

Term of Option. The term of an option may be no more than ten years from the date of grant or 10½ years in certain jurisdictions outside of the United States. No option may be exercised after the expiration of its term.

Termination of Employment. If an optionee's employment terminates for any reason, then all options held by the optionee under the Amended Plan generally will terminate immediately upon the optionee's termination unless determined otherwise by the Plan Administrator.

Other Provisions. The stock option agreement may contain other terms, provisions and conditions not inconsistent with the Amended Plan, as may be determined by the Administrator.

Terms and Conditions of Stock Awards. Each stock award agreement will contain provisions regarding (1) the number of shares subject to such stock award or a formula for determining such number, (2) the purchase price of the shares, if any, and the means of payment for the shares, (3) the performance criteria, if any, and level of achievement versus these criteria that will determine the number of shares granted, issued, retainable and vested, as applicable, (4) such terms and conditions on the grant, issuance, vesting and forfeiture of the shares, as applicable, as may be determined from time to time by the Administrator, (5) restrictions on the transferability of the stock award, and (6) such further terms and conditions, in each case not inconsistent with the Amended Plan, as may be determined from time to time by the Administrator.

Termination of Employment. In the case of stock awards, including stock units, unless the Administrator determines otherwise, the restricted stock or restricted stock unit agreement will provide that the unvested stock or stock units will be forfeited upon the awardee's termination of employment for any reason.

Vesting. The vesting of a stock award may be subject to performance criteria, continued service of the awardee, or both.

Non-Employee Director Awards. Non-employee directors are eligible only for annual retainer awards and are not eligible for any other type of award that is authorized under the Amended Plan. Annual retainer awards paid in the form of equity are granted in the form of non-statutory stock options or restricted stock units. The non-employee directors can elect to receive the annual equity retainer and the annual cash retainer in the form of stock options or restricted stock units, provided that such election is made within 25 days after the annual meeting at which they are elected. If no election is made within this period, the annual equity retainer will be in the form of restricted stock units and the annual cash retainer will be paid in cash. The awards are granted automatically one month after the beginning of the director's year of service. The exercise price of director stock options cannot be less than 100% of the fair market value of a share of HP common stock on the grant date.

The number of shares subject to non-statutory stock option awards granted to non-employee directors is determined as follows:

$$\frac{\text{Amount of annual retainer to be paid as options}}{\text{Fair market value of a share of HP common stock on the grant date}} \times \text{Multiplier (as defined below)} = \text{Number of shares}$$

The Administrator determines the Multiplier prior to the grant date using a modified Black-Scholes option valuation method that takes into account the following factors: (1) the fair market value of HP common stock on the date the Multiplier is determined; (2) the average length of time that HP stock options are held by optionees prior to exercise; (3) the risk-free rate of return based on the term determined in (2) and on the interest rates of U.S. government securities; (4) the annual dividend yield for HP common stock; and (5) the volatility of HP common stock over the ten-year period preceding the date that the Multiplier is determined.