

HP Cash Account Pension Plan (the “CAPP”). The assets of the RP and the CAPP were merged in November 2005, and the combined plan is now called the HP Pension Plan, but the benefits continue to be determined separately for the RP and the CAPP portions of the HP Pension Plan.

Each of the RP and the CAPP is a qualified retirement plan within the meaning of Section 401(a) of the Code, and for each plan there is a parallel “excess” or non-qualified plan that provides benefits for the NEOs and other eligible employees who earn pension-eligible compensation in excess of the IRS limits applicable to the qualified plans. The excess plan for the RP is the HP Excess Benefit Plan (the “EBP”); the excess plan for the CAPP is the HP Cash Account Restoration Pension Plan (the “CARP”).

HP ceased pension accruals in both the RP and the CAPP (and correspondingly in the EBP and the CARP) effective December 31, 2005 for employees whose combination of age and qualifying service was less than 62. Employees with 62 or more “age-plus-service points” continued to accrue benefits in their existing pension plan after that date until December 31, 2007, at which time pension accruals ceased for all U.S. employees.

U.S. employees who ceased pension accruals in 2005 (including Messrs. Hurd, Mott and Bradley) became eligible for a higher matching contribution under the HP 401(k) Plan beginning in 2006, and a comparable matching contribution on certain base pay deferrals under the non-qualified HP Executive Deferred Compensation Plan (the “EDCP”). The remaining NEOs became eligible for the higher matching contribution in the HP 401(k) Plan and the EDCP effective January 1, 2008, in connection with the freezing of their pension accruals.

Terms of the HP Retirement Plan

The RP is a traditional defined benefit plan that provided a benefit based on years of service and the participant’s “highest average pay rate,” reduced by a portion of Social Security earnings. “Highest average pay rate” was determined based on the 20 consecutive fiscal quarters when pay was the highest. Pay for this purpose included base pay and bonus. Up to 30 years of HP service was taken into account in calculating benefits under the RP. Benefits under the RP may be taken in one of several different annuity forms or in an actuarially equivalent lump sum. Ms. Lesjak, Mr. Joshi and Ms. Livermore earned benefit accruals under the RP, and its nonqualified counterpart, the EBP, for two months during fiscal 2008 (November 1, 2007 through December 31, 2007).

For participants employed by HP before 1993, including Ms. Lesjak, Mr. Joshi and Ms. Livermore, benefits calculated under the RP are offset by the value of benefits earned under the HP Deferred Profit Sharing Plan (“DPSP”). Together, the RP and the DPSP constitute a “floor-offset” arrangement for periods before 1993.

Benefits not payable from the RP and the DPSP due to IRS limits are paid from the nonqualified EBP, under which benefits are unfunded and unsecured. When an EBP participant terminates employment, an account is created for him or her in the amount not able to be paid from the RP and/or DPSP due to IRS limits. The liability for this amount is then transferred to the EDCP, where an account is established for the participant, and that account is thereafter credited with investment earnings (gains or losses) based upon the investment election made by participants from among investment options similar to those offered under the HP 401(k) Plan. There is no formula which would result in above-market earnings or payment of a preferential interest rate on this benefit.

At time of termination, amounts representing EBP benefits are paid from the EDCP in a lump sum or installment form, according to pre-existing elections made by those participants, except that participants with a small benefit or who have not qualified for retirement status (age 55 with at least 15 years of service) are paid their EBP benefit in January of the year following their termination, subject to any delay required by Section 409A of the Code.