclosure controls and procedures, internal controls, information security policies, internal audit function, and corporate policies with respect to financial information and earnings guidance; oversees investigations into complaints concerning financial matters; reviews other risks that may have a significant impact on HP's financial statements; oversees the investments and assets of HP's U.S. pension and welfare benefit plan trusts and the international pension plans of HP's subsidiaries; reviews and oversees treasury matters, HP's loans, loan guarantees and outsourcings; reviews HP Financial Services' capitalization and operations; reviews the activities of Investor Relations; and coordinates with the HR and Compensation Committee regarding the cost, funding and financial impact of HP's equity compensation plans and benefit programs. The Audit Committee works closely with management as well as the independent registered public accounting firm. The Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from HP for, outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties.

The Board determined that each of Robert L. Ryan, Chair of the Audit Committee, and Audit Committee members Patricia C. Dunn and Dr. George A. Keyworth II is, and former Audit Committee member Sanford M. Litvack was, an audit committee financial expert as defined by Item 401(h) of Regulation S-K of the Exchange Act and independent within the meaning of Item 7(d)(3)(iv) of Schedule 14A of the Exchange Act.

The report of the Audit Committee is included herein on page 50. The charter of the Audit Committee is available at <http://www.hp.com/hpinfo/investor/structure.html> and also is included herein as Appendix A. A free printed copy also is available to any stockholder who requests it from the address on page 8.

HR and Compensation Committee

The HR and Compensation Committee discharges the Board's responsibilities relating to the compensation of HP's executives and directors; produces an annual report on executive compensation for inclusion in the annual proxy statement; provides general oversight of HP's compensation structure, including HP's equity compensation plans and benefits programs; reviews and provides guidance on HP's human resources programs; and retains and approves the terms of the retention of compensation consultants and

other compensation experts. Other specific duties and responsibilities of the HR and Compensation Committee include evaluating human resources and compensation strategies and overseeing HP's total rewards program; monitoring the leadership development process; reviewing and approving objectives relevant to executive officer compensation, evaluating performance and determining the compensation of executive officers in accordance with those objectives; approving severance arrangements and other applicable agreements for executive officers; overseeing HP's equity-based and incentive compensation plans; approving any changes to non-equity based benefit plans involving a material financial commitment by HP; monitoring workforce management programs; recommending to the Board director compensation; monitoring director and executive stock ownership; and annually evaluating its performance and its charter.

The report of the HR and Compensation Committee is included herein beginning on page 43. The charter of the HR and Compensation Committee is available at <http://www.hp.com/hpinfo/investor/structure.html> and also is included herein as Appendix B. A free printed copy is available to any stockholder who requests it from the address on page 8.

Nominating and Governance Committee

The Nominating and Governance Committee identifies individuals qualified to become Board members, consistent with criteria approved by the Board; oversees the organization of the Board to discharge the Board's duties and responsibilities properly and efficiently; and identifies best practices and recommends corporate governance principles, including giving proper attention and making effective responses to stockholder concerns regarding corporate governance. Other specific duties and responsibilities of the Nominating and Governance Committee include annually assessing the size and composition of the Board; developing membership qualifications for Board committees; defining specific criteria for board membership and director independence; monitoring compliance with Board and Board committee membership criteria; annually reviewing and recommending directors for continued service; coordinating and assisting management and the Board in recruiting new members to the Board; reviewing and recommending proposed changes to HP's charter or bylaws and Board committee charters; assessing periodically and recommending action with respect to stockholder rights plans or other stockholder protections; recommending Board committee assignments; reviewing and approving any employee director standing for election for outside for-profit boards of directors; reviewing governance-related stockholder proposals and recommending Board responses; overseeing the evaluation of the Board and management; conducting a preliminary review of director independence and the financial literacy and expertise of Audit Committee members; and reviewing material and extraordinary claims for indemnification of directors, officers and non-officer employees of HP and its subsidiaries. Annually the Chairman of the Nominating and Governance Committee works with the Chairman of the HR and Compensation Committee to evaluate the performance of the Chairman of the Board and CEO and present the results of the review to the Board and to the Chairman and CEO. The Chair of the Nominating and Governance Committee also receives communications directed to non-management directors.

The charter of the Nominating and Governance Committee is available at <http://www.hp.com/hpinfo/investor/structure.html> and also is included herein as Appendix C. A free printed copy is available to any stockholder who requests it from the address on page 8.

Technology Committee

The Technology Committee assesses the health of HP's technology development and the scope and quality of HP's intellectual property. It makes recommendations to the Board as to scope, direction, quality, investment levels and execution of HP's technology strategies. It provides guidance on the execution of technology strategies formulated by HP's internal technology council and on technology as it may pertain to, among other things, market entry and exit; investments, mergers, acquisitions and divestitures; new business divisions and spin-offs; research and development investments; and key competitor and partnership strategies.

The charter of the Technology Committee is available at <http://www.hp.com/hpinfo/investor/structure.html>.

Consideration of Director Nominees

Stockholder nominees

The policy of the Nominating and Governance Committee is to consider properly submitted stockholder nominations for candidates for membership on the Board to be included in HP's proxy statement as described below under "Identifying and Evaluating Nominees for Directors." In evaluating such nominations, the Nominating and Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth under "Director Qualifications." Any stockholder nominations proposed for consideration by the Nominating and Governance Committee should include the nominee's name and qualifications for Board membership and should be addressed to:

Corporate Secretary
Hewlett-Packard Company
3000 Hanover Street
Palo Alto, CA 94304
Fax: (650) 857-4837

In addition, the bylaws of HP permit stockholders to nominate directors for consideration at an annual stockholder meeting and to solicit proxies in favor of such nominees. For a description of the process for nominating directors in accordance with HP's bylaws, see "Questions and Answers about the Proxy Materials and the Annual Meeting What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?" on page 7.

Director Qualifications

HP's Corporate Governance Guidelines contain Board membership criteria that apply to nominees recommended by the Nominating and Governance Committee for a position on HP's Board. Under these criteria, members of the Board should have the highest professional and personal ethics and values, consistent with longstanding HP values and standards. They should have broad experience at the policy-making level in business, government, education, technology or the public interest. They should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of all stockholders of HP.

Identifying and Evaluating Nominees for Directors

The Nominating and Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Nominating and Governance Committee regularly assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Nominating and Governance Committee through current Board members, professional search firms, stockholders or other persons. These candidates are evaluated at regular or special meetings of the Nominating and Governance Committee and may be considered at any point during the year. As described above, the Nominating and Governance Committee considers properly submitted stockholder nominations for candidates for the Board to be included in HP's proxy statement. Following verification of the stockholder status of people proposing candidates, recommendations are considered together by the Nominating and Governance Committee at a regularly scheduled meeting, which is generally the first or second meeting prior to the issuance of the proxy statement for HP's annual meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials are forwarded to the

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

Nominating and Governance Committee. The Nominating and Governance Committee also reviews materials provided by professional search firms and other parties in connection with a nominee who is not proposed by a stockholder. In evaluating such nominations, the Nominating and Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board.

HP engages a professional search firm on an ongoing basis to identify and assist the Nominating and Governance Committee in identifying, evaluating and conducting due diligence on potential director nominees. On February 7, 2005 and February 8, 2005, the Board elected Thomas J. Perkins and Robert P. Wayman, respectively, as directors. Mr. Perkins previously served as a director from May 2002 until March 2004. Mr. Wayman previously served as a director from December 1993 until May 2002. Neither Mr. Perkins nor Mr. Wayman was identified by the professional search firm.

Executive Sessions

Executive sessions of independent directors are held at least three times a year. The sessions are scheduled and chaired by the Chair of the Nominating and Governance Committee, the Non-Executive Chairman or any other director whom the Board from time to time may request to preside at such sessions. Any non-management director may request that an additional executive session be scheduled.

Communications with the Board

Individuals may communicate with the Board by submitting an e-mail to HP's Board at **bod@hp.com** or by sending a letter to:

Rosemarie Thomas
Secretary to the Board of Directors
3000 Hanover Street, MS 1050
Palo Alto, CA 94304

All directors have access to this correspondence. Communications that are intended specifically for non-management directors should be sent to the e-mail address or street address noted above, to the attention of the Chair of the Nominating and Governance Committee. In accordance with instructions from the Board, the Secretary to the Board reviews all correspondence, organizes the communications for review by the Board, and posts communications to the full Board or individual directors as appropriate. HP's independent directors have requested that certain items that are unrelated to the Board's duties, such as spam, junk mail, mass mailings, solicitations, resumes and job inquiries, not be posted.

Policy regarding Stock Option Expensing

At HP's annual meeting of stockholders held in March 2004, a majority of votes cast were voted in favor of an advisory stockholder proposal requesting that the Board establish a policy of expensing the costs of all future stock options issued by HP, and HP announced that it would duly consider this recommendation. The Board appreciates and takes seriously the views expressed by HP stockholders and has carefully deliberated the issues relating to expensing employee stock options over the course of several meetings in order to respond appropriately to this proposal.

HP has sought clarity and guidance from the appropriate authorities on the requirement to expense options and the rules and guidelines for such expensing. Now that these requirements and guidelines have been clarified through the Financial Accounting Standards Board's issuance of Statement of Financial Accounting Standards No. 123 (revised) in December 2004, HP expects to begin expensing all share-based payments to employees, including stock options, in the fourth quarter of 2005.

New York Stock Exchange Certification

The certification of the Chief Executive Officer required by the New York Stock Exchange Listing Standards, Section 303A.12(a), relating to HP's compliance with the New York Stock Exchange Corporate Governance Listing Standards, was submitted to the New York Stock Exchange on April 15, 2004.

Common Stock and Dividends

HP is listed on the NYSE, NASDAQ and the Pacific Exchange, with the ticker symbol HPQ. HP has paid cash dividends each year since 1965. The current rate is \$0.08 per share per quarter.

Headquarters Information

HP's headquarters are located at 3000 Hanover Street, Palo Alto, California 94304-1112, and the telephone number is (650) 857-1501. HP's regional headquarters are as follows: (1) Americas 20555 SH 249, Houston, Texas 77070, telephone number (281) 370-0670; (2) Europe, Middle East, Africa Route du Nant-d'Avril 150, CH-1217 Meyrin 2, Geneva, Switzerland, telephone number (41) 22 780-8111; and (3) Asia Pacific 450 Alexandra Road, Singapore 119960, telephone number (65) 6275-3888.

DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES

The following table provides information on HP's compensation and reimbursement practices for non-employee directors, as well as the range of compensation paid to non-employee directors who served during fiscal 2004. Director compensation increased to the amounts shown below on March 17, 2004, upon the election of directors at the HP 2004 annual meeting of stockholders. Prior to March 17, 2004, directors received an annual retainer of \$100,000 and the Chair of each committee received an additional retainer of \$5,000. Ms. Fiorina did not receive any separate compensation for her Board activities, and Mr. Wayman will not receive any separate compensation for his Board activities.

**NON-EMPLOYEE DIRECTOR COMPENSATION TABLE
FOR FISCAL 2004**

Annual retainer	\$200,000
Minimum percentage of annual retainer to be paid in HP securities ⁽¹⁾	75% ⁽²⁾
Additional retainer for Chair of any committee ⁽³⁾	\$10,000 - \$15,000
Reimbursement for expenses attendant to Board membership ⁽⁴⁾	Yes
Range of compensation earned by directors (for the year) ⁽⁵⁾	\$200,000 - \$220,000

- (1) Each director may elect to receive the securities portion of the annual retainer in a grant of restricted stock or stock options. The restricted stock awards are based on the fair market value of HP common stock on the grant date, and stock options are based on a modified Black-Scholes option valuation model.
- (2) Under special circumstances, less than 75% may be paid in securities.
- (3) The additional retainer for the Chair of the Audit Committee is \$15,000.
- (4) Reimbursement of expenses includes expenses related to directors' spouses when spouses are invited to attend Board events.
- (5) Directors receive an additional \$2,000 for each Board meeting attended in excess of six per year, and an additional \$2,000 for each committee meeting attended in excess of six per year for each committee on which the director serves.

Under HP's stock ownership guidelines for directors during fiscal 2004, all directors were required to accumulate over time shares of HP stock equal in value to at least twice the value of the annual retainer. In November 2004, the guidelines were changed to require directors to accumulate over time shares of HP stock equal in value to at least three times the value of the annual retainer.

PROPOSALS TO BE VOTED ON

PROPOSAL NO. 1

ELECTION OF DIRECTORS

There are nine nominees for election to our Board this year. All of the nominees except Thomas J. Perkins and Robert P. Wayman have served as directors since the last annual meeting. Mr. Perkins and Mr. Wayman were re-elected by the Board to serve as directors on February 7, 2005 and February 8, 2005, respectively. Information regarding the business experience of each nominee is provided below. Each director is elected annually to serve until the next annual meeting or until his or her successor is elected. There are no family relationships among our executive officers and directors.

If you sign your proxy or voting instruction card but do not give instructions with respect to voting for directors, your shares will be voted for the nine persons recommended by the Board. If you wish to give specific instructions with respect to voting for directors, you may do so by indicating your instructions on your proxy or voting instruction card.

You may cumulate your votes in favor of one or more directors. If you wish to cumulate your votes, you will need to indicate explicitly your intent to cumulate your votes among the nine persons who will be voted upon at the annual meeting. See "Questions and Answers About the Proxy Materials and the Annual Meeting Is cumulative voting permitted for the election of directors?" on page 5 for further information about how to cumulate your votes. Patricia C. Dunn, Robert P. Wayman and Ann O. Baskins, as proxy holders, reserve the right to cumulate votes and cast such votes in favor of the election of some or all of the applicable nominees in their sole discretion, except that a stockholder's votes will not be cast for a nominee as to which such stockholder instructs that such votes be withheld.

All of the nominees have indicated to HP that they will be available to serve as directors. In the event that any nominee should become unavailable, however, the proxy holders, Ms. Dunn, Mr. Wayman and Ms. Baskins, will vote for a nominee or nominees designated by the Board, unless the Board chooses to reduce the number of directors serving on the Board.

Our Board recommends a vote FOR the election to the Board of the each of the following nominees.

Vote Required

The nine persons receiving the highest number of "for" votes represented by shares of HP common stock present in person or represented by proxy and entitled to be voted at the annual meeting will be elected.

Lawrence T. Babbio, Jr.
Director since 2002
Age 60

Mr. Babbio has served as Vice Chairman and President of Verizon Communications, Inc. (formerly Bell Atlantic Corporation) since 2000. In 1997 he was elected President and Chief Operating Officer Network Group, and Chairman Global Wireless Group of Bell Atlantic. Mr. Babbio was a director of Compaq from 1995 until May 2002, the date of the acquisition of Compaq Computer Corporation ("Compaq"). Mr. Babbio is also a director of ARAMARK Corporation.

Patricia C. Dunn
Director since 1998
Age 51

Ms. Dunn has served as Non-Executive Chairman of the HP Board since February 8, 2005. She was appointed Vice Chairman of Barclays Global Investors (BGI) in 2002 and served as its Co-Chairman, Chairman and Chief Executive Officer from October 1995 through June 2002. Ms. Dunn advises on strategy and key business issues for BGI, the world's largest institutional investment manager.

Richard A. Hackborn
Director since 1992
Age 67

Mr. Hackborn served as Chairman of the HP Board from January 2000 to September 2000. He was HP's Executive Vice President, Computer Products Organization from 1990 until his retirement in 1993 after a 33-year career with HP.

Dr. George A. Keyworth II
Director since 1986
Age 65

Dr. Keyworth has served as the Chairman and Senior Fellow with The Progress & Freedom Foundation, a public policy research institute, since 1995. He was Science Advisor to the President and Director of the White House's Office of Science and Technology Policy from 1981 to 1986. He is a director of General Atomics. Dr. Keyworth holds various honorary degrees and is an honorary professor at Fudan University in Shanghai, People's Republic of China.

Robert E. Knowling, Jr.
Director since 2000
Age 49

Mr. Knowling has served as Chief Executive Officer of the New York City Leadership Academy at the New York City Board of Education since January 2003. From February 2001 to January 2003, Mr. Knowling served as the Chairman and Chief Executive Officer of Simdesk Technologies Inc., a software development company. From July 1998 through October 2000, he was President and Chief Executive Officer of Covad Communications Company, a national broadband service provider of high speed Internet and network access. He also served as Chairman of Covad from September 1999 to October 2000. In August 2001, Covad filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. Mr. Knowling is a director of Ariba, Inc. and Heidrick & Struggles International, Inc. He also serves as a member of the advisory board for both Northwestern University's Kellogg Graduate School of Management and the University of Michigan Graduate School of Business.

Thomas J. Perkins
Director since 2005
Age 73

The Board of Directors re-elected Mr. Perkins a director on February 7, 2005. He previously served as a director of HP from May 2002 until March 2004. Mr. Perkins has been a General Partner of Kleiner Perkins Caufield & Byers, a private investment partnership, since 1972, and has served as either a general or limited partner of numerous funds formed by it. Mr. Perkins served as Chairman of the Board of Directors of Tandem Computers Incorporated from 1974 until 1997. Mr. Perkins was a director of Compaq from 1997 until the Compaq acquisition. Mr. Perkins also is a director of News Corporation.

Robert L. Ryan
Director since 2004
Age 61

Mr. Ryan has been Senior Vice President and Chief Financial Officer of Medtronic, Inc., a medical technology company, since 1993. He is currently a director of UnitedHealth Group.

Lucille S. Salhany
Director since 2002
Age 58

Ms. Salhany has been the President and CEO of JHMedia, a consulting company, since March 2002. From 1999 to March 2002, she was President and CEO of LifeFX Networks, Inc. In May 2002, LifeFX Networks Inc. filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. Ms. Salhany was a director of Compaq from 1997 until the Compaq acquisition. She is also a director of American Media, Inc. and Managing Partner of Echo Bridge Entertainment. She is a trustee of Emerson College.

Robert P. Wayman
Director since 2005
Age 59

The Board of Directors re-elected Mr. Wayman a director on February 8, 2005. He previously served as a director of HP from December 1993 until May 2002. Mr. Wayman was elected Chief Executive Officer on an interim basis by the HP Board of Directors on February 8, 2005. He has served as Chief Financial Officer of HP since 1984 and previously served as Executive Vice President since 1992. Mr. Wayman is a director of CNF Inc. and Sybase Inc. He also serves as a member of the Kellogg Advisory Board to the Northwestern University School of Business.

PROPOSAL NO. 2

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has appointed Ernst & Young LLP as the independent registered public accounting firm to audit HP's consolidated financial statements for the fiscal year ending October 31, 2005. During fiscal 2004, Ernst & Young LLP served as HP's independent registered public accounting firm and also provided certain tax and other audit-related services. See "Principal Accountant Fees and Services" on page 49. Representatives of Ernst & Young LLP are expected to attend the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

Our Board recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as HP's independent registered public accounting firm for the 2005 fiscal year. If the appointment is not ratified, the Board will consider whether it should select another independent registered public accounting firm.

Vote Required

Ratification of the appointment of Ernst & Young LLP as HP's independent registered public accounting firm for fiscal 2005 requires the affirmative vote of a majority of the shares of HP common stock present in person or represented by proxy and entitled to be voted at the meeting.

PROPOSAL NO. 3

**APPROVAL OF AN ADDITIONAL 75 MILLION SHARES FOR
THE HEWLETT-PACKARD COMPANY 2000 EMPLOYEE STOCK PURCHASE PLAN**

The HR and Compensation Committee of the Board has amended the Hewlett-Packard Company 2000 Employee Stock Purchase Plan (the "Share Ownership Plan") to increase the number of shares available under the plan by 75 million shares, subject to approval by HP stockholders. If HP's stockholders approve the proposed amendment to the Share Ownership Plan, a total of 175 million shares of common stock (approximately 6% of the outstanding shares as of December 31, 2004) will be reserved for issuance pursuant to the Share Ownership Plan. The amendment to the Share Ownership Plan providing for 75 million additional shares will not become effective until it is approved by HP's stockholders. Stockholder approval is required by applicable stock exchange listing standards and Section 423(b) of the Internal Revenue Code, as amended, (the "Code"). The Board is asking HP stockholders to approve the additional shares under the Share Ownership Plan to assist HP in achieving its goals of increasing profitability and stockholder value by providing HP employees an opportunity to purchase shares of HP common stock, while also qualifying such shares for special tax treatment under Sections 421 and 423 of the Code.

Our Board recommends a vote FOR the approval of the amendment to increase by 75 million shares the number of shares available pursuant to the Share Ownership Plan.

Vote Required

Approval of the proposed amendment to the Share Ownership Plan requires the affirmative vote of a majority of the shares of HP common stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting.

SUMMARY OF THE SHARE OWNERSHIP PLAN

GENERAL. The purpose of the Share Ownership Plan is to provide employees of HP and its designated subsidiaries with an opportunity to purchase HP common stock and, therefore, to have an additional incentive to contribute to the prosperity of HP.

ADMINISTRATION. The Share Ownership Plan is administered by a committee (the "Committee") appointed by the Board. The Committee has full power to interpret the Share Ownership Plan, and the decisions of the Board and the Committee are final and binding upon all participants.

ELIGIBILITY. Any employee of HP or any HP subsidiary designated by the Committee who is regularly employed for at least 20 hours per week and more than five months in a calendar year on an Entry Date (as defined below) is eligible to participate in the Share Ownership Plan during the Offering Period (as defined below) beginning on that Entry Date, subject to administrative rules established by the Committee. However, no employee is eligible to participate in the Share Ownership Plan to the extent that, immediately after the grant, that employee would own 5% of either the voting power or the value of HP's common stock, and no employee's rights to purchase HP's common stock pursuant to the Share Ownership Plan may accrue at a rate that exceeds \$25,000 per calendar year. Eligible employees become participants in the Share Ownership Plan by filing with HP an enrollment agreement authorizing payroll deductions on a date set by the Committee prior to the applicable Entry Date. As of October 31, 2004, approximately 143,000 HP employees, including 16 executive officers, were eligible to participate in the Share Ownership Plan.

PARTICIPATION IN AN OFFERING. The Share Ownership Plan is implemented by offering periods lasting for six months (an "Offering Period"). The duration and timing of Offering

Periods may be changed or modified by the Committee. The first six-month Offering Period commenced on November 1, 2004. Prior to November 1, 2004, each Offering Period lasted two years. The Share Ownership Plan was amended on August 25, 2004 to reduce Offering Periods from 24 months to six months. Every six months on the last trading day of each Offering Period (a "Purchase Date") common stock is purchased under the Share Ownership Plan unless the participant becomes ineligible, withdraws or terminates employment earlier. To participate in the Share Ownership Plan, each eligible employee must authorize payroll deductions pursuant to the Share Ownership Plan. Such payroll deductions may not exceed 10% of a participant's eligible compensation and also are subject to the limitations discussed above. Subject to these limitations, a participant may increase or decrease his or her rate of contribution through payroll deductions at any time. Each participant who has elected to participate is automatically granted an option to purchase shares of common stock on the Entry Date. The Entry Date is the first trading day of the Offering Period (an "Entry Date"). The option expires at the end of the Offering Period, upon termination of employment, or if the employee becomes ineligible, whichever is earlier, but is exercised at the end of each Offering Period to the extent of the payroll deductions accumulated during such Offering Period. The number of shares that may be purchased by an employee in any Offering Period, subject to the limitations discussed above, may not exceed 5,000 shares of common stock during an Offering Period.

PURCHASE PRICE, SHARES PURCHASED. Shares of common stock may be purchased under the Share Ownership Plan at a price equal to not less than 85% of the fair market value of the common stock on (i) the Entry Date or (ii) the Purchase Date, whichever is less. On December 31, 2004, the closing price per share of HP common stock was \$20.97. The number of shares of HP common stock a participant purchases in each Offering Period is determined by dividing the total amount of payroll deductions withheld from the participant's compensation during that Offering Period by the purchase price.

TERMINATION OF EMPLOYMENT. Termination of a participant's employment for any reason, including death, immediately cancels his or her option and participation in the Share Ownership Plan. In such event, the payroll deductions credited to the participant's account will be returned without interest to him or her or, in the case of death, to the person or persons entitled to those deductions.

ADJUSTMENTS UPON CHANGES IN CAPITALIZATION, MERGER OR SALE OF ASSETS. In the event that HP common stock is changed by reason of any stock split, stock dividend, combination, recapitalization or other similar changes in HP's capital structure effected without the receipt of consideration, appropriate proportional adjustments may be made in the number of shares of stock subject to the Share Ownership Plan, the number of shares of stock to be purchased pursuant to an option and the price per share of common stock covered by an option. Any such adjustment will be made by the Board, whose determination shall be conclusive and binding. In the event of a proposed sale of all or substantially all of the assets of HP or the merger or consolidation of HP with another company, the Board may determine that each option will be assumed by, or an equivalent option substituted by the successor company or its affiliates, that the purchase date will be accelerated, or that all outstanding options will terminate and accumulated payroll deductions will be refunded.

AMENDMENT AND TERMINATION OF THE PLAN. The Board may terminate or amend the Share Ownership Plan at any time, except that without stockholder approval the Board may not increase the number of shares subject to the Share Ownership Plan other than pursuant to adjustments upon changes in capitalization as described. The Share Ownership Plan will continue until November 1, 2010, unless otherwise terminated by the Board.

WITHDRAWAL. Generally, a participant may withdraw from the Share Ownership Plan during an Offering Period prior to the date established by the Committee as the change enrollment deadline, which generally is three weeks before a Purchase Date. The Committee may establish rules limiting the frequency with which participants may withdraw and re-enroll and may establish a waiting period for participants wishing to re-enroll.

SUB-PLANS. The Committee may adopt rules, procedures or sub-plans applicable to particular subsidiaries or employees in particular locations, which allow for participation in the Share Ownership Plan in a manner that may not comply with the requirements of Section 423 of the Code.

NEW PLAN BENEFITS. Because benefits under the Share Ownership Plan, as proposed to be amended, will depend on employees' elections to participate and the fair market value of HP common stock at various future dates, it is not possible to determine the benefits that will be received by executive officers and other employees if the proposed amendment to the Share Ownership Plan is approved by the stockholders. Non-employee directors are not eligible to participate in the Share Ownership Plan.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES. If HP stockholders approve this proposal, the Share Ownership Plan, and the right of participants to make purchases thereunder, should qualify under the provisions of Sections 421 and 423 of the Code. Under these provisions, no income will be taxable to a participant in connection with the shares issuable under the Share Ownership Plan until the shares purchased under the Share Ownership Plan are sold or otherwise disposed of. Upon sale or other disposition of the shares, the participant will generally be subject to tax and the amount of the tax will depend upon the holding period. If the shares are sold or otherwise disposed of more than two years from the applicable Entry Date and more than one year from the date of transfer of the shares to the participant, then the participant generally will recognize ordinary income measured as the lesser of (i) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price, or (ii) an amount equal to 15% of the fair market value of the shares as of the applicable Entry Date. Any additional gain should be treated as long-term capital gain. If the shares are sold or otherwise disposed of before the expiration of this holding period, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on the holding period. HP is not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent ordinary income is recognized by participants upon a sale or disposition of shares prior to the expiration of the holding period described above. In all other cases, no deduction is allowed to HP.

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF UNITED STATES FEDERAL INCOME TAXATION UPON THE PARTICIPANTS AND HP WITH RESPECT TO THE SHARES PURCHASED UNDER THE SHARE OWNERSHIP PLAN. IT DOES NOT PURPORT TO BE COMPLETE, AND DOES NOT DISCUSS THE TAX CONSEQUENCES ARISING IN THE CONTEXT OF A PARTICIPANT'S DEATH OR THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH THE PARTICIPANT'S INCOME OR GAIN MAY BE TAXABLE.

INCORPORATION BY REFERENCE. The foregoing is only a summary of the Share Ownership Plan and is qualified in its entirety by reference to the full text of the Share Ownership Plan, a copy of which is attached hereto as Appendix D.

**COMMON STOCK OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information, as of December 31, 2004, concerning:

beneficial ownership by HP directors and nominees and the named executive officers set forth in the Summary Compensation table on page 29, and

beneficial ownership by directors, nominees, named executive officers and current HP executive officers as a group.

The information provided in the table is based on HP's records, information filed with the Securities and Exchange Commission and information provided to HP, except where otherwise noted.

The number of shares beneficially owned by each entity, person, director or executive officer is determined under rules of the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares that the individual has the right to acquire as of March 1, 2005 (60 days after December 31, 2004) through the exercise of any stock option or other right. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table.

BENEFICIAL OWNERSHIP TABLE

Name of Beneficial Owner	Amount of Beneficial Ownership	Nature of Beneficial Ownership ⁽¹⁾	Percent of Class
Current Directors and Nominees:			
Lawrence T. Babbio, Jr.	20,705	Direct	
	205,971	Vested Options	
	226,676		*
Patricia C. Dunn	55,798	Direct	
	40,000	Vested Options	
	95,798		*
Richard A. Hackborn	32,916	Direct	
	40,000	Vested Options	
	72,916		*
Dr. George A. Keyworth II	8,080	Direct	
	95,196	Vested Options	
	103,276		*
Robert E. Knowling, Jr.	18,798	Direct	
	47,707	Vested Options	
	66,505		*
Thomas J. Perkins	51,137	Direct	
	509,790	Indirect ⁽²⁾	

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

Name of Beneficial Owner	Amount of Beneficial Ownership	Nature of Beneficial Ownership ⁽¹⁾	Percent of Class
	101,507	Vested Options	
	662,434		*

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

Robert L. Ryan	7,400 0	Direct Vested Options	
	<hr/>		
	7,400		*
Lucille S. Salhany	16,397 215,064	Direct Vested Options	
	<hr/>		
	231,461		*
Current Director, Nominee and Named Executive Officer:			
Robert P. Wayman	289,466 2,120 1,774,484	Direct Indirect Vested Options ⁽³⁾	
	<hr/>		
	2,066,070		*
Current Named Executive Officers:			
Vyomesh I. Joshi	65,469 50,690 878,070	Direct Indirect Vested Options ⁽⁴⁾	
	<hr/>		
	994,229		*
Ann M. Livermore	21,996 1,861,006	Direct Vested Options	
	<hr/>		
	1,883,002		*
Former Directors and Named Executive Officers:			
Carleton S. Fiorina⁽⁵⁾	852,914 6,065,852	Direct Vested Options ⁽⁵⁾	
	<hr/>		
	6,918,766		*
Sanford M. Litvack⁽⁶⁾	5,060 45 45,236	Direct Indirect Vested Options ⁽⁶⁾	
	<hr/>		
	50,341		
Duane E. Zitzner⁽⁷⁾	55,506 2,280,742	Direct Vested Options	
	<hr/>		
	2,336,248		*
All Directors, Nominees, Named Executive Officers and Current Executive Officers as a Group (25 persons)			
	<hr/>		
	20,221,498	(8)(9)	.7%

*

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

Represents holdings of less than one percent.

(1)

Pursuant to Rule 13d-3(d)(1) of the Securities Exchange Act of 1934, as amended, "Vested Options" are options that may be exercised as of March 1, 2005 (60 days after December 31, 2004).

(2)

160,945 shares are held by the Thomas J. Perkins Ttee Frank Caufield Ttee UAD 12/14/72 Perkins Bypass Trust C and 348,541 shares are held by TJ Perkins & F Caufield Ttees Survivors Trust A U/A

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

dated 11/13/1987. Mr. Perkins serves as co-trustee of both trusts. The foregoing shares have been pledged to a securities broker pursuant to the terms of prepaid variable equity forward contracts established in May 2004 when Mr. Perkins was not a director or affiliate of HP. Mr. Perkins does not have voting or investment power with respect to the shares held by these trusts as a result of the foregoing arrangements. In addition, a trust for the benefit of Mr. Perkins' daughter also owns 304 shares.

- (3) 2,120 shares are held by Mr. Wayman as custodian for his son.
- (4) 50,690 shares are held by Mr. Joshi in a living trust.
- (5) Ms. Fiorina terminated as Chairman and Chief Executive Officer and resigned as a director on February 8, 2005.
- (6) Mr. Litvack serves as a co-trustee of a trust holding 45 shares. Mr. Litvack resigned as a director on February 2, 2005.
- (7) Mr. Zitzner retired in fiscal 2005.
- (8) Includes an aggregate of 17,734,876 shares that the current directors and executive officers have the right to acquire as of March 1, 2005.
- (9) Includes an aggregate of 18,303,141 shares held by current directors and executive officers in fiduciary or beneficial capacities.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and holders of more than 10% of HP common stock to file with the Securities and Exchange Commission reports regarding their ownership and changes in ownership of our securities. HP believes that, during fiscal 2004, its directors, executive officers and 10% stockholders complied with all Section 16(a) filing requirements, with the exceptions noted herein. One late Form 4 report was filed by Michael J. Winkler on August 4, 2004 to report a cash distribution under the Hewlett-Packard Company Deferred Compensation Plan on January 22, 2004. In addition, one late Form 4 report was filed by Sanford M. Litvack on February 10, 2005 to report sales of shares from his individual retirement account and a purchase of shares by a trust of which he is a co-trustee from 2002 through 2004. In making these statements, HP has relied upon examination of the copies of Forms 3, 4 and 5, and amendments thereto, provided to HP and the written representations of its directors, executive officers and 10% stockholders.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

HP repurchases shares of its common stock under a systematic program to manage the dilution created by shares issued under employee stock plans and also to return cash to HP's stockholders. As part of this repurchase program, between December 1, 2003 and February 8, 2005, HP repurchased a total of 68,825,000 shares for \$1,378,259,886 from the David and Lucile Packard Foundation (the "Packard Foundation"). The Packard Foundation was a beneficial owner of more than 5% of HP common stock until September 1, 2004. Shares repurchased from the Packard Foundation were purchased under the terms of a memorandum of understanding dated September 9, 2002 and amended and restated September 17, 2004 that, among other things, prices the repurchases by reference to the volume weighted-average price for composite New York Stock Exchange transactions on trading days in which a repurchase occurs. Either HP or the Packard Foundation may suspend or terminate sales under the amended and restated memorandum of understanding at any time.

EXECUTIVE OFFICERS

Robert P. Wayman; age 59; Chief Executive Officer and Chief Financial Officer

Mr. Wayman was elected Chief Executive Officer on an interim basis and was re-elected a director on February 8, 2005. Mr. Wayman has served as Chief Financial Officer of HP since 1984 and previously served as Executive Vice President since 1992. Mr. Wayman is a director of CNF Inc. and Sybase Inc. He also serves as a member of the Kellogg Advisory Board to the Northwestern University School of Business.

Ann O. Baskins; age 49; Senior Vice President, General Counsel and Secretary

Ms. Baskins was elected Senior Vice President in 2002 after serving as Vice President since November 1999. She has served as General Counsel responsible for worldwide legal matters since January 2000. She has served as Secretary since 1999 and was Assistant Secretary from 1985 to 1999.

Gilles Bouchard; age 44; Chief Information Officer and Executive Vice President, Global Operations

Mr. Bouchard was elected Chief Information Officer and Executive Vice President in January 2004. From May 2002 to December 2003, he was Senior Vice President of Imaging and Printing Group ("IPG") Operations. From March 2001 to May 2002, he was Vice President and General Manager of HP's Business Customer Operations. Mr. Bouchard also served as Vice President of Worldwide Operations for HP's Personal Computing Organization from December 1999 to March 2001, and from June 1998 to December 1999 he was General Manager for the Pavilion home personal computer business in the Americas.

Charles N. Charnas; age 46; Vice President, Deputy General Counsel and Assistant Secretary*

Mr. Charnas was elected Assistant Secretary in 1999. He was appointed a Vice President and Deputy General Counsel in 2002. Since 1999 he has headed the Corporate, Securities and Mergers and Acquisitions Section of the worldwide Legal Department.

*
Mr. Charnas is not an "executive officer" for purposes of Section 16 of the Exchange Act.

Debra L. Dunn; age 48; Senior Vice President, Corporate Affairs

Ms. Dunn was elected Senior Vice President in 2002 after serving as Vice President since November 1999. She previously held the position of General Manager of the Executive Council from 1998 to 1999.

Jon E. Flaxman; age 47; Senior Vice President, Controller and Principal Accounting Officer

Mr. Flaxman was elected Principal Accounting Officer on February 8, 2005. He was elected Senior Vice President in 2002 after serving as Vice President and Controller since May 2001. From May 1999 to May 2001, he served as Vice President and Chief Financial Officer of the Business Customer Organization. He was first appointed a Vice President in 1998.

Brian Humphries; age 31; Vice President, Investor Relations

Mr. Humphries was elected Vice President in 2004. Since July 2004, he has served as Vice President of Investor Relations. From August 2003 to June 2004, he was Director of Financial Communications. From May 2002 to July 2003, Mr. Humphries was Director of Finance for Industry Standard Servers business. Before the Compaq acquisition, he served as Compaq's Director of Investor Relations from May 1999 to May 2002.

Vyomesh Joshi; age 50; Executive Vice President, Imaging and Personal Systems Group

Mr. Joshi was elected Executive Vice President in 2002 after serving as Vice President since January 2001. He became President of IPG in February 2001. Mr. Joshi also served as Chairman of Phogenix Imaging LLC, a joint venture between HP and Kodak focused on developing retail digital inkjet photo finishing equipment and supplies, until May 14, 2003, when Phogenix was dissolved. Since 1989, he has held various management positions in IPG. From 1999 to 2000, he was Vice President and General Manager of Inkjet Systems. Effective January 2005, Personal Systems Group ("PSG") also is reporting to Mr. Joshi, and IPG and PSG have combined to form the Imaging and Personal Systems Group ("IPSG").

Richard H. Lampman; age 59; Senior Vice President of Research, Director of HP Labs

Mr. Lampman was elected Senior Vice President in 2002. He has served as the director of HP Labs since 1999. Mr. Lampman has held various positions with HP since 1971, when he joined HP.

Catherine A. Lesjak; age 46; Senior Vice President and Treasurer

Ms. Lesjak was elected Senior Vice President and Treasurer in 2003. From May 2002 to July 2003, she was Vice President of Finance for Enterprise Marketing and Solutions and Vice President of Finance for the Software Global Business Unit. From June 2000 to May 2002, Ms. Lesjak was controller for the Software Solutions Organization. From September 1998 to September 2000, she served as controller and credit manager for the Commercial Customer Organization.

Ann M. Livermore; age 46; Executive Vice President, Technology Solutions Group

Ms. Livermore was elected Executive Vice President in 2002 after serving as Vice President since 1995. Since May 2004, she has led the Technology Solutions Group. In April 2001, she became President of HP Services. In October 1999, she became President of the Business Customer Organization. She was appointed President of Enterprise Computing in April 1999. Ms. Livermore is a member of the Board of Directors of United Parcel Service, Inc. She is also on the board of visitors of the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill and the Board of Advisors at the Stanford Business School.

Marcela Perez de Alonso; age 50; Executive Vice President, Human Resources and Workforce Development

Ms. Perez was elected Executive Vice President, Human Resources and Workforce Development in January 2004. From 1999 until she joined HP, Ms. Perez was Division Head of Citigroup North Latin America Consumer Bank, in charge of the retail business operations of Citigroup in Puerto Rico, Venezuela, Colombia, Peru, Panama, The Bahamas, and Dominican Republic. She served as Global Consumer Head, Human Resources of Citigroup from 1996 to 1999.

Shane V. Robison; age 51; Executive Vice President and Chief Strategy and Technology Officer

Mr. Robison was elected Executive Vice President in 2002 following the Compaq acquisition. He has served as Chief Strategy and Technology Officer since May 2002. Prior to joining HP, Mr. Robison served as Senior Vice President, Technology and Chief Technology Officer at Compaq since 2000. Prior to joining Compaq, Mr. Robison was President of Internet Technology and Development at AT&T Labs, a technology research and development organization, a position he had held since 1999.

Michael J. Winkler; age 59; Executive Vice President, Customer Solutions Group and Chief Marketing Officer

Mr. Winkler was elected Executive Vice President in 2002 in connection with the Compaq acquisition. In August 2004, he became Executive Vice President, Customer Solutions Group. In December 2002, he became the Chief Marketing Officer responsible for the Global Brand and Communications, Global Alliances and Total Customer Experience teams. Prior to joining HP, Mr. Winkler served as Executive Vice President, Global Business Units of Compaq since 2000. Prior to that, Mr. Winkler was Senior Vice President and Group General Manager, Commercial Personal Computing Group, a position to which he was elected in 1996. Mr. Winkler is a director of Banta Corporation.

EXECUTIVE COMPENSATION

The following table discloses compensation received by HP's former CEO and HP's four other most highly paid executive officers (together with the former CEO, the "named executive officers") during fiscal 2004, as well as their compensation received from HP for each of the fiscal years ending October 31, 2003 and October 31, 2002.

SUMMARY COMPENSATION TABLE

(a)	(b)	Annual Compensation			Long-Term Compensation				(i)
		(c)	(d)	(e)	(f)	(g)	(h)		
Name and Principal Position	Year	Salary (\$)	Bonus (\$) ⁽¹⁾⁽²⁾	Other Annual Compensation (\$) ⁽³⁾	Restricted Stock Awards (\$) ⁽⁴⁾⁽⁵⁾	Securities Underlying Options/SARs(#)	LTIP Payouts (\$)	All Other Compensation (\$) ⁽⁶⁾	
Robert P. Wayman ⁽⁷⁾ Director, Chief Executive Officer and Chief Financial Officer	2004	\$ 975,000	\$ 546,342	\$ 70,188	\$ 330,150	300,000	0	\$ 12,307	
	2003	988,542	728,993	3,198*	0	300,000	0	2,439,414	
	2002	925,000	875,490	5,776*	0	400,000	0	2,435,544	
Vyomesh I. Joshi ⁽⁸⁾ Executive Vice President Imaging and Personal Systems Group	2004	775,000	361,886	36,474	330,150	300,000	0	12,635	
	2003	712,500	513,090	3,563*	0	500,000	0	2,055,642	
	2002	600,000	687,655	3,061*	0	400,000	0	2,054,485	
Ann M. Livermore Executive Vice President Technology Solutions Group	2004	764,583	355,674	109,443	330,150	500,000	0	9,351	
	2003	754,167	0	78,258	0	300,000	0	2,108,753	
	2002	700,000	782,285	60,102	0	400,000	0	2,106,371	
Carleton S. Fiorina ⁽⁹⁾ Former Chairman and Chief Executive Officer	2004	1,400,000	1,568,910	134,782	660,300	700,000	0	47,302	
	2003	1,241,667	2,101,600	84,296	0	700,000	0	91,983	
	2002	1,000,000	2,930,602	59,997	0	850,000	0	131,754	
Duane E. Zitzner ⁽¹⁰⁾ Former Executive Vice President Personal Systems Group	2004	775,000	361,886	24,532	330,150	200,000	0	11,009	
	2003	780,208	715,611	3,434*	0	300,000	0	2,185,579	
	2002	725,000	789,584	2,381*	0	400,000	0	2,181,371	

*

As permitted under Securities and Exchange Commission rules, for fiscal 2003 and fiscal 2002 these figures include tax reimbursements but do not include perquisites and other personal benefits where the total incremental cost of all perquisites did not exceed \$50,000 per year.

(1)

The amounts shown in this column reflect payments under HP's Executive Pay-for-Results Plan (the "Executive PFR Plan," which term includes its predecessors, as applicable). HP employees who were subject to Section 16(a) of the Securities Exchange Act of 1934, as amended, at the beginning of the applicable performance period and selected other employees were eligible to participate in the Executive PFR Plan. During the fiscal years shown, all of the named executive officers participated in the Executive PFR Plan.

The Executive PFR Plan permits the HR and Compensation Committee to designate a portion of the target annual cash compensation for participants, including executive officers, as variable pay. Under the Executive PFR Plan, the percentage of the targeted variable amount that is paid depends upon the degree to which performance metrics defined on a semi-annual basis are met. In December 2003 and May and June 2004, the HR and Compensation Committee established the performance metrics for the first and second halves of fiscal 2004, respectively, which were weighted 40% based on revenue, 40% based on net profit, and 20% based on total customer experience.

For the first half of fiscal 2004, the HR and Compensation Committee determined that the following variable compensation for the named executive officers had been earned under the Executive PFR Plan: Mr. Wayman, \$348,904; Mr. Joshi, \$231,105; Ms. Livermore; \$224,893; Ms. Fiorina, \$1,001,910; and Mr. Zitzner, \$231,105. The HR and Compensation Committee determined that no variable compensation for the named executive officers had been earned under the Executive PFR Plan for the second half of fiscal 2004.

(2) The HR and Compensation Committee awarded a bonus outside of the variable pay plans for all employees in an aggregate amount of \$90 million for HP's performance in the fourth quarter of fiscal 2004. The bonus column also includes the following amounts paid to the named executive officers pursuant to that action: Mr. Wayman, \$197,438; Mr. Joshi, \$130,781; Ms. Livermore, \$130,781; Ms. Fiorina, \$567,000; and Mr. Zitzner, \$130,781.

(3) For fiscal 2004, this column includes the perquisites valued at their incremental cost to HP as itemized in the table below and tax reimbursements described below.

Name	Security Services/ Systems	Personal Aircraft Usage	Personal Automobile Usage	Financial Counseling	Total
Robert P. Wayman	N/A	\$ 47,846	N/A	\$ 18,000	\$ 65,846
Vyomesh I. Joshi	N/A	810	N/A	21,000	21,810
Ann M. Livermore	N/A	89,239	N/A	18,000	107,239
Carleton S. Fiorina	\$ 7,381	66,846	\$ 909	18,000	93,136
Duane E. Zitzner	N/A	99	N/A	21,500	21,599

This column also includes tax reimbursements for each named executive officer as follows: Mr. Wayman, \$4,342, \$3,198, and \$5,776; Mr. Joshi, \$14,664, \$3,563, and \$3,061; Ms. Livermore \$2,204, \$2,822, and \$2,381; Ms. Fiorina, \$41,646, \$26,205, and \$27,949; and Mr. Zitzner, \$2,933, \$3,434, and \$2,381, in fiscal 2004, 2003, and 2002, respectively.

Amounts reported for Ms. Livermore include \$57,436 and \$45,221 for personal aircraft usage in fiscal 2003 and 2002, respectively. Amounts reported for Ms. Fiorina in fiscal 2003 include \$38,165 for personal use of corporate aircraft and in fiscal 2002 include \$14,950 for tax services.

(4) The amounts shown in this column reflect the dollar values based on the closing price at grant of time-based restricted stock granted to the named executive officers in fiscal 2004. The time-based restricted stock was granted on December 15, 2003 and vested 100% after one year.

At the end of fiscal 2004, the aggregate share amount and dollar value based on the closing price on October 29, 2004 of the restricted stock held by the named executive officers was:

	Number of Shares	Value
Robert P. Wayman	15,000	\$ 279,900
Vyomesh I. Joshi	15,000	279,900
Ann M. Livermore	15,000	279,900
Carleton S. Fiorina	30,000	559,800
Duane E. Zitzner	15,000	279,900

The named executive officers receive non-preferential dividends on restricted shares they hold.

(5) On July 17, 2004, Ms. Fiorina received a net payment of 795,878 shares pursuant to the award of restricted stock units granted to her in 1999 and previously reported as a grant of restricted stock units in this column for fiscal 1999.

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

(6) For the named executive officers, this column includes the following payments by HP in the fiscal years indicated:

Name	401(k) Company Match	Term-Life Insurance Payment
Robert P. Wayman		
2004	\$ 8,200	\$ 4,107
2003	8,000	3,289
2002	7,333	85
Vyomesh I. Joshi		
2004	11,400	1,235
2003	4,800	842
2002	4,400	85
Ann M. Livermore		
2004	8,200	1,151
2003	8,000	595
2002	6,286	85
Carleton S. Fiorina		
2004	8,750	2,209
2003	7,000	1,394
2002	6,286	85
Duane E. Zitzner		
2004	7,752	3,257
2003	7,998	2,581
2002	6,286	85

The amounts in the 401(k) column above represent HP matching contributions paid in fiscal 2004. All such amounts are within IRS limits for the applicable plan years.

Amounts shown in this column for fiscal 2002 and fiscal 2003 include payments under HP's retention program adopted in connection with the Compaq acquisition. The program provided incentives to a group of employees who were considered critical to the completion of the Compaq acquisition, to the integration of the companies, or to ongoing business operations. Under the program, Mr. Wayman, Mr. Joshi, Ms. Livermore and Mr. Zitzner were entitled to receive two equal annual payments in the following amounts: Mr. Wayman, \$2,428,125; Mr. Joshi, \$2,050,000; Ms. Livermore \$2,100,000; and Mr. Zitzner, \$2,175,000. The first installment was paid on September 4, 2002, and the second installment was paid on September 4, 2003.

For Ms. Livermore, for fiscal 2003, this column also includes a service award of 10 shares of common stock valued at \$158 awarded to her for her 20-year service anniversary. This award was made pursuant to the Service Anniversary Stock Plan, which provides for grants of 10 shares of common stock to eligible employees upon completion of 10, 20, 30, 40 or 50 years of service.

In addition, for Ms. Fiorina, this column also includes HP-sponsored mortgage assistance, in accordance with HP's standard mortgage assistance program that is generally available to employees who relocate, in the following respective amounts during fiscal 2004, 2003, and 2002: \$36,343; \$83,589 and \$125,383.

(7) Mr. Wayman was re-elected a director and Chief Executive Officer on February 8, 2005.

(8) Mr. Joshi was named to lead IPSG in January 2005.

(9) Ms. Fiorina terminated as Chairman and Chief Executive Officer and resigned as a director effective February 9, 2005. Because of her termination, Ms. Fiorina will receive severance benefits described under "Employment Contracts, Termination of Employment and Change-in-Control Arrangements Carleton S. Fiorina Severance Agreement and Release," on page 40.

(10)

Edgar Filing: HEWLETT PACKARD CO - Form DEF 14A

Mr. Zitzner retired in fiscal 2005. Upon retirement, Mr. Zitzner received retirement benefits consistent with HP's practices, as described under "Employment Contracts, Termination of Employment and Change-in-Control Arrangements HP Retirement Arrangements" on page 40.

OPTION GRANTS IN LAST FISCAL YEAR

The following table provides information on option grants in fiscal 2004 by HP to each of the named executive officers. HP did not grant any stock appreciation rights to the named executive officers during fiscal 2004.

Name	Number of Securities Underlying Options Granted ⁽¹⁾⁽²⁾	Percent of Total Options Granted to Employees in Fiscal Year ⁽³⁾	Exercise Price (\$/Share)	Expiration Date	Grant Date Present Value (\$) ⁽⁴⁾
Robert P. Wayman	300,000	0.4%	\$22.015	March 2012	\$ 1,860,905
Vyomesh I. Joshi	300,000	0.4%	22.015	March 2012	1,860,905
Ann M. Livermore	500,000	0.7%	22.015	March 2012	3,101,508
Carleton S. Fiorina ⁽⁵⁾	700,000	1.0%	22.015	March 2012	4,342,112
Duane E. Zitzner ⁽⁶⁾	200,000	0.3%	22.015	March 2012	1,240,603

(1) All options granted in fiscal 2004 are exercisable in the following percentages on the following anniversaries of the grant date: 25% after the first anniversary, 50% after the second anniversary, 75% after the third anniversary, and 100% after the fourth anniversary.

(2) All of the unvested portions of these options vest in connection with certain terminations of employment, including termination due to death, disability, or retirement. In addition, HP's policy generally has been to provide accelerated vesting in the event of involuntary termination.

(3) In fiscal 2004, HP granted options to employees to purchase a total of approximately 72 million shares.

(4) HP used a modified Black-Scholes model of option valuation to determine grant date present value. Calculations for the named executive officers are based on a five-year option term, which reflects HP's expectation that its options, on average, will be exercised within five years of grant. Other assumptions used for the valuations are: risk free rate of return of 2.72%; annual dividend yield of 1.4%; and volatility of 35%. The resulting values are reduced by 7.8% to reflect HP's experience with forfeitures.

(5) On February 8, 2005, Ms. Fiorina terminated as Chairman and Chief Executive Officer and resigned as a director, and her options vested, with a one-year post-termination exercise period.

(6) In fiscal 2005 Mr. Zitzner retired, and his options vested, with a three-year post-termination exercise period.

**AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND
FISCAL YEAR-END OPTION VALUES**

The following table provides information on option exercises with respect to HP common stock in fiscal 2004 by each of the named executive officers and the values of each of such officer's unexercised options at October 31, 2004. There were no stock appreciation rights for the named executive officers exercised or outstanding.

Name	Shares Acquired on Exercise	Value Realized ⁽¹⁾	Number of Securities Underlying Unexercised Options At Fiscal Year-End ⁽²⁾		Value of Unexercised In-The-Money Options At Fiscal Year-End ⁽³⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Robert P. Wayman	0	\$ 0	1,586,984	812,700	\$ 330,226	\$ 655,875
Vyomesh I. Joshi	100,000	549,000	710,570	942,700	72,875	1,093,125
Ann M. Livermore	11,262	90,997	1,673,506	1,012,700	252,105	655,875
Carleton S. Fiorina ⁽⁴⁾	0	0	4,165,652	1,900,200	510,125	1,530,375
Duane E. Zitzner ⁽⁵⁾	17,916	86,096	1,868,042	712,700	218,625	655,875

- (1) The value realized is based upon the difference between the market price of the shares purchased on the exercise date and the exercise price times the number of shares covered by the exercised option.
- (2) All of the unvested portions of these options vest in connection with certain terminations of employment, including termination due to death, disability, or retirement. In addition, HP's policy generally has been to accelerate vesting in the event of involuntary termination.
- (3) The value of unexercised options is based upon the difference between the exercise price and the closing market price on October 29, 2004, which was \$18.66.
- (4) On February 8, 2005, Ms. Fiorina terminated as Chairman and Chief Executive Officer and resigned as a director, and her options vested, with a one-year post-termination exercise period.
- (5) In fiscal 2005 Mr. Zitzner retired, and his options vested, with a three-year post-termination exercise period.

LONG-TERM INCENTIVE PLANS AWARDS IN LAST FISCAL YEAR

In May 2004, the HR and Compensation Committee granted awards under the Long-Term Performance Cash Program (the "LTCP Program") to selected senior managers, including the named executive officers. The LTCP Program was established in fiscal 2003 to drive value creation and operational efficiency through balance sheet and total stockholder return ("TSR") performance measures, to retain top-performing and critical employees, and to reward senior managers for exceptional performance. The LTCP Program also is designed to reduce HP's use of option grants for senior executives and, therefore, HP's dilution levels. The total target long-term incentive amount for each program participant is split between options and long-term performance cash, as follows. First, a target number of option equivalents for each participant is determined. Fifty percent (for executive officers and other higher level participants) or two-thirds (for remaining participants) of this target amount is then granted to the participant in the form of options, and the remaining value (as determined in accordance with a modified Black-Scholes valuation model) is used as the target long-term performance cash payout amount under the LTCP Program for such participant. Awards to the named executive officers under the LTCP Program were granted pursuant to the Hewlett-Packard Company 2004 Stock Incentive Plan, which has been approved by HP stockholders.

The targeted long-term performance cash award amount for each participant was divided approximately into thirds corresponding to the three-year performance period of the LTCP Program (33% in the first and second years, 34% in the third). Annual milestones are set based on the performance metric of cash flow from operations as a percentage of revenue. At the end of each year, if HP achieves a threshold level of performance, a percentage will be applied to each participant's targeted cash amount and banked on the participant's behalf. The percentage to be applied to each participant's targeted cash amount ranges from 0% to 150% based upon the extent to which performance goals are achieved. Interest, using the applicable federal rates determined by the Internal Revenue Service (the "IRS"), will be applied to banked amounts. If HP does not achieve a certain threshold level of performance for the year, the percentage applied will be zero.

At the end of the three-year performance period, the total banked amounts, if any, will be adjusted by applying a modifier based on HP's TSR (which includes reinvestment of dividends) relative to the TSR for the S&P 500 for the three-year performance period. The modifier to be applied to each participant's total banked amount ranges from 0% to 200%. If HP does not achieve a certain threshold TSR relative to the TSR for the S&P 500, then the modifier will be zero, and any banked amounts held by then current participants will be forfeited. The ultimate payout under this program is dependent on HP's TSR relative to the TSR of the S&P 500 over the three-year performance period, and therefore, payouts, if any, generally will occur at the end of such three-year period.

If cash flow from operations as a percentage of revenue is below the threshold, no amounts will be banked for the year. Similarly, if TSR thresholds are not achieved for the three-year performance period, any banked amounts held by then current participants at the end of the period will be forfeited. To achieve a modifier above 100%, HP's TSR must exceed the median of the TSR for the S&P 500 over the three-year performance period, and, to achieve the maximum payout, HP's TSR must significantly exceed the median for S&P 500 companies.

Notwithstanding the foregoing, if a participant is no longer employed by HP due to involuntary termination, disability, retirement or death, targeted awards are paid subject to certain adjustments. In the event of voluntary terminations, any banked amounts will be forfeited and no payment is made.

Because the amount of an executive's LTCP Program bonus is dependent upon the satisfaction of annual cash flow and three-year TSR objectives, the exact amount of the payout (if any) to an executive under the program cannot be determined at this time. The following table describes the hypothetical amounts that would be payable to named executive officers, excluding accrued interest, under LTCP

Program awards granted during fiscal 2004, assuming that threshold, target and maximum levels of both cash flow and TSR performance metrics are met.

Long-Term Incentive Plans Awards In Last Fiscal Year

Name	Performance Or Other Period Until Maturation Or Payout	Hypothetical Estimated Future Payouts Under Non-Stock Price-Based Plans (Cash)			
		Below Threshold Value	Threshold Value	Target Value	Hypothetical Maximum Value
Robert P. Wayman	3 years	\$ 0	\$ 644,014	\$ 2,576,057	\$ 7,728,171
Vyomesh I. Joshi	3 years	0	644,014	2,576,057	7,728,171
Ann M. Livermore	3 years	0	1,073,357	4,293,428	12,880,284
Carleton S. Fiorina ⁽¹⁾	3 years	0	1,502,700	6,010,800	18,032,400
Duane E. Zitzner ⁽²⁾	3 years	0	429,343	1,717,371	5,152,113

(1) Ms. Fiorina terminated as Chairman and Chief Executive Officer and resigned as a director on February 8, 2005.

(2) Mr. Zitzner retired in fiscal 2005.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes our equity compensation plan information as of October 31, 2004. Information is included for equity compensation plans approved by HP stockholders and equity compensation plans not approved by HP stockholders. In the case of equity compensation plans not approved by HP stockholders, many of the plans (including the equity compensation plans available to directors, officers and employees of Compaq, which HP acquired in fiscal 2002) were approved by stockholders of companies acquired by HP, as described in footnote (6) below. The table does not include the additional shares that may be issuable pursuant to the proposed amendment adding 75 million shares to the Share Ownership Plan that is the subject of Proposal No. 3 of this proxy statement.

Plan Category
