

## **Hewlett-Packard Company Corporate Governance Guidelines**

These Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Hewlett-Packard Company (“HP”). The guidelines, in conjunction with the [Certificate of Incorporation](#), [Bylaws](#) and the [charters](#) of the committees of the Board, form the framework for the governance of HP.

### **I. Role of the Board of Directors**

The Board of Directors oversees and provides policy guidance on the business and affairs of HP. Among other things, the Board monitors overall corporate performance, the integrity of HP's controls and the effectiveness of its legal, ethics and compliance programs. The Board selects the Chairman of the Board (the "Chairman") and the Chief Executive Officer (the "CEO") of HP, elects officers, designates which officers are executive officers for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, and oversees management. The Board also oversees HP's strategic and business planning process. This is generally a year-round process culminating in a multi-day Board review of HP's updated Corporate Strategic Plan, its business plan, the next year's capital expenditures budget, and key financial and supplemental objectives. The Board also reviews and assesses risks facing HP and management's approach to addressing such risks.

Directors are expected to attend Board and applicable committee meetings and to review meeting materials in advance of such meetings. Directors also are encouraged to attend HP's annual meetings of stockholders.

### **II. Director Leadership**

The positions of Chairman and CEO may be held by the same person. When the positions of Chairman and CEO are held by the same person, the independent directors designate a lead independent director. The CEO/Chairman, with the lead independent director, schedules and sets the agenda for meetings of the Board, and the CEO/Chairman chairs such meetings. The lead independent director chairs Board meetings when the CEO/Chairman is not present, including at executive sessions, serves as a liaison between the CEO/Chairman and independent directors, coordinates information sent to the Board, approves meeting schedules to ensure sufficient time to cover all agenda items, is available for consultation and direct communication with major stockholders upon request and performs such other functions and responsibilities as requested by the Board from time to time. The lead independent director will encourage direct dialogue between all directors (particularly those with dissenting views) and management. The lead independent director also will assist the CEO/Chairman in leading the Board in anticipating and responding to crises.

### **III. Director Independence**

A substantial majority of the directors are independent under HP's independence standards set forth in Exhibit 1, which are consistent with the New York Stock Exchange, Inc. and NASDAQ Global Market, Inc. director independence standards, as currently in effect. In addition, HP does not make substantial charitable contributions to organizations with which a director is affiliated, although such organizations are not excluded from HP's charitable donation matching program.

### **IV. Board Membership Criteria**

Directors should have the highest professional and personal ethics and values, consistent with HP's longstanding values and standards. They should have broad experience at the policy-making level in business, government, education, technology or public service. 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.

### **V. Election of Directors**

In accordance with HP's Bylaws, directors are elected annually by the stockholders at the annual meeting. The Board proposes a slate of nominees for consideration each year. Directors are elected using a majority vote standard, which means that the number of shares voted "for" a nominee must exceed the votes cast "against" such nominee's election. In the case of a contested election, which is defined as when (i) the secretary of HP receives a notice that a stockholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for stockholder nominees for director set forth in the Bylaws and (ii) such nomination has not been withdrawn by such stockholder on or prior to the tenth day preceding the date HP first mails its notice of meeting, directors are elected using a plurality standard, which means that the nominees who receive the most affirmative votes are elected to serve as directors. Furthermore, in accordance with the cumulative voting provision of HP's Certificate of Incorporation, stockholders are permitted to aggregate their votes for director in favor of one or more nominees.

For an election where the majority vote standard applies, HP also has adopted a policy whereby any incumbent director who receives a greater number of votes "against" his or her election than votes "for" such election will tender his or her resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee will recommend to the Board the action to be taken with respect to such offer of resignation.

Between annual meetings, the Board, in accordance with HP's Bylaws, may appoint directors to serve until the next annual meeting. Formal offers to join the Board or to be included in the slate of nominees will be extended by the Chairman of the Nominating and Governance Committee.

Stockholders may recommend director nominees for consideration by the Nominating and Governance Committee by writing to the Corporate Secretary specifying the nominee's name and the qualifications for Board membership. Following verification of the stockholder status of the person submitting the recommendation, all properly submitted recommendations are brought to the attention of the Nominating and Governance Committee at a regularly scheduled Nominating and Governance Committee meeting (generally the first or second meeting prior to the issuance of the proxy statement for HP's annual meeting of stockholders). Stockholders also may nominate directors for election at HP's annual meeting of stockholders by following the provisions set forth in HP's bylaws.

#### **VI. Board Size**

The Bylaws provide that the number of directors is determined by the Board within a specified range. The Board's size is assessed at least annually by the Nominating and Governance Committee. If any nominee is unable to serve as a director for any reason, the Board by resolution may reduce the number of directors or choose a substitute.

#### **VII. Term of Office**

Directors serve for a one-year term and until their successors are elected. Subject to Section VIII below, there are no limits on the number of one-year terms that may be served by a director.

#### **VIII. Employee Director Retirement**

Employee directors are expected to submit their resignation from the Board at the time they retire or resign from HP.

#### **IX. Number and Composition of Board Committees**

The Board currently has four Committees: (i) Acquisitions, (ii) Audit, (iii) HR and Compensation, and (iv) Nominating and Governance. All members of the Audit, HR and Compensation, and Nominating and Governance Committees will be independent directors, as defined by HP's independence standards as set forth above and meet any other requirements set forth in the committee charters and as determined by the Board.

Each committee is chaired by an independent director who determines the agenda, frequency and length of committee meetings and who has unlimited access to management, HP information and independent advisors. Each non-employee director generally serves on more than one committee. The Nominating and Governance Committee, with input from the lead independent director and the CEO/Chairman, will make recommendations to the Board on committee assignments and appointments of directors to serve as Chairmen of committees.

[Committee charters](#) are posted on HP's website.

## **X. Executive Sessions**

The Board expects to hold executive sessions of independent directors at each Board meeting, but in any event will hold such executive sessions at least three times per year. The lead independent director schedules, sets the agenda for and chairs all executive sessions. In addition, the lead independent director will provide feedback to management from the Board's executive sessions. Any independent director may request that an additional executive session be scheduled.

## **XI. Standards of Business Conduct**

The Board expects all directors, as well as officers and employees, to display the highest standard of ethics, consistent with HP's longstanding values and standards. HP has and will continue to maintain a code of conduct, known as the "Standards of Business Conduct" that is applicable to directors, officers and employees. Directors are expected to comply with the letter and the spirit of the Standards of Business Conduct, to focus on areas of ethical risk, to report unethical conduct and to help foster a culture of honesty and accountability. Directors are encouraged to bring questions about particular circumstances to the attention of the lead independent director, CEO/Chairman, Chairman of the Nominating and Governance Committee, or Chairman of the Audit Committee, who may consult with HP attorneys or independent counsel, as appropriate. The Board also expects directors, officers and employees to acknowledge their adherence to the Standards of Business Conduct on an annual basis. The Audit Committee periodically reviews compliance with the Standards of Business Conduct. Directors are expected to report any possible conflict of interest between the director and HP or any violation of the Standards of Business Conduct to the lead independent director, CEO/Chairman or Chairman of the Nominating and Governance Committee, who will review the matter and take appropriate action.

## **XII. Succession Planning**

The Board plans for succession of the CEO and reviews senior management selection and succession planning that is undertaken by the HR and Compensation

Committee. As part of this process, the independent directors annually review the HR and Compensation Committee's recommendation of candidates for senior management positions to see that qualified candidates are available for all positions and that development plans are being utilized to strengthen the skills and qualifications of the candidates.

The Board maintains an emergency succession plan to address the unforeseen loss of the CEO through death, disability or another succession-related emergency. The emergency succession plan names an individual or individuals to act in an emergency situation and prescribes their powers. The emergency succession plan is reviewed by the Board at least annually and revised appropriately.

### **XIII. Director Compensation**

Independent directors will receive compensation that is competitive, links to business results and stockholder returns, and facilitates increased ownership of HP stock. Director compensation consists of a combination of cash and equity. Directors are expected to take 75 percent of their annual retainer in the form of equity. Employee directors are not paid additional compensation for their services as directors. Non-employee directors also may receive, directly or through reimbursement, up to \$2,500 of HP equipment annually. The HR and Compensation Committee annually reviews the amount and form of director compensation and provides a recommendation to the Board as to such compensation based upon the HR and Compensation Committee's consideration of the responsibilities and time commitment of HP directors, as well as competitive information. The Board then sets director compensation for the next year.

### **XIV. Board Access to Senior Management**

Directors are encouraged to talk directly to any member of management regarding any questions or concerns the directors may have. Senior management are invited to attend Board meetings from time to time when appropriate.

### **XV. Director Orientation and Education**

HP has and will continue to maintain an orientation program for new directors that includes written material, oral presentations and site visits. In addition, HP provides directors continuing education about HP's business and encourages directors to attend appropriate outside continuing education programs, the costs of which HP will reimburse directors. The Secretary of HP will notify directors of such educational opportunities.

## **XVI. Evaluation of Board and Committee Performance**

The Board and each committee conducts a self-evaluation annually. Committees assess their performance relative to their charter and to best practices. The Nominating and Governance Committee oversees the annual self-evaluation of the Board and its committees, and the lead independent director and the CEO/Chairman may recommend changes to improve the Board, the committees and individual director effectiveness.

## **XVII. Chief Executive Officer Performance Review and Succession**

The Board annually reviews the performance of the CEO. The lead independent director and the Chairman of the HR and Compensation Committee will gather and consolidate input from all directors in executive session, and then, based on the factors set forth below as well as such other factors as are deemed appropriate, will present the results of the review to the Board and to the CEO in a private feedback session. Based on such input, the HR and Compensation Committee also will assess CEO performance annually in connection with determining CEO compensation. Factors to be considered in assessing CEO performance include strategic vision and leadership, external representation of HP and management of external relationships, executive officer leadership development and succession planning, HP financial and operational performance, employee morale and motivation, and effective working relationship with the Board.

## **XVIII. Stock Ownership Guidelines**

The HR and Compensation Committee periodically assesses the appropriateness of stock ownership guidelines for directors and senior executives, including whether and to what extent executives should be restricted from selling stock acquired through equity compensation. Currently, HP's stock ownership guidelines provide that directors should accumulate over time shares of HP stock equal in value to at least three times the value of their annual retainer. They also provide that, over a reasonable period of time, the CEO should attain an investment position in HP's stock equal to five times the CEO's base salary, and all other executive officers should attain an investment position equal to three times their base salary. The HR and Compensation Committee determines the reasonable amount of time and monitors compliance by directors and executive officers with these stock ownership guidelines.

## **XIX. Review of External Board Memberships by HP Executives**

The Nominating and Governance Committee reviews and concurs in the election of any employee director and any Section 16 executive officer to outside, for-profit board seats. Additional board service by such executive officers may help to broaden their experience and thereby benefit HP.

## **XX. Non-Employee Directors Whose Responsibilities Change**

An independent director whose job responsibilities change materially from when the director was elected to the Board is expected to volunteer to resign from the Board. The Chairman of the Nominating and Governance Committee will review the appropriateness of the director's continued service on the Board and recommend to the Board whether the director's continued service is in the best interest of HP's stockholders. If the job responsibilities of the Chairman of the Nominating and Governance Committee change materially, the lead independent director will review the appropriateness of the continued service of Chairman of the Nominating and Governance Committee on the Board and recommend to the Board whether continued service of the Chairman of the Nominating and Governance Committee is in the best interest of HP's stockholders.

## **XXI. Authority to Retain Advisors**

The Board and each committee will have the authority, at HP's expense, to retain and terminate independent advisors as the Board and any such committee deems necessary.

## **XXII. Communications with Stakeholders**

The CEO/Chairman is responsible for establishing effective communications with HP's stakeholder groups, i.e., stockholders, customers, employees, suppliers, media, government and corporate partners. All communications with stakeholder groups will be authorized by the office of the CEO/Chairman or its delegates.

## Exhibit 1

In determining independence, the Board reviews whether directors have any material relationship with HP. The Board considers all relevant facts and circumstances. In assessing the materiality of a director's relationship to HP, the Board considers the issues from the director's standpoint and from the perspective of the persons or organizations with which the director has an affiliation and is guided by the standards set forth below. The Board reviews commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. An independent director must not have any material relationship with HP, either directly or as a partner, stockholder or officer of an organization that has a relationship with HP, or any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

A director will not be considered independent in the following circumstances:

- (1) The director is, or has been in the past three years, an employee of HP, or an immediate family member of the director is, or has been in the past three years, an executive officer of HP.
- (2) The director has received, or has an immediate family member who has received during any twelve-month period within the last three years, more than \$60,000 in direct compensation from HP, other than compensation for Board service, compensation received by the director's immediate family member for service as a non-executive employee of HP, and pension or other forms of deferred compensation for prior service with HP that is not contingent on continued service.
- (3) (A) The director or an immediate family member is a current partner of the firm that is HP's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member is or was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on HP's audit within that time.
- (4) The director or an immediate family member is, or has been in the past three years, employed as an executive officer of another company where any of HP's present executive officers at the same time serves or has served on that company's compensation committee.
- (5) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, HP for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of the recipient's consolidated gross revenues.



- (6) The director is, or has an immediate family member who is, a partner in, or a controlling stockholder or an executive officer of, any organization to which HP made, or from which HP received, payments for property or services in the current or any of the past three fiscal years that exceed the greater of 5% of the recipient's consolidated gross revenues for that year, or \$200,000.

For these purposes, an "immediate family" member includes a director's spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone who shares the director's home.