Use these links to rapidly review the document
Table of Contents
ITEM 8. Financial Statements and Supplementary Data.
ITEM 15. Exhibits and Financial Statement Schedules.

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended October 31, 2012

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-4423

HEWLETT-PACKARD COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**94-1081436**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
3000 Hanover Street, Palo Alto, California	**94304**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: **(650) 857-1501**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Hewlett-Packard Company

We have audited the accompanying consolidated balance sheets of Hewlett-Packard Company and subsidiaries as of October 31, 2012 and 2011, and the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended October 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hewlett-Packard Company and subsidiaries at October 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended October 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Hewlett-Packard Company's internal control over financial reporting as of October 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 27, 2012, expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

San Jose, California
December 27, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

basis over the remaining estimated service life of participants. The measurement date for all HP plans is October 31. See Note 16 for a full description of these plans and the accounting and funding policies.

Loss Contingencies

HP is involved in various lawsuits, claims, investigations and proceedings that arise in the ordinary course of business. HP records a loss provision when it believes it is both probable that a liability has been incurred and the amount can be reasonably estimated. See Note 18 for a full description of HP's loss contingencies and related accounting policies.

Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board issued new guidance on testing goodwill for impairment. The new guidance will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. HP adopted this accounting standard in the fourth fiscal quarter of 2012. For HP's annual goodwill impairment test in the fourth quarter of fiscal 2012, HP performed a quantitative test for all of its reporting units. Due to the recent trading values of HP's stock price, HP believed it was appropriate to have recent fair values for each of its reporting units in order to assess the reasonableness of the sum of these fair values as compared to HP's market capitalization.

Note 2: Stock-Based Compensation

HP's stock-based compensation plans include incentive compensation plans and an employee stock purchase plan ("ESPP").

Stock-Based Compensation Expense and Related Income Tax Benefits

Total stock-based compensation expense before income taxes for fiscal 2012, 2011 and 2010 was $635 million, $685 millionand $668 million, respectively. The resulting income tax benefit for fiscal 2012, 2011 and 2010 was $197 million, $219 million and $216 million, respectively.

Cash received from option exercises and purchases under the ESPP was $0.7 billion in fiscal 2012, $0.9 billion in fiscal 2011 and $2.6 billion for fiscal 2010. The benefit realized for the tax deduction from option exercises of the share-based payment awards in fiscal 2012, 2011 and 2010 was $57 million, $220 million and $414 million, respectively.

Incentive Compensation Plans

HP's incentive compensation plans include principal equity plans adopted in 2004 (as amended in 2010), 2000 and 1995 ("principal equity plans"), as well as various equity plans assumed through acquisitions under which stock-based awards are outstanding. Stock-based awards granted from the principal equity plans include restricted stock awards, stock options and performance-based restricted units ("PRUs"). Employees meeting certain employment qualifications are eligible to receive stock-based awards.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 2: Stock-Based Compensation (Continued)

Under the principal equity plans, HP granted certain employees restricted stock awards, cash-settled awards, or both. Restricted stock awards are non-vested stock awards that may include grants of restricted stock or grants of restricted stock units. Restricted stock awards and cash-settled awards are generally subject to forfeiture if employment terminates prior to the release of the restrictions. Such awards generally vest one to three years from the date of grant. During that period, ownership of the shares cannot be transferred. Restricted stock has the same cash dividend and voting rights as other common stock and is considered to be currently issued and outstanding. Restricted stock units have dividend equivalent rights equal to the cash dividend paid on restricted stock. Restricted stock units do not have the voting rights of common stock, and the shares underlying the restricted stock units are not considered issued and outstanding. However, shares underlying restricted stock units are included in the calculation of diluted earnings per share ("EPS"). HP expenses the fair market value of restricted stock awards, as determined on the date of grant, ratably over the period during which the restrictions lapse.

Stock options granted under the principal equity plans are generally non-qualified stock options, but the principal equity plans permit some options granted to qualify as "incentive stock options" under the U.S. Internal Revenue Code. Stock options generally vest over three to four years from the date of grant. The exercise price of a stock option is equal to the fair market value of HP's common stock on the option grant date (as determined by the reported sale prices of HP's common stock when the market closes on that date). In fiscal 2012 and 2011, HP granted performance-contingent stock options that vest only upon the satisfaction of both service and market conditions prior to the expiration of the awards.

HP's PRU program provides for the issuance of PRUs representing hypothetical shares of HP common stock. Each PRU award reflects a target number of shares ("Target Shares") that may be issued to the award recipient before adjusting for performance and market conditions. The actual number of shares the recipient receives is determined at the end of a three-year performance period based on results achieved versus company performance goals and may range from 0% to 200% of the Target Shares granted. The performance goals for PRUs granted in fiscal year 2012 are based on HP's annual cash flow from operations as a percentage of revenue and on HP's annual revenue growth. The performance goals for PRUs granted in previous years are based on HP's annual cash flow from operations as a percentage of revenue and on a market condition based on total shareholder return ("TSR") relative to the S&P 500 over the three-year performance period.

Recipients of PRU awards generally must remain employed by HP on a continuous basis through the end of the applicable three-year performance period in order to receive any portion of the shares subject to that award. Target Shares subject to PRU awards do not have dividend equivalent rights and do not have the voting rights of common stock until earned and issued, following the end of the applicable performance period. The expense for these awards, net of estimated forfeitures, is recorded over the requisite service period based on the number of Target Shares that are expected to be earned and the achievement of the cash flow and revenue growth goals during the performance period.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 2: Stock-Based Compensation (Continued)

Restricted Stock Awards

Non-vested restricted stock awards as of October 31, 2012 and 2011 and changes during fiscal 2012 and 2011 were as follows:

	2012		2011	
	Shares	Weighted-Average Grant Date Fair Value Per Share	Shares	Weighted-Average Grant Date Fair Value Per Share
	In thousands		In thousands	
Outstanding at beginning of year	16,813	$ 39	5,848	$ 45
Granted	20,316	$ 27	17,569	$ 38
Vested	(8,521)	$ 38	(5,660)	$ 41
Forfeited	(3,076)	$ 34	(944)	$ 43
Outstanding at end of year	25,532	$ 31	16,813	$ 39

The details of restricted stock awards granted were as follows:

	2012		2011	
	Shares	Weighted-Average Grant Date Fair Value Per Share	Shares	Weighted-Average Grant Date Fair Value Per Share
	In thousands		In thousands	
Restricted stock	—	$ —	335	$ 42
Restricted stock units	20,316	$ 27	17,234	$ 38
	20,316	$ 27	17,569	$ 38

The details of non-vested restricted stock awards at fiscal year end were as follows:

	2012	2011
	Shares in thousands	
Non-vested at October 31:		
Restricted stock	349	984
Restricted stock units	25,183	15,829
	25,532	16,813

At October 31, 2012, there was $508 million of unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock awards, which HP expected to recognize over the remaining weighted-average vesting period of 1.3 years. At October 31, 2011, there was $526 million of unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock awards, which HP expected to recognize over the remaining weighted-average vesting period of 1.4 years.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 2: Stock-Based Compensation (Continued)

Stock Options

HP utilized the Black-Scholes option pricing model to value the service-based stock options granted under its principal equity plans. HP examined its historical pattern of option exercises in an effort to determine if there were any discernable activity patterns based on certain employee populations. From this analysis, HP identified three employee populations for which to apply the Black-Scholes model. The table below presents the weighted-average expected life in months of the combined three identified employee populations. The expected life computation is based on historical exercise patterns and post-vesting termination behavior within each of the three populations identified. The risk-free interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant. HP estimates the fair value of the performance-contingent stock options using a combination of the Monte Carlo simulation model and lattice model, as these awards contain market conditions.

HP estimated the weighted-average fair value of stock options using the following weighted-average assumptions:

	2012	2011	2010
Weighted-average fair value of grants per share[1]	$ 9.06	$ 7.85	$ 13.33
Implied volatility	42%	41%	30%
Risk-free interest rate	1.17%	1.20%	2.06%
Dividend yield	1.83%	1.97%	0.68%
Expected life in months	67	63	61

(1) The fair value calculation was based on stock options granted during the period.

Option activity as of October 31 during each fiscal year was as follows:

	2012				2011			
	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	In thousands		In years	In millions	In thousands		In years	In millions
Outstanding at beginning of year	120,243	$ 28			142,916	$ 28		
Granted and assumed through acquisitions	7,529	$ 27			18,804	$ 21		
Exercised	(29,683)	$ 20			(37,121)	$ 23		
Forfeited/cancelled/expired	(10,793)	$ 35			(4,356)	$ 39		
Outstanding at end of year	87,296	$ 29	3.0	$ 15	120,243	$ 28	3.0	$ 460
Vested and expected to vest at end of year	85,935	$ 29	2.9	$ 15	117,066	$ 28	2.9	$ 442
Exercisable at end of year	68,437	$ 31	1.9	$ 12	97,967	$ 29	2.0	$ 332

In connection with fiscal 2011 acquisitions, HP assumed options to purchase approximately 6 million shares with a weighted-average exercise price of $14 per share.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that option holders would have received had all option holders exercised their options on October 31, 2012

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 2: Stock-Based Compensation (Continued)

and 2011. The aggregate intrinsic value is the difference between HP's closing stock price on the last trading day of fiscal 2012 and fiscal 2011 and the exercise price, multiplied by the number of in-the-money options. Total intrinsic value of options exercised in fiscal 2012, 2011 and 2010 was $0.2 billion, $0.7 billion and $1.3 billion, respectively. Total grant date fair value of options vested and expensed in fiscal 2012, 2011 and 2010 was $104 million, $95 million and $93 million, respectively, net of taxes.

Information about options outstanding at October 31, 2012 was as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price Per Share	Shares Exercisable	Weighted-Average Exercise Price Per Share
	In thousands	In years		In thousands	
$0-$9.99	1,097	5.3	$ 6	994	$ 6
$10-$19.99	8,441	5.3	$ 14	4,622	$ 14
$20-$29.99	36,396	3.6	$ 24	22,369	$ 23
$30-$39.99	21,962	1.4	$ 32	21,645	$ 32
$40-$49.99	18,313	2.3	$ 43	17,945	$ 43
$50-$59.99	810	4.2	$ 52	585	$ 52
$60 and over	277	1.5	$ 75	277	$ 75
	87,296	3.0	$ 29	68,437	$ 31

At October 31, 2012, there was $157 million of unrecognized pre-tax stock-based compensation expense related to stock options, which HP expected to recognize over a weighted-average vesting period of 1.8 years. At October 31, 2011, there was $264 million of unrecognized pre-tax stock-based compensation expense related to stock options, which HP expected to recognize over a weighted-average vesting period of 2.3 years.

Performance-Based Restricted Units

For PRU awards granted in fiscal year 2012, HP estimates the fair value of the Target Shares using HP's closing stock price on the measurement date. The weighted-average fair value per share for the first year of the three-year performance period applicable to PRUs granted in fiscal year 2012 was $27.00. The estimated fair value of the Target Shares for the second and third years for PRUs granted in fiscal year 2012 will be determined on the measurement date applicable to those PRUs, which will occur during the period that the annual performance goals are approved for those PRUs, and the expense will be amortized over the remainder of the applicable three-year performance period.

For PRU awards granted prior to fiscal year 2012, HP estimates the fair value of the Target Shares subject to those awards using the Monte Carlo simulation model, as the TSR modifier represents a market condition. The following weighted-average assumptions, in addition to projections of market

Note 2: Stock-Based Compensation (Continued)

conditions, were used to determine the weighted-average fair values of these PRU awards for fiscal years ended October 31:

	2012	2011	2010
Weighted-average fair value of grants per share	$ 3.35(1)	$ 27.59(2)	$ 57.13(3)
Expected volatility(4)	41%	30%	38%
Risk-free interest rate	0.14%	0.38%	0.73%
Dividend yield	1.78%	0.75%	0.64%
Expected life in months	15	19	22

(1) Reflects the weighted-average fair value for the third year of the three-year performance period applicable to PRUs granted in fiscal 2010 and for the second year of the three-year performance period applicable to PRUs granted in fiscal 2011. The estimated fair value of the Target Shares for the third year for PRUs granted in fiscal 2011 will be determined on the measurement date applicable to those PRUs, which will occur during the period that the annual performance goals are approved for those PRUs, and the expense will be amortized over the remainder of the applicable three-year performance period.

(2) Reflects the weighted-average fair value for the third year of the three-year performance period applicable to PRUs granted in fiscal 2009, for the second year of the three-year performance period applicable to PRUs granted in fiscal 2010 and for the first year of the three-year performance period applicable to PRUs granted in fiscal 2011.

(3) Reflects the weighted-average fair value for the third year of the three-year performance period applicable to PRUs granted in fiscal 2008, for the second year of the three-year performance period applicable to PRUs granted in fiscal 2009 and for the first year of the three-year performance period applicable to PRUs granted in fiscal 2010.

(4) HP uses historic volatility for PRU awards, as implied volatility cannot be used when simulating multivariate prices for companies in the S&P 500.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 2: Stock-Based Compensation (Continued)

Non-vested PRUs as of October 31, 2012 and 2011 and changes during fiscal 2012 and 2011 were as follows:

	2012	2011
	Shares in thousands	
Outstanding Target Shares at beginning of year	11,382	18,508
Granted	1,251	5,950
Vested	—	—
Change in units due to performance and market conditions achievement for PRUs vested in the year(1)	(5,617)	(10,862)
Forfeited	(1,328)	(2,214)
Outstanding Target Shares at end of year	5,688	11,382
Outstanding Target Shares of PRUs assigned a fair value at end of year	3,492(2)	5,867(3)

(1) The minimum level of TSR was not met for PRUs granted in fiscal 2010 and 2009, which resulted in the cancellation of approximately 5.6 million and 10.9 million Target Shares on October 31, 2012 and October 31, 2011, respectively.

(2) Excludes Target Shares for the third year for PRUs granted in fiscal 2011 and for the second and third years for PRUs granted in fiscal 2012, as the measurement date has not yet been established. The measurement date and related fair value for the excluded PRUs will be established when the annual performance goals are approved.

(3) Excludes Target Shares for the third year for PRUs granted in fiscal 2010 and for the second and third years for PRUs granted in fiscal 2011, as the measurement date has not yet been established.

At October 31, 2012, there was $17 million of unrecognized pre-tax stock-based compensation expense related to PRUs with an assigned fair value, which HP expected to recognize over the remaining weighted-average vesting period of 1.1 years. At October 31, 2011, there was $82 million of unrecognized pre-tax stock-based compensation expense related to PRUs with an assigned fair value, which HP expected to recognize over the remaining weighted-average vesting period of 1.4 years.

Employee Stock Purchase Plan

HP sponsors the Hewlett-Packard Company 2011 Employee Stock Purchase Plan (the "2011 ESPP"), pursuant to which eligible employees may contribute up to 10% of base compensation, subject to certain income limits, to purchase shares of HP's common stock. Purchases made prior to fiscal year 2011 were made under the Hewlett-Packard Company 2000 Employee Stock Purchase Plan (the "2000 ESPP"), which expired in November 2010.

For purchases made on or after October 31, 2011, employees purchased stock under the 2011 ESPP at a price equal to 95% of the fair market value on the purchase date. Because all the criteria of a non-compensatory plan were met, no stock-based compensation expense was recorded in connection with those purchases. From May 1, 2009 to October 31, 2010, no discount was offered for purchases made under the 2000 ESPP.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 2: Stock-Based Compensation (Continued)

The ESPP activity as of October 31 during each fiscal year was as follows:

	2012	2011	2010
	In millions, except weighted-average purchase price per share		
Compensation expense, net of taxes	$ —	$ —	$ —
Shares purchased	6.21	1.75	1.62
Weighted-average purchase price per share	$ 17	$ 25	$ 47

	2012	2011	2010
	In thousands		
Employees eligible to participate	301	261	251
Employees who participated	21	18	18

Shares Reserved

Shares available for future grant and shares reserved for future issuance under the ESPP and incentive compensation plans were as follows:

	2012	2011	2010
	Shares in thousands		
Shares available for future grant at October 31	152,837	172,259	124,553[1]
Shares reserved for future issuance under all stock-related benefit plans at October 31	270,498	319,602	296,973

(1) Includes 30 million shares that expired in November 2010.

Note 3: Net Earnings Per Share

HP calculates basic earnings and loss per share and diluted loss per share using net earnings or loss and the weighted-average number of shares outstanding during the reporting period. Diluted earnings per share includes any dilutive effect of outstanding stock options, PRUs, restricted stock units and restricted stock.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis contains a detailed description of our executive compensation philosophy and programs, the compensation decisions the HR and Compensation Committee (the "Committee") has made under those programs and the factors considered in making those decisions. This Compensation Discussion and Analysis focuses on the compensation of our named executive officers ("NEOs") for fiscal 2012, who were:

- Margaret C. Whitman, our President and Chief Executive Officer;
- Catherine A. Lesjak, our Executive Vice President and Chief Financial Officer;
- David A. Donatelli, Executive Vice President and General Manager of our Enterprise Group;
- John M. Hinshaw, our Executive Vice President of Technology and Operations;
- R. Todd Bradley, Executive Vice President of our Printing and Personal Systems Group; and
- Two former officers, Vyomesh I. Joshi, our former Executive Vice President, Imaging and Printing Group, and Giovanni G. Visentin, our former Executive Vice President, Enterprise Services.

Executive Summary

Business Overview and Performance

HP is a leading global provider of products, technologies, software, solutions and services to individuals and organizations of all sizes, including personal computing and other access devices, multi-vendor customer services, imaging and printing-related products and services, enterprise information technology infrastructure products, and information technology management software. We offer one of the IT industry's broadest portfolios of products and services, and we are the leader or among the leaders in most of the markets in which we compete. We also have a trusted brand that is supported by a culture of innovation and strong connections with our customers, partners and employees.

Despite these strengths, our fiscal 2012 financial performance was below expectations, as shown in the table below.

	Fiscal 2012	Fiscal 2011	Y/Y
Net revenue	$120.4 billion	$127.2 billion	(5)%
GAAP diluted (loss) earnings per share	$(6.41)	$3.32	(293)%
Non-GAAP diluted earnings per share[(1)]	$4.05	$4.88	(17)%
Cash flow from operations	$10.6 billion	$12.6 billion	(16)%

(1) Fiscal year 2012 non-GAAP diluted earnings per share excludes after-tax costs of $10.46 per diluted share related to the impairment of goodwill and purchased intangible assets, restructuring charges, amortization of purchased intangible assets, acquisition-related charges, and charges relating to the wind down of non-strategic businesses. Fiscal year 2011 non-GAAP diluted earnings per share excludes after-tax costs of $1.56 per diluted share related to the amortization of purchased intangible assets, impairment of goodwill and purchased intangible assets, the wind down of HP's webOS device business, restructuring charges and acquisition-related charges. HP's management uses non-GAAP diluted earnings per share to evaluate and forecast HP's performance before gains, losses, or other charges that are considered by HP's management to be outside of HP's core business segment operating results. HP believes that presenting non-GAAP diluted earnings per share, in addition to GAAP diluted earnings per share, provides investors with greater visibility to the information used by HP's management in its financial and operational decision making. HP further believes that providing this additional non-GAAP information helps investors understand HP's operating performance and evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance. This additional non-GAAP information is not intended to be considered in isolation or as a substitute for GAAP diluted earnings per share.

This performance reflects the many challenges facing our business. Many of those challenges relate to structural and execution issues, including the need to align our costs with our revenue trajectory, the need to address our underinvestment in research and development and in our internal IT systems in recent years, which has made us less competitive, effective and efficient, the need to implement the data gathering and reporting tools and systems needed to track and report on all key business performance metrics so as to most effectively manage a company of our size, scale and diversity, and the need to rebuild our business relationships with our channel partners. We are also facing dynamic market trends, such as the growth of mobility, the increasing demand for hyperscale computing infrastructure, the shift to software-as-a-service and the transition towards cloud computing, and we need to develop products and services that position us to win in a very competitive marketplace. Furthermore, we face a series of significant macroeconomic challenges, including broad-based weakness in consumer spending, weak demand in the small- and medium-sized business and enterprise sectors in Europe, and declining growth in some emerging markets, particularly China.

We have a multi-year plan to address these challenges through consistency of leadership, focus, execution and, most importantly, superior products, services and solutions. The focus in fiscal 2012 was to identify and define those challenges and build a foundation to address them. As part of that process, we spent time understanding how those challenges manifest themselves in each of our businesses and each of our markets. Our efforts in fiscal 2012 produced the following results:

- We implemented leadership and organizational changes, including consolidating our personal computer and printing businesses under the same senior executive leadership, combining our global accounts sales organization with our enterprise servers, storage and networking business and our technology services business to create a new Enterprise Group, and centralizing all of our marketing and communications activities;

- We conducted a detailed strategic analysis of each of our businesses, which resulted in some adjustments to the strategic focus of some of our businesses, some modifications to our overall strategic priorities, and the identification of additional opportunities for greater synergies;

- We began investing in systems and tools that are making it easier for us to manage our business, allocate resources and prioritize investment dollars;

- We began working to optimize our supply chain, reduce the number of stock keeping units (SKUs) and platforms, refine our real estate strategy, improve our business processes and implement consistent pricing and promotions;
- We began making significant changes to our sales force to improve our go-to-market selling activities and reduce cost;
- We began taking steps to refocus our research and development efforts;
- We began implementing a multi-year restructuring program to streamline our company and create the capacity to invest in innovation;
- We improved our communications with employees, partners and customers, and we began rebuilding our relationships with each of those constituencies;
- We renewed the company's focus on operational excellence, and we ended fiscal 2012 much better prepared with focused scorecards, key metrics, and key leaders who are empowered to make changes; and
- We used the $10.6 billion in cash flow from operations generated in fiscal 2012 to make significant progress on rebuilding our balance sheet, including reducing our net debt by $5.6 billion, and we returned $2.6 billion to stockholders in the form of share repurchases and dividends.

We expect fiscal 2013 to be a "fix and rebuild" year as we focus on working through the anticipated disruptions expected to accompany the changes made in fiscal 2012 and continue to implement our cost-reduction and operational initiatives, make investments in our business, particularly in tools, systems, processes and instrumentation, and maintain our focus on disciplined capital allocation.

It will take a strong commitment from all of the talented people throughout HP to fully address these challenges. We believe that we have the right executive team in place to execute the turnaround of our business and deliver our strategy, and we believe that consistency of leadership is critical to that effort. As such, it is particularly important that we provide a level of compensation that enables us to retain our existing executive team. In addition, executing a turnaround is difficult and demanding work, and our compensation package must reflect that. Therefore, while providing a robust and competitive compensation package is always important, it is even more critical for HP at this time.

Compensation Philosophy

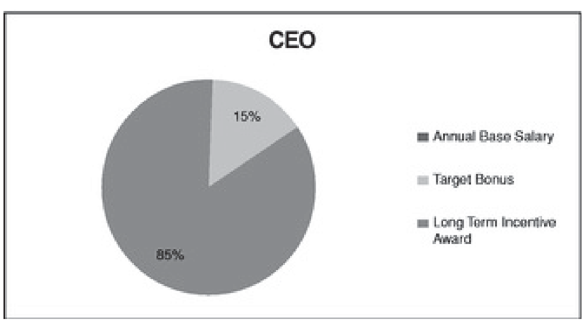
We have designed our compensation programs to enable us to attract, retain and reward our team for delivering value to stockholders over the long term. We have a pay-for-performance philosophy that forms the foundation for all decisions regarding compensation made by HP management and the Committee. In addition, our compensation decisions are designed to facilitate strong corporate governance. Our focus on pay-for-performance and on corporate governance provides alignment with the interests of stockholders. The chart below summarizes key elements of our compensation programs relative to these criteria.

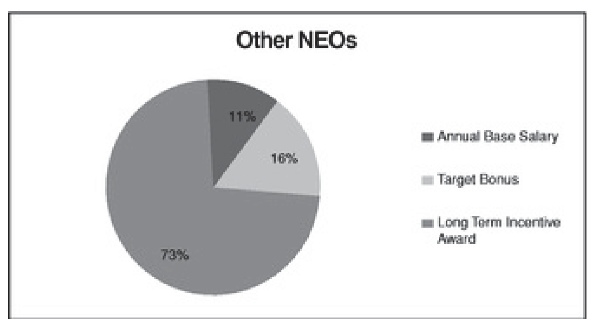
ALIGNMENT WITH STOCKHOLDERS

Pay for Performance	**Corporate Governance**
Nearly 100% of total compensation for the CEO is ***performance-based*** and 85% is ***equity-based***	We generally ***do not enter*** into individual executive compensation agreements
On average, 89% of total compensation for NEOs other than the CEO is ***performance-based*** and 73% is ***equity-based***	We ***devote significant time*** to succession planning and leadership development efforts
We target compensation within a competitive range of ***median*** and only deliver compensation above this level when warranted by performance	We maintain a ***market-aligned*** severance program and do ***not*** have automatic ***single-trigger equity vesting***
We have ***removed*** discretionary incentive awards and replaced them with specific management objectives	We utilize an ***independent*** compensation consultant
Seventy percent of target long-term incentive compensation for NEOs is granted in the form of ***performance-contingent stock options*** that only vest if sustained stock price appreciation is achieved	We ***do not*** have compensation programs that ***encourage imprudent risk***
We provide ***no special or supplemental*** pension or health benefits	We ***disclose*** our performance goals
We validate our ***pay-for-performance*** relationship on an annual basis	We conduct a robust ***stockholder outreach*** program

Fiscal 2012 Target Compensation

As illustrated in the chart below, for fiscal 2012, the Committee approved target total compensation for the NEOs, with performance-based pay (the combination of target bonus and long-term incentive awards) on average representing nearly 100% of total compensation for the CEO and approximately 89% for the NEOs other than the CEO:





There were four components of our incentive compensation programs in fiscal 2012, all of which were linked to operational objectives, financial results or stock price performance:

- Annual incentive compensation, which would be earned only to the extent that financial and non-financial goals are met;
- Performance-contingent stock options, which would vest only if HP's stock price reaches certain levels and remains at or above those levels for specified periods;

- Performance-based restricted unit awards, which would vest only if cash flow and revenue growth goals are achieved above a threshold level of performance; and

- Time-vested restricted stock units, the value of which would depend directly on HP's stock price.

Annual incentive compensation focuses on short-term performance, while the other components of performance-based pay are tied to achievement of financial targets and stock price performance over a longer period of time. This mix of short- and long-term incentives provides sufficient rewards to motivate near-term performance, while at the same time providing significant incentives to keep HP's executives focused on longer-term corporate goals that drive stockholder value. In addition, we believe this balance of short- and long-term incentive compensation and mix of performance criteria helps mitigate any incentive for executives to take excessive risks that may have the potential to harm HP in the long term.

Fiscal 2012 Realized Compensation

Actual compensation realized in fiscal 2012 by the continuing NEOs is shown in the table below. This table supplements the Summary Compensation Table that appears on page 95. The primary difference between this supplemental table and the Summary Compensation Table is the method used to value performance-based restricted units ("PRUs"), stock options and stock awards. SEC rules require that the grant date fair value of all PRUs, stock options and stock awards be reported in the Summary Compensation Table for the year in which they were granted. As a result, a significant portion of the total compensation amounts reported in the Summary Compensation Table relates to PRUs, stock options and stock awards that have not vested and for which the value is therefore uncertain (and which may end up having no value at all). In contrast, this supplemental table includes only PRUs, stock options and stock awards that vested during the applicable fiscal year and shows the value of those awards as of the applicable vesting date. It should be noted that there is no assurance that these NEOs will actually realize the value attributed to these awards even in this supplemental table, since the ultimate value of the stock options will depend on when the stock options are exercised and the ultimate value of the PRUs and stock awards will depend on the value of the released shares.

Realized Pay Table

Name	Year	Base Salary ($)	PfR Plan Bonus ($)	Other Bonuses ($)	PRU Awards Vested in Fiscal Year[1] ($)	Options and Stock Awards Vested in Fiscal Year[2] ($)	All Other Compensation[3] ($)	Total Compensation Realized ($)
Margaret C. Whitman[4]	2012	1	1,686,915	—	—	84,249	220,901	1,992,066
	2011	1	—	—	—	—	372,598	372,599
Catherine A. Lesjak	2012	825,011	518,603	51,563	—	978,063	40,670	2,413,910
	2011	825,000	679,143	—	—	1,187,745	101,507	2,793,395
	2010	610,000	940,925	2,580,762	3,671,882	2,275,373	84,034	10,162,976
David A. Donatelli	2012	825,011	518,603	51,563	—	1,151,716	32,372	2,579,265
John M. Hinshaw	2012	625,415	510,403	1,540,625	—	—	375,990	3,052,433
R. Todd Bradley	2012	850,011	587,444	53,125	—	942,239	127,125	2,559,944
	2011	850,000	464,457	—	—	1,551,640	105,447	2,971,544
	2010	748,000	1,465,145	1,655,355	5,050,995	4,158,224	187,666	13,265,385

(1) Amounts shown represent the aggregate value of all PRUs that vested during fiscal 2010. No PRUs vested during fiscal 2011 or 2012 because the performance targets were not met. The

value of vested PRUs is calculated by multiplying the number of shares vested by the closing price of HP's common stock on the date that the shares were released to the award recipients.

(2) Amounts shown represent the aggregate value of all stock options and stock awards that vested during the applicable fiscal year. The value of vested stock options is calculated by multiplying the number of shares vested by the difference (but not less than zero) between the exercise price and the closing price of HP's common stock on the vesting date without regard to actual option exercise activity. The value of vested stock awards is calculated by multiplying the number of shares vested (excluding dividend equivalent shares) by the closing price of HP's common stock on the vesting date. All of the stock options that vested during fiscal 2012 had a value equal to zero at the time of vesting.

(3) Amounts shown equal the amounts reported in the "All Other Compensation" column of the Summary Compensation Table.

(4) The amount shown for Ms. Whitman in the Options and Stock Awards Vested in Fiscal Year column represents the amount realized upon vesting of a stock award granted to her before she became CEO in connection with her service as a non-employee member of the Board.

For fiscal year 2012, our annual incentive plan paid out well below target, with active NEOs receiving, on average, total bonus payouts equal to 61% of target (including payouts under the Cash Conversion Cycle Bonus Plan). In addition, the PRUs that were due to pay out at the end of fiscal 2012 did not vest because the threshold total shareholder return performance was not achieved.

Fiscal 2012 Comparison of Target and Realized Equity Compensation

The table below compares the following for each continuing NEO who served during fiscal 2012:

- The hypothetical aggregate value of all stock options and stock awards that vested during fiscal 2012 if all of the awards had vested at target; and

- The actual aggregate value of all stock options and stock awards that vested during fiscal 2012 as shown in the Realized Pay Table above.

This information provides additional context to the fiscal 2012 compensation of continuing NEOs by showing the impact that HP's below-target financial performance in fiscal 2012 had on the value of realized equity compensation.

Named Executive Officer	Target Value of Options and Stock Awards Vested in Fiscal 2012(1)	Realized Value of Options and Stock Awards Vested in Fiscal 2012(2)	Realized Value as a Percentage of Target Value in Fiscal 2012
Margaret C. Whitman(3)	$877,745	$84,249	9.6%
Catherine A. Lesjak	$6,086,433	$978,063	16.1%
David A. Donatelli	$6,102,309	$1,151,716	18.9%
John M. Hinshaw(4)	—	—	—
R. Todd Bradley	$7,999,877	$942,239	11.8%

(1) Amounts shown represent the aggregate target value of all stock option and stock awards that vested during fiscal 2012. The target value for vested stock options and vested stock awards equals the grant date fair value of those awards. The target value of restricted stock units is calculated by multiplying the closing price of HP's common stock on the date of grant by the number of units awarded. The target value of time-based option awards is calculated by multiplying the Black-Scholes value determined as of the date of grant by the number of options awarded. The target value for vested PRU awards is calculated by multiplying the number of PRUs granted by the closing price of HP's common stock on the grant date.

(2) Amounts shown equal the fiscal 2012 amounts reported in the "Options and Stock Awards Vested in Fiscal Year" column of the Realized Pay Table.

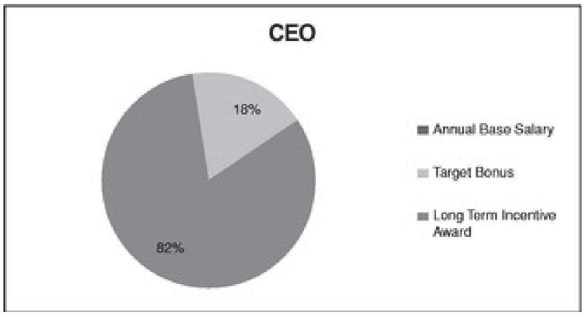
(3) Amounts shown for Ms. Whitman represent the target value and the realized value of a stock award granted to her before she became CEO in connection with her service as a non-employee member of the Board.

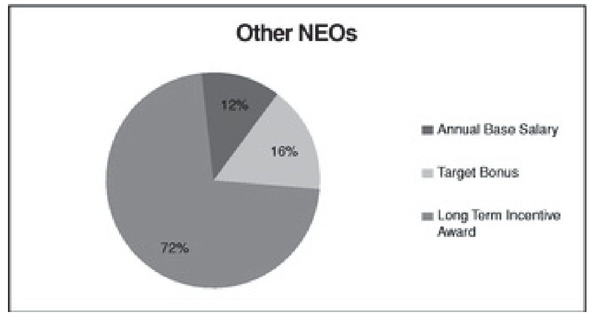
(4) Mr. Hinshaw's employment commenced after the beginning of fiscal 2012, so no target compensation was established for him for that fiscal year. In addition, no portion of Mr. Hinshaw's equity awards vested during fiscal 2012.

Fiscal 2013 Target Compensation

The Board and the Committee regularly explore ways in which HP's executive compensation programs could be improved. We take stockholder feedback on our compensation programs very seriously and strive for significant levels of stockholder support. In 2012, more than 78% of shares voted were voted in favor of our "say on pay" proposal, representing a 30 percentage point increase over 2011. We believe that this increased level of stockholder support for our compensation programs reflects the fact that we have made substantial changes that enhance our pay-for-performance culture and further align our compensation programs with the interests of stockholders. We also gathered feedback from discussions with institutional investors as part of the stockholder outreach effort we began in fiscal 2011 and continued during fiscal 2012.

As illustrated in the chart below, for fiscal 2013, the Committee approved target total compensation for the NEOs with performance-based pay (the combination of target bonus and long-term incentive awards) on average representing 100% of total compensation for the CEO and approximately 88% for the NEOs other than the CEO:





In addition, taking into account input gathered from discussions with institutional investors, during fiscal 2012 the Committee approved a revised structure for annual and long-term incentive awards beginning in fiscal 2013.

- Annual incentive awards will include a greater emphasis on business unit results to increase alignment of these awards with achievement of business unit goals, and free cash flow will be included as a performance metric.

- Long-term incentive awards will include two types of equity awards: (1) performance-contingent stock options (70%), which will vest only if HP's stock price reaches certain levels and remains at or above those levels for specified intervals within four years from the date of grant and if the service requirement is met; and (2) time-based restricted stock units (30%), which will vest over a three-year period. This program strongly aligns receipt of awards with stockholder interests and will only deliver targeted value to executives if we successfully execute our turnaround.

Revised Incentive Pay Structure for Fiscal 2013

For fiscal 2013, the Committee has approved a new incentive structure, including a new metric and revised weightings under the annual 2005 Pay for Results Plan (the "PfR Plan").

Consistent with our CEO's announced intention to focus business leaders more directly on the financial performance of their own businesses, under the new structure for fiscal 2013, PfR Plan awards for business unit executives will be based on achievement against the financial performance metrics of business-owned net profit, business-owned revenue and free cash flow and achievement against non-financial management by objective ("MBO") goals, which will include business-unit specific goals, as well as objectives related to people development and succession planning. Under the new structure, PfR Plan awards for the CEO and global function executives (such as the executives who lead Finance, Human Resources and the Office of the General Counsel) will be based on the financial performance metrics of revenue, net earnings and free cash flow, each determined at the parent company level, as well as on achievement of MBO goals. In all cases, each of the three financial performance metrics will be weighted at 25% of the award, with the remaining 25% of the award based on achievement of MBO goals.

The financial performance metrics of revenue and net earnings have been used under HP's annual bonus plan for many years, and the MBO metric was added in fiscal 2011. The Committee selected the new financial performance metric of free cash flow because free cash flow is an important indicator of HP's financial performance and the efficiency of HP's cash management practices, including working capital and capital expenditures.

As an additional incentive tied directly to the turnaround of HP's business, the Committee approved a new incentive award opportunity for fiscal 2013 based on year-over-year improvement in return on invested capital ("ROIC") measured at the parent company level. The ROIC improvement incentive award amount will take the form of a percentage add-on to the annual award earned under the PfR Plan. Performance on the ROIC metric must be achieved at above target for any payout to occur: for "stretch" achievement on ROICimprovement, an executive will earn an additional amount equal to 20% of the amount of his or her regular PfR Plan bonus; if the maximum level of ROIC improvement is achieved, the executive will earn an amount equal to 40% of his or her regular PfR Plan bonus. The amount earned for ROIC improvement in fiscal 2013, if any, will be banked and paid after the end of fiscal 2014, subject to continued service through the payment date.

The maximum that could be earned by an executive under the combined PfR Plan and the ROIC improvement incentive is 350% of his or her regular annual target bonus opportunity under the PfR Plan. The Committee determined that this level of annual bonus opportunity is appropriate in light of the significant challenges being faced by HP, as well as the difficulty of achieving or exceeding the performance goals. In addition, the Committee believed that the deferred payout feature of the ROIC improvement incentive would help retain participating executives.

For fiscal 2013, the Committee simplified the long-term incentive ("LTI") award program by reducing the number of types of equity awards from three to two to provide increased focus on the applicable performance metrics. Under the revised structure, 70% of the LTI value will be awarded in the form of performance-contingent stock options ("PCSOs") and the remaining 30% will be awarded in the form of restricted stock units with time-based vesting.

The PCSOs follow the same structure as the awards granted in fiscal 2011. For a PCSO to vest, both a stock price appreciation condition and a continued service condition must be satisfied. For the first half of the award to vest, HP's stock price must increase by at least 20% over the grant date stock price for at least 20 consecutive trading days within four years from the date of grant and the recipient's service to HP must continue for at least two years from the date of grant. For the remainder of the award to vest, HP's stock price must increase by at least 40% over the grant date stock price for at least 20 consecutive trading days within four years from the date of grant, and the recipient's service to HP must continue for at least three years from the date of grant. All PCSOs have an eight-year term.

The RSU component of the LTI award for fiscal 2013, which vests as to one-third of the units on each of the first three anniversaries of the grant date, is intended to encourage retention of our leadership talent and further reinforce alignment with stockholders' interests.

Oversight and Authority over Executive Compensation

Role of the HR and Compensation Committee and its Advisors

The Committee oversees and provides strategic direction to management regarding HP's pay to and rewards for senior executives. It makes recommendations regarding the CEO's compensation to the independent members of the Board, and it reviews and approves the compensation of the remaining Section 16 officers. Each Committee member is an independent non-employee director with significant experience in executive compensation matters. The Committee employs its own independent compensation consultant, as well as its own independent legal counsel.

During fiscal 2012, the Committee continued its retention of Compensation Advisory Partners LLC ("CAP") as its independent compensation consultant and SNR Denton US LLP ("SNR

Denton") as its independent legal counsel. CAP provides analyses and recommendations that inform the Committee's decisions, evaluates market data and competitive-position benchmarking compiled by management's consultants, provides updates on market trends and the regulatory environment as it relates to executive compensation, reviews various management proposals presented to the Committee related to executive compensation, and works with the Committee to validate and strengthen the pay-for-performance relationship and alignment with stockholders. Pursuant to SEC rules the Committee has assessed the independence of CAP and concluded that no conflict of interest exists that would prevent CAP from independently representing the Committee. SNR Denton provides advice on legal matters that come before the Committee. Neither CAP nor SNR Denton performs other services for HP, and neither will do so without the prior consent of the Committee chair. Both SNR Denton and CAP meet with the Committee chair and the Committee outside the presence of management.

The Committee met 11 times in fiscal 2012, and five of these meetings included an executive session. The Committee's independent advisors CAP and SNR Denton participated in most of the Committee's meetings and, when requested by the Committee chair, in the preparatory meetings and the executive sessions.

Role of Management and the Chief Executive Officer in Setting Executive Compensation

On an annual basis, management considers market competitiveness, business results, experience and individual performance in evaluating NEO compensation. The Executive Vice President, Human Resources and other members of HP's human resources organization, together with members of HP's finance organization and Office of the General Counsel, work with the CEO to design and develop compensation programs, to recommend changes to existing plans and programs applicable to NEOs and other senior executives, to recommend financial and other targets to be achieved under those programs, to prepare analyses of financial data, peer comparisons and other briefing materials to assist the Committee in making its decisions, and, ultimately, to implement the decisions of the Committee. During fiscal 2012, management continued to engage Meridian Compensation Partners, LLC ("Meridian") as management's compensation consultant. Meridian only provides executive compensation-related services to HP. During fiscal 2012, Meridian worked with the Executive Vice President, Human Resources and her staff to develop market data and to assist in the design and development of HP's executive compensation programs. The Committee takes into account that Meridian provides executive compensation-related services to management when it evaluates the information and analyses provided by Meridian.

During fiscal 2012, Ms. Whitman reviewed HP fiscal 2012 compensation programs and provided input to the Committee regarding performance metrics and the setting of appropriate performance targets. Ms. Whitman also established non-financial goals for the NEOs and the other senior executives who report directly to her. In addition, Ms. Whitman provided input to the Committee with respect to modifying the compensation programs for fiscal 2013 so as to promote the alignment of those programs with the strategic direction of the company, as approved by the Board. All modifications to the compensation programs for fiscal 2013 were reviewed and approved by the Committee. While Ms. Whitman is subject to the same financial performance goals as the executives who lead global functions, Ms. Whitman's specific goals and compensation are established by the Committee in executive session and presented to the independent members of the Board for approval; Ms. Whitman is not involved in the setting of her own specific performance goals or compensation.

Use of Comparative Compensation Data and Compensation Philosophy

Each year, the Committee reviews the compensation of HP's Section 16 officers and compares it to that of HP's peer group companies. The Committee finds this information useful in evaluating whether HP's pay practices are and remain current and competitive, as well as for purposes of targeting HP's executive compensation at or near the median range. This process starts with the selection of an appropriate group of peer companies for comparison purposes. The Committee continues to use a "rules-based" approach for determining HP's executive compensation peer group. Under this approach, the peer group companies are determined using six screening levels:

(1) Current market capitalization greater than $25 billion;

(2) Revenue in excess of $15 billion for technology companies and $50 billion for companies in other industries;

(3) Inclusion in the S&P 500 Index, the Dow Jones 30 Index and/or the Dow Jones Global Titans Index;

(4) Inclusion in industry-specific categories of information technology, industrials, materials, telecommunications services, consumer discretionary and consumer staples;

(5) Global scope and complexity of the company's business; and

(6) A lack of anomalous pay practices (generally companies with a founder as CEO).

The Committee believes that use of this methodology continues to produce the appropriate peer group for comparison, as well as a group that is large and diverse enough so that the addition or elimination of any one company does not alter the overall analysis.

This six-level screening approach produced the same peer group for fiscal 2012 executive compensation comparisons as was used by the Committee for fiscal 2011, consisting of the following companies:

Company Name	Revenue ($ in billions)*
Chevron	253.71
Apple	156.51
General Electric	147.30
Ford Motor Company	136.26
AT&T	126.72
Hewlett-Packard Company	120.36
Verizon Communications	110.88
IBM Corp.	106.92
Procter & Gamble	83.68
Microsoft	73.72
Boeing	68.74
Johnson & Johnson	65.03
Dell	62.07
United Technologies	58.19
Intel	54.00
Cisco Systems	46.06
Google	37.91
Oracle	37.12
EMC	20.01

* Represents fiscal 2011 reported revenue, except fiscal 2012 reported revenue is provided for Apple, Dell, Cisco Systems, Microsoft, Oracle, Procter & Gamble and HP.

In reviewing comparative pay data from these companies in connection with evaluating the compensation programs for executive officers who lead HP's business units, the Committee evaluated some data using regression analysis to adjust for segment and business-unit size differences between HP's business units and those of the peer companies.

Due in part to feedback from HP stockholders and the results of the 2011 advisory vote on HP's executive compensation, in fiscal 2012 the Committee set target compensation levels generally at or near market median (although in some cases higher for attraction and retention purposes), and provided opportunities to earn significant rewards for the achievement of superior business results, with the possibility of lesser rewards if results fell short of targets. As discussed in further detail below, as a result of the company's below-target financial performance during fiscal 2012, all NEOs received a below-target bonus for fiscal 2012, demonstrating the direct relationship between HP's performance and its executive pay.

HP's Process for Setting and Awarding Executive Compensation

A broad range of facts and circumstances is considered in setting HP's overall executive compensation levels. Among the factors considered for HP's executives generally, and for the NEOs in particular, are market competitiveness, internal equity and individual performance. The weight given to each factor may differ from year to year and may differ among individual NEOs in any given year. For example, when HP recruits externally, market competitiveness, experience and the circumstances unique to a particular candidate may weigh more heavily in the compensation analysis. In contrast, when determining year-over-year compensation for current NEOs, internal equity and individual performance may factor more heavily in the analysis.

Because such a large percentage of NEO pay is performance-based, the Committee spends significant time determining the appropriate financial targets for HP's short- and long-term incentive pay plans. In general, management makes an initial recommendation for the financial targets, which is then reviewed and discussed by the Committee and its independent advisors. Major factors considered in setting targets for each fiscal year are business results from the most recently completed fiscal year, segment-level strategic plans, macroeconomic factors, conditions or goals specific to a particular business segment, as well as strategic initiatives. To ensure eligible compensation qualified as "performance-based compensation" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), the Committee set the overall funding target for the "umbrella" structure within the first 90 days of the fiscal year. Due to a number of factors, including the reorganization and realignment of certain business units, the Committee (and, in the case of the CEO, the independent members of the Board) set the financial targets and non-financial MBOs during the second quarter of fiscal 2012, as described below under "Analysis of Elements of Fiscal 2012 Executive Compensation—Annual Incentive Pay."

Following the close of the fiscal year, the Committee reviews actual financial and non-financial results achieved against the targets set by the Committee under HP's incentive compensation plans for that year, and payouts under the plans are generally determined by reference to performance against the established targets. In evaluating fiscal 2012 performance at its November meeting, the Committee reviewed the financial results for the business units and at the parent company level the non-financial results and recommendations based on non-financial results presented by the CEO and the individual performance of the NEOs as reported by the CEO, and determined the NEO incentive compensation for that fiscal year.

In setting incentive compensation for the NEOs, the Committee generally does not consider the effect of past changes in stock price or expected payouts or earnings under other plans. In addition, incentive compensation decisions are made without regard to length of service or prior awards. For example, NEOs with longer service at HP or who are eligible for retirement do not receive greater or lesser awards, or larger or smaller target amounts, in a given year than do NEOs with shorter service or who are not eligible for retirement.

Analysis of Elements of Fiscal 2012 Executive Compensation

Under HP's Total Rewards Program, executive compensation consists of the following elements: base pay; annual incentive pay; long-term incentive pay; benefits; and perquisites.

Base Pay

Consistent with HP's philosophy of tying pay to performance, HP executives receive a relatively small percentage of their overall compensation in the form of base pay. Consistent with the practice of HP's peer group companies, the NEOs are paid an amount in the form of base pay sufficient to attract qualified executive talent and maintain a stable management team. The Committee aims to have executive base salaries set at or near the market median for comparable positions and comprise 10% to 20% of the NEOs' overall compensation, consistent with the practice of HP's peer companies.

In fiscal 2012, Mr. Donatelli was the only NEO who received an increase in annual base pay (from $800,000 to $825,000, or approximately 3%). This increase was approved in connection with his becoming a Section 16 officer and on account of the expansion of his responsibilities.

Table of Contents

Annual Incentive Pay

2005 Pay-for-Results Plan

The NEOs are eligible to receive annual incentive pay under the PfR Plan. For fiscal 2012, the financial metric used to determine overall funding for the PfR Plan for Section 16 officers for purposes of Section 162(m) of the Internal Revenue Code is 0.5% of net earnings, which is the same metric used in fiscal 2011. Below this umbrella funding structure, payouts are determined based on financial performance metrics and non-financial metrics, or MBOs, established by the Committee for Section 16 officers who report to the CEO and by the independent members of the Board for the CEO.

For fiscal 2012, the financial performance metrics were weighted equally as a total of 75% of the target bonus and consisted of a "top line" (revenue) metric and a "bottom line" (net profit) metric, which are metrics often used by our stockholders to measure our financial performance. The combination of the two financial performance metrics of revenue and net profit limits the likelihood of an executive being rewarded for taking excessive risks on behalf of HP by, for example, seeking revenue-enhancing opportunities at the expense of profitability, since performance is required on both metrics to achieve a payout under the PfR Plan.

The definition of and rationale for each of the financial performance metrics is described below:

Fiscal 2012 Financial Performance Metrics[1]	Adjustments to GAAP Financial Measure[2]	Rationale for Metric
Adjusted non-GAAP net earnings[3]	Adjusted non-GAAP net earnings excludes primarily charges related to the impairment of goodwill and purchased intangible assets, restructuring charges, amortization of purchased intangible assets, charges relating to the wind down of non-strategic businesses, acquisition-related charges and annual incentive compensation, adjusted by the amount of additional taxes or tax benefit associated with each item	Reflects bottom line financial performance by the company, which we believe is most directly tied to stockholder value on a short-term basis
Net revenue[3]	None	Reflects top line growth for the company, which we believe is a strong indicator of our long-term ability to drive stockholder value

(1) Prior to fiscal 2012, achievement against business unit level financial metrics determined a portion of the bonus payable for the executives who led business units. For fiscal 2012, achievement against financial metrics was determined based solely on company-wide financial performance for all NEOs due to the implementation of certain leadership and organizational changes during the spring of 2012. We plan to return to using business unit level financial metrics in determining annual incentive pay in fiscal 2013.

(2) While we report our financial results in accordance with GAAP, our financial performance targets under our incentive plans are sometimes based on non-GAAP financial measures. Those non-GAAP financial measures may be further adjusted as permitted by those plans and approved by the Committee. These metrics and the related performance targets are relevant only to our executive compensation program and should not be used or applied in other contexts.

(3) When determining achievement against financial performance metrics, appropriate adjustments are made to exclude the impact of the fluctuations in currency exchange rates that occurred during fiscal 2012.

The non-financial metrics, referred to as MBOs, were weighted as 25% of the target bonus value, and were designed to address other business objectives, such as business- and function-specific operational and strategic initiatives, as well as talent management and succession planning goals.

The target payout percentages for the NEOs for fiscal 2012 were unchanged from those adopted in fiscal 2007, with a target of 200% of imputed base pay for the CEO and a target of 125% of base pay for the other NEOs (since the CEO salary is currently set at $1, we used an imputed salary of $1.2 million in fiscal 2012 to calculate target annual incentive compensation for the CEO, which was a competitive salary for a CEO in our peer group). The actual payouts can be zero if performance thresholds are not met and can be up to 250% of target if performance is exceptional.

The funding metric used to determine deductibility under Section 162(m) of the Code was approved, as required, within the first 90 days of the fiscal year. Under that umbrella structure, both financial and non-financial targets, including targets at the business unit level for the executives who head business units, were recommended by management and presented to the Committee at its regular meetings in November 2011 and January 2012. However, due to the reorganization and restructuring of certain business units in the spring of 2012, including the combination of the former Imaging and Printing Group and the former Personal Systems Group to form the new Printing and Personal Systems Group, the Committee subsequently decided to evaluate financial performance for all NEOs based on overall financial performance at the parent company level, rather than at the business unit level for those executives. As a result, final financial and non-financial targets were approved for the CEO by the independent Board members in March and for the Section 16 officers who report to the CEO at a special meeting of the Committee in April of 2012.

At its November 2012 meeting following the close of HP's fiscal year, the Committee reviewed results for fiscal 2012 and certified an aggregate funding pool of $44 million based on the funding metric of 0.5% of net profit before bonus (for purposes of qualifying for deductibility of performance-based compensation under Section 162(m) of the Code). The Committee then certified performance against the financial metrics as follows:

Fiscal 2012 PfR Plan Performance Against Financial Metrics

Metric	Actual Performance as a Percentage of Target Performance[1]	Weight[2]	Payout as a Percentage of Target Bonus
Net revenue	25%	37.5%	9.2%
Adjusted non-GAAP net earnings	56%	37.5%	21.1%
Total	—	75.0%	30.3%

(1) Fiscal 2012 performance targets were as follows: Net revenue: $127.8 billion; and adjusted non-GAAP net earnings: $9.6 billion.

(2) The financial metrics of net revenue and adjusted non-GAAP net earnings were equally weighted to account for 75% of the target bonus.

Table of Contents

With respect to performance against the non-financial metrics (the MBOs), the independent members of the Board evaluated the CEO's performance during an executive session of the independent Board members held in November 2012. That evaluation included an analysis of Ms. Whitman's performance against all of her MBOs, which MBOs included, among others: analyzing and developing a turnaround plan, as well as a forward-looking strategy across all business units; identifying key investment areas against the strategic plan; establishing a regular cadence of strategic, internally consistent communications; executing key initiatives, such as achieving cost savings (including the "Make it Better" program), in order to create financial flexibility, create the capacity to reinvest, and improve the HP customer experience; driving the business process re-engineering aspect of the "Make it Better" program; driving the new cultural model "HP Way Now"; delivering on succession planning initiatives for key leaders; and achieving high retention rate of top talent. After conducting a thorough review of Ms. Whitman's performance, the independent members of the Board determined that Ms. Whitman had exceeded her objectives and that, taking into account her many accomplishments and the many challenges faced by HP in fiscal 2012, on balance, this constituted above-target achievement of her MBOs. Some of Ms. Whitman's notable accomplishments contributing to the independent members' finding that her performance was above target include:

- Conducting a thorough assessment and in-depth analysis of the strategic, cost, product and customer issues facing each of HP's business units and leading the development of a comprehensive turnaround strategy;

- Implementing leadership and organizational changes, including consolidating our personal computer and printing businesses under the same senior executive leadership, combining our global accounts sales organization with our enterprise servers, storage and networking business and our technology services business to create a new Enterprise Group, and centralizing all of our marketing and communications activities;

- Developing and launching the "Make it Better" program designed to achieve significant cost savings over the subsequent three years;

- Developing new programs designed to enhance our tools and processes, optimize our supply chain, implement consistent pricing and promotions and rebuild our relationships with our channel partners;

- Implementing significant changes to our sales force to improve our go-to-market selling activities and reduce cost;

- Working to refocus and invest in research and development;

- Strengthening the talent review/succession planning program by improving the executive talent review process, creating development plans and identifying successors and gaps for senior executive roles;

- Prioritizing internal hiring, with the result being that a majority of new senior leaders are now promoted from within the company, a distinct change from prior years;

- Enriching the company culture by driving a broad-based employee engagement program with enhancements in workplace environment, tools and processes; and

- Reducing total target compensation for the CEO and her direct reports by approximately $10 million for fiscal 2013 compared to the prior year.

The CEO evaluated the performance of each of the Section 16 officers and presented the results of those evaluations to the Committee at its November 2012 meeting. The findings of the Committee for all of the other NEOs are summarized below.

Ms. Lesjak. The evaluation included an analysis of Ms. Lesjak's performance against all of her MBOs, which MBOs included, among others: improving the finance organization operating model; supporting the new Investor Relations leadership and maintaining good relations with investors; working with other business units on achievement of key milestones and business initiatives; achieving assigned objectives related to the "Make it Better" program; delivering on succession planning initiatives for key leaders; and achieving a high retention rate of top talent. After conducting a thorough review of Ms. Lesjak's performance, Ms. Whitman recommended, and the Committee determined, that Ms. Lesjak had achieved most of her objectives, and that, on balance, these accomplishments constituted partial achievement of her MBOs.

Mr. Donatelli. The evaluation included an analysis of Mr. Donatelli's performance against all of his MBOs, which MBOs included, among others: successfully managing the converged infrastructure initiative; driving pan-HP initiatives related to quality, global sales model, and cloud computing; developing and achieving milestones relating to investment in research and development; achieving assigned objectives related to the "Make it Better" program; delivering on succession planning initiatives for key leaders; and achieving a high retention rate of top talent. After conducting a thorough review of Mr. Donatelli's performance, Ms. Whitman recommended, and the Committee determined, that Mr. Donatelli had achieved most of his objectives, and that, on balance, this constituted partial achievement of his MBOs.

Mr. Hinshaw. The evaluation included an analysis of Mr. Hinshaw's performance against all of his MBOs, which MBOs included, among others: successfully implementing a new customer relationship management system; redesigning sales process to increase productivity and reduce cost; delivering on key IT initiatives, including HP.com; improving employee satisfaction rating on the category related to HP's tools and processes; achieving cost saving through business process re-engineering; delivering on succession planning initiatives for key leaders; and achieving a high retention rate of top talent. After conducting a thorough review of Mr. Hinshaw's performance, Ms. Whitman recommended, and the Committee determined, that Mr. Hinshaw had exceeded his objectives, and that, on balance, this constituted above-target achievement of his MBOs.

Mr. Bradley. The evaluation included an analysis of Mr. Bradley's performance against all of his MBOs, which MBOs included, among others: developing a future product roadmap for the Printing and Personal Systems Group; achieving cost savings by business process re-design; continuing to refine product supply chain and manufacturing alliance core competency; achieving assigned objectives related to the "Make it Better" program; delivering on succession planning initiatives for key leaders, and achieving a high retention rate of top talent. After conducting a thorough review of Mr. Bradley's performance, Ms. Whitman recommended, and the Committee determined, that Mr. Bradley had achieved all of his objectives, and that, on balance, this constituted full achievement of his MBOs.

Based on the findings of these performance evaluations, the Committee (and, in the case of the CEO, the independent members of the Board) certified performance against the non-financial metrics for the continuing NEOs as follows:

Fiscal 2012 PfR Plan Performance Against Non-Financial Metrics

Named Executive Officer	Actual Performance as a Percentage of Target Performance (%)	Weight[1] (%)	Payout as a Percentage of Target Bonus (%)
Margaret C. Whitman	160	25	40.0
Catherine A. Lesjak	80	25	20.0
David A. Donatelli	80	25	20.0
John M. Hinshaw	140	25	35.0
R. Todd Bradley	100	25	25.0

(1) Performance against non-financial metrics is weighted to account for 25% of the target bonus.

Based on this level of performance on both the financial and non-financial metrics for fiscal 2012, the payouts to the NEOs under the PfR Plan were as follows:

Fiscal 2012 PfR Plan Bonus Payout

	Percentage of Target Bonus Funded		Final Bonus Payout	
Named Executive Officer	Financial Metrics (%)	Non-Financial Metrics (%)	As % of Target Bonus (%)	Payout ($)
Margaret C. Whitman	30.3	40.0	70.3	1,686,915
Catherine A. Lesjak	30.3	20.0	50.3	518,603
David A. Donatelli	30.3	20.0	50.3	518,603
John M. Hinshaw	30.3	35.0	65.3	510,403
R. Todd Bradley	30.3	25.0	55.3	587,444

Cash Conversion Cycle Bonus Plan

Following the close of the first half of fiscal 2012, Ms. Whitman, Ms. Lesjak and the Board reviewed HP's financial performance and determined that increased discipline and focus on efficient cash management and increasing cash flow was needed. As a result, management proposed the implementation of a "Cash Conversion Cycle Bonus Plan" (the "CCC Plan") for the second half of fiscal 2012 under which cash payments would be made if specific cash conversion cycle targets were achieved in the second half of fiscal 2012. Recognizing that achievement of the performance targets under the CCC Plan could result in significant additional cash flow to the company, the Committee adopted the CCC Plan at its July 2012 meeting. The Committee also designated all of the Section 16 officers who headed business units (including Mr. Donatelli and Mr. Bradley), Ms. Lesjak and Mr. Hinshaw as participants in the plan. Ms. Whitman was not eligible to participate in the plan. Ms. Whitman subsequently extended the CCC Plan to approximately 90 executives below the Section 16 officer level.

Under the CCC Plan, the cash conversion cycle was determined under the following formula: "days sales outstanding" plus "days of supply in inventory" minus "days payable outstanding," or (DSO + DOS-DPO). The cash conversion cycle targets were 26 days and 24 days for the third and fourth quarters of fiscal 2012, respectively, which, in each case, required meaningful improvement in performance over the performance achieved in each of the first two quarters of fiscal 2012. For any payouts to occur, those specific targets had to be achieved; no higher or lower payouts were possible if performance was either above or below target-level performance.

Following the close of each of the quarters in the second half of fiscal 2012, the Committee reviewed performance under the CCC Plan and concluded that performance was below target in the third quarter (although performance improved significantly during that quarter compared to the first two quarters of fiscal 2012) and that performance was above target for the fourth quarter. This performance resulted in the payouts to the eligible, continuing NEOs shown in the table below.

Cash Conversion Cycle Bonus Plan Payout

	Third Quarter Fiscal 2012		Fourth Quarter Fiscal 2012	
Named Executive Officer	**Achievement Against Target (%)**	**Payout ($)**	**Achievement Against Target (%)**	**Payout ($)**
Catherine A. Lesjak	—	—	100	51,563
David A. Donatelli	—	—	100	51,563
John M. Hinshaw	—	—	100	40,625
R. Todd Bradley	—	—	100	53,125

Long-Term Incentive Pay

At the beginning of fiscal 2012, the Committee established a total long-term incentive target amount for each NEO. Of that amount, 30% was awarded in the form of performance-contingent stock options, 40% was awarded in the form of performance-based restricted units with metrics tied to operating cash flow margin and revenue growth, and the remaining 30% awarded in the form of time-based restricted stock units. The high proportion of performance-based awards reflects HP's primary emphasis on performance-driven compensation. The time-based awards facilitate retention, which is also an important goal of HP's executive compensation program.

Performance-Contingent Stock Options

Thirty percent of the value of the long-term incentive awards granted to the NEOs in fiscal 2012 was awarded in the form of PCSOs. For a PCSO award to vest, both a stock price appreciation condition and a continued service condition must be satisfied. For the first half of the award to vest, HP's stock price must increase by at least 20% over the grant date stock price for at least 20 consecutive trading days within four years from the date of grant and the recipient's service to HP must continue for at least two years from the date of grant. For the remainder of the award to vest, HP's stock price must increase by at least 40% over the grant date stock price for at least 20 consecutive trading days within four years from the date of grant and the recipient's service to HP must continue for at least three years from the date of grant. In establishing the stock price appreciation conditions, the Committee believed that having the stock price remain at or above those levels for at least 20 consecutive days and without dropping below the applicable level for even a single day during the 20-day period would be indicative of a sustained increase in value to stockholders. In addition, the Committee believed that setting the stock price appreciation levels at 20% and 40% incorporated an appropriate degree of "stretch" achievement (by way of example, HP's stock price would have to more than double from current levels for Ms. Whitman to receive the full value of all of her PCSOs). As of the end of fiscal 2012, the performance conditions had not been met on any PCSO awards.

Mr. Hinshaw was granted an in-hire PCSO award in connection with the commencement of his employment. The terms of that award differ from the PCSO award terms described above in two ways. First, the period during which the stock price appreciation conditions could be satisfied is eight years from the date of grant rather than four years. Second, the length of the required service periods are one year instead of two for the first half of the award to vest and two years instead of three for the remainder of the award to vest. These terms are the same as the terms of the PCSO granted to Ms. Whitman in connection with her election as President and CEO in September 2011.

Performance-Based Restricted Units

Forty percent of the value of the long-term incentive awards granted to the NEOs in fiscal 2012 was awarded in the form of PRU awards. Each PRU award reflects a target number of shares that may be issued to the award recipient at the end of a three-year performance period. At the end of each fiscal year, the Committee certifies performance against the applicable performance targets, and units representing the level of achievement during that fiscal year are "banked" for potential payout at the end of the three-year performance period. The Committee determines the actual number of shares the recipient receives at the end of the three-year period based on results achieved versus performance targets over the performance period. The actual number of shares a recipient receives ranges from zero to two times the target number of shares depending on performance during the three-year period. Structuring payouts under PRU awards based on overlapping three-year performance periods prevents executives from being rewarded for taking excessive risk.

HP has used "cash flow from operations as a percentage of revenue" as a financial performance metric for its long-term incentive compensation for more than five years. It is a key metric used in measuring the financial performance of the company, and it also complements the revenue and net earnings metrics used under the annual PfR Plan discussed above. Cash flow goals are set at the beginning of each fiscal year, and performance is reviewed at the end of each fiscal year. A percentage of between zero and 200% is applied to one-third of a participant's cash flow target award each year to determine the number of units to be credited for that year based upon the extent to which the cash flow performance goal was achieved. If HP does not achieve a threshold level of cash flow performance for the year, no units are credited for that year. The Committee retained a one-year cash flow performance period in fiscal 2012 because establishing suitable cash flow goals for a longer performance period would have been difficult given the many challenges faced by HP's business. As HP executes on its plans to address these challenges, the Committee plans to re-evaluate the length of the cash flow performance period and consider migrating to a multi-year period.

The PRU awards granted in fiscal 2010 and fiscal 2011 also included a total shareholder return ("TSR") performance metric, which represents HP's stock performance relative to the S&P 500 over the three-year performance period. This metric reduces payouts under the program if HP's stock performance is below that of the median of S&P 500 companies for the three-year period and eliminates payouts entirely if HP's stock performance is in the bottom quartile for that period. As a result, even if annual cash flow goals are achieved or exceeded in each of the three years of the performance period, there may be limited or no payouts if HP's stock performance is below the median of the S&P 500 companies during the performance period.

As part of a re-design of the overall long-term incentive pay program for fiscal 2012, the Committee eliminated the TSR modifier from the PRU awards granted in fiscal 2012. As part of that re-design, the Committee also began issuing the performance-contingent stock options discussed above, which will vest and become exercisable only if specific, absolute stock price performance goals are met. While the Committee recognized that delivering strong relative TSR was important, use of the relative TSR metric does not ensure that senior executives will be fully rewarded only if stockholders receive strong absolute returns; use of the relative TSR metric could result in senior executives being fully rewarded for weak absolute returns provided that those returns exceed the returns generated by a certain percentage of the other companies in the S&P 500. The Committee also determined that focusing on delivering strong absolute returns to stockholders was more important, particularly given the ongoing efforts to address the many challenges facing the company. In addition, given the decline in the trading price of HP's shares that occurred during fiscal 2012, the Committee determined that senior executives should only be fully rewarded if the trading price of HP's shares increases by a meaningful amount.

In connection with its decision to eliminate the TSR modifier from the PRU awards granted in fiscal 2012, the Committee established revenue growth as a new performance metric for fiscal 2012 PRU awards, given the connection between that metric and HP's long-term success. The Committee also weighted cash flow from operations as a percentage of revenue at 70% and revenue growth at 30% for the fiscal 2012 PRU awards.

The Committee set the fiscal 2012 cash flow and revenue growth goals during the first 90 days of the fiscal year. The fiscal 2012 goals were set to align with HP's fiscal 2012 business plan, taking into account anticipated business challenges, industry trends and macro-economic conditions. At its November 2012 meeting, the Committee reviewed HP's actual cash flow from operations as a percentage of revenue for fiscal 2012 and the change in net revenue between fiscal 2011 and fiscal 2012.

For PRU awards granted in fiscal 2012, the performance measures are weighted 70% to cash flow and 30% to revenue growth. The Committee certified fiscal 2012 cash flow performance at 17.0% of target and fiscal 2012 revenue growth performance at 56.8% of target after taking into account certain permitted adjustments to cash flow from operations as described in footnote (1) to each of the tables below. Accordingly, recipients of PRU awards granted in fiscal 2012 were each credited with a blended rate of 28.94% of the units attributable to fiscal 2012 performance. PRU awards granted in fiscal 2012 have a three-year performance period and so are still subject to fiscal 2013 and fiscal 2014 performance.

For PRU awards granted in fiscal 2010 and fiscal 2011, recipients were each credited with 35.44% of the units attributable to fiscal 2012 cash flow performance. PRU awards granted in fiscal 2010 and 2011 also have three-year performance periods. PRU awards granted in fiscal 2011 are still subject to fiscal 2013 performance.

The actual performance as of the end of fiscal 2012 for all outstanding PRU awards is summarized in the tables below:

	Cash Flow From Operations as a Percentage of Revenue[1]					
	FY10	FY11	FY12	FY13	TSR Modifier	Award Payout
FY10 Award	Achievement at 90.3%	Achievement at 88.2%	Achievement at 35.4%		0%	0%
FY11 Award		Achievement at 88.2%	Achievement at 35.4%	__[2]	__[2]	__[2]

(1) While we report our financial results in accordance with U.S. GAAP, our financial performance targets under our incentive plans are sometimes based on non-GAAP financial measures that have been adjusted to exclude certain items. As a result of these adjustments, the financial measures used for purposes of our incentive plans may differ from the financial measures included in our financial statements for financial reporting purposes. In particular, when assessing cash flow performance for purposes of the PRU program, the Committee often makes specific and limited adjustments for certain predetermined items, such as asset write downs, litigation claims or settlements, the effect of changes in tax laws or accounting

principles or other similar types of extraordinary events, as permitted under the Amended and Restated Hewlett-Packard Company 2004 Stock Incentive Plan. For fiscal 2012, cash flow from operations as a percentage of revenue is calculated using adjusted non-GAAP cash flow from operations and GAAP net revenue. Fiscal 2012 adjusted non-GAAP cash flow from operations reflects a net reduction of $1.1 billion to cash flow from operations calculated on a GAAP basis relating to certain tax payments, the impact of lower than budgeted capital lease activity, and payments made under restructuring plans.

(2) To be determined for the respective future performance period.

	Cash Flow From Operations as a Percentage of Revenue[1]			Revenue Growth[1]			
	FY12	FY13	FY14	FY12	FY13	FY14	Award Payout
FY12 Award	Achievement at 17.0%	—[2]	—[2]	Achievement at 56.8%	—[2]	—[2]	—[2]

(1) Cash flow from operations as a percentage of revenue is calculated as described in footnote (1) to the table above. Revenue growth is calculated using the year-over-year change in GAAP net revenue and adjusting to eliminate any impact from changes in currency exchange rates between the two periods.

(2) To be determined for the respective future performance period.

HP's TSR performance over the three-year performance period applicable to the PRU awards granted in fiscal 2010 was below the 25th percentile, which resulted in a TSR modifier of 0% for those awards. As a result, as illustrated in the table below, even though units had been credited each year during the performance period based on cash flow performance, no shares were released to any participant (including the three current NEOs who were granted such awards) with respect to those awards.

FY10-12 PRU Awards (November 1, 2009—October 31, 2012)

			Cash Flow Performance					
			FY10	FY11	FY12			
Named Executive Officer	No. of Units Awarded	Grant Date Value of Units Awarded	90.26%	88.18%	35.44%	Total Shares Earned for Cash Flow Performance	Multiplier for TSR Performance	Total Shares Earned Under Program:
Catherine A. Lesjak	89,905	**$4,507,837**	**27,049**	**26,426**	**10,621**	**64,096**	**0%**	**0**
David A. Donatelli	65,000	**$3,253,250**	**19,556**	**19,106**	**7,679**	**46,341**	**0%**	**0**
R. Todd Bradley	128,436	**$6,439,781**	**38,642**	**37,752**	**15,173**	**91,567**	**0%**	**0**

Whether any units credited under the PRU awards granted in fiscal 2011 will be paid out in shares at the end of fiscal 2013 will depend on future cash flows as a percentage of revenue and TSR performance during the remainder of the three-year performance period, neither of which is determinable until the end of that period. Similarly, whether any units credited under the PRU awards granted in fiscal 2012 will be paid out in shares at the end of fiscal 2014 will depend on future cash flows as a percentage of revenue and revenue growth performance during the remainder of the three-year performance period, neither of which is determinable until the end of that period.

Restricted Stock Units

As described above, a portion of an executive's long-term incentive award value has historically been awarded in the form of time-based restricted stock units. For fiscal 2012, 30% of LTI value was awarded in this form. In the case of Mr. Donatelli, the additional value was provided in his RSU grant to make up for a significant decline in the value of previously granted equity awards that had been granted for the purpose of buying out the equity from his previous employer, which he had forfeited as a result of joining HP. In the case of Mr. Hinshaw, the grant of RSUs was made as part of his in-hire package.

The RSUs awarded in fiscal 2012 vest as to one-third of the units on each anniversary of the grant date, for full vesting after three years of service.

For more information on PRUs and grants of restricted stock units to the NEOs during fiscal 2012, see "Executive Compensation—Grants of Plan-Based Awards in Fiscal 2012."

Special Incremental Performance-Based Unit Awards

At its July 2010 meeting, the Committee approved awards of special incremental performance-based restricted units ("SIPRUs") for certain executives, including Ms. Lesjak and Mr. Bradley. Under the terms of the SIPRU awards, 40% of the units would be earned if HP met its annual earnings per share ("EPS") goals for each year in the two-year period covering fiscal 2011 and fiscal 2012 ("Segment 1") and if HP's TSR performance for the same period was at or above the 50^{th} percentile; the remaining 60% of the units will be earned if HP meets the EPS goal for fiscal 2013 and HP's TSR is at or above the 50^{th} percentile at the end of the entire three-year period of the award ("Segment 2"). Any units "banked" due to EPS performance during Segment 1 or Segment 2 will be cancelled if TSR performance is below the 50^{th} percentile of the S&P 500 for the 24- or 36-month period, respectively. However, units may be earned based on TSR performance during a period even if no units are earned or "banked" based on EPS performance during that segment.

The fiscal 2012 EPS target for this award was set by the Committee at its January 2012 meeting. At its November 2012 meeting, the Committee reviewed HP's actual EPS for fiscal 2012 and determined that performance was below threshold. As a result, no units were "banked" for Segment 1 of this SIPRU award.

Special Retention Restricted Stock Unit Awards

In June 2011, the Committee granted special retention awards of restricted stock units ("SRRSUs") to key members of the executive team, including Ms. Lesjak, Mr. Bradley and Mr. Donatelli, upon the recommendation of the then current CEO. The awards were intended to provide both performance and retention incentives and will vest after four years, with accelerated vesting possible in years three and four upon the attainment of certain stock price increases, which have not been achieved to date.

Benefits

HP does not provide its executives, including the NEOs, with special or supplemental defined benefit pension or health benefits. HP's NEOs receive health and welfare benefits (including retiree medical benefits, if eligibility conditions are met) under the same programs and subject to the same eligibility requirements that apply to HP employees generally.

Benefits under all U.S. pension plans were frozen effective December 31, 2007. As a result, no NEO or any other HP employee accrued a benefit under any HP U.S. defined benefit pension plan during fiscal 2012. The amounts reported as an increase in pension benefits are for those NEOs who previously accrued a benefit in an HP pension plan prior to 2008, and reflect changes in actuarial values only, not additional benefit accruals.

The NEOs, along with other HP executives who earn base pay or an annual bonus in excess of certain federal tax law limits, are eligible to participate in the HP Executive Deferred Compensation Plan (the "EDCP"). This plan is maintained to permit executives to defer some of their compensation in order to also defer taxation on such amounts. This is a standard benefit plan also offered by most of HP's peer companies. The EDCP permits deferral of base pay in excess of the amount taken into account under the qualified HP 401(k) Plan and up to 95% of the annual incentive bonus payable under the PfR Plan. In addition, HP makes a 4% matching contribution to the plan on base pay contributions in excess of Internal Revenue Service ("IRS") limits. This is the same percentage as that which those executives are eligible to receive under the HP 401(k) Plan. In effect, the EDCP permits these executives and all employees to receive a 401(k)-type matching contribution on a portion of base-pay deferrals in excess of IRS limits. Amounts deferred or matched under the EDCP are credited with investment earnings based on investment options selected by the participant from among mutual and proprietary funds available to employees under the HP 401(k) Plan. No amounts earn above-market returns.

Consistent with its practice of not providing any special or supplemental executive benefit programs, including arrangements that would otherwise provide special benefits to the family of a deceased executive, in 2011 the Committee adopted a policy that, unless approved by HP's stockholders pursuant to an advisory vote, HP will not enter into a new plan, program or agreement or modify an existing plan, program or agreement with a Section 16 officer that provides for payments, grants or awards following the death of the officer in the form of unearned salary or unearned bonuses, accelerated vesting or the continuation in force of unvested equity grants, awards of ungranted equity, perquisites, and other payments or awards made in lieu of compensation, except to the extent that such payments, grants or awards are provided or made available to HP employees generally.

Perquisites

Consistent with the practices of many of its peer companies, HP provides a small number of perquisites to its senior executives, including the NEOs, as discussed below.

HP's NEOs are provided financial counseling services to assist them in obtaining professional financial advice. This benefit is provided because it is common among HP's peer group companies.

Due to HP's global presence, HP maintains a certain number of corporate aircraft. Personal use of these aircraft by the CEO and her direct reports (members of the Executive Council, or "EC members," which includes all of the other NEOs) is permitted, subject to availability. The CEO may use HP aircraft for personal purposes in her own discretion and, at times, is advised to use HP aircraft for personal travel for security reasons. EC members may use HP aircraft for personal purposes, if available and approved by the CEO. The CEO and EC members are taxed on the value of this usage according to IRS rules. There is no tax gross-up paid on the income attributable to this value. In fiscal 2012, Ms. Whitman entered into a "time-sharing agreement" with HP, under which she reimburses the company for costs incurred in connection with certain personal travel on corporate aircraft.

In the past, executives received a gross-up for imputed income related to their spouses attending certain HP-sponsored events, but this tax gross-up was eliminated for EC members effective January 1, 2012.

Following a global risk management review commissioned by the Audit Committee of the Board, security systems were installed at the personal residences of some of HP's executives, including the NEOs. These protections are provided due to the range of security issues that may be encountered by key executives of any large, multinational corporation.

Severance Plan for Executive Officers

HP's Section 16 officers (including all of the NEOs) are covered by the HP Severance Plan for Executive Officers (the "SPEO"), which is intended to provide a level of transition assistance in the event of an involuntary termination of employment. Under the SPEO, participants who incur an involuntary termination, not for cause, and who execute a full release of claims following such termination, are eligible to receive severance benefits in an amount determined as a multiple of base pay and the average of the actual annual bonuses paid for the preceding three years. In the case of the NEOs, the multiplier is 1.5. In the case of the CEO, the multiplier would have been 2.0 under the terms of the SPEO, but Ms. Whitman elected to be eligible for the same multiplier as the other NEOs. In all cases, this benefit will not exceed 2.99 times the sum of the executive's base pay plus target bonus as in effect immediately prior to the termination of employment.

Although the majority of compensation for HP executives is performance-based and largely contingent upon achievement of financial goals, the Committee continues to believe that the SPEO provides important protection to the Section 16 officers and is appropriate for the attraction and retention of executive talent. In addition, we find it more equitable to offer severance benefits based on a standard formula for the Section 16 officers because severance often serves as a bridge when employment is involuntarily terminated, and should therefore not be affected by other, longer-term accumulations. As a result, and consistent with the practice of the peer companies, other compensation decisions are not generally based on the existence of this severance protection.

In addition to the cash benefit, SPEO participants are eligible to receive (1) a pro-rata annual bonus for the year of termination based on actual performance results, in the discretion of the Committee, (2) pro-rata vesting of unvested equity awards if the executive has worked at least 25% of the applicable vesting or performance period and only if any applicable performance conditions have been satisfied, and (3) for payment or reimbursement of premiums for continued medical coverage for a period of up to 18 months for the executive and his or her eligible dependents, to the extent those premiums exceed the premiums for active employees.

Benefits in the Event of a Change in Control

HP does not generally provide change in control benefits to its executive officers. While the Board does have the discretion to accelerate vesting of all stock and stock option awards upon a change in control, accelerated vesting is not automatic. This approach allows the Board to decide whether to vest equity after taking into consideration the facts and circumstances of a given transaction. As a result, the NEOs could become fully vested in their outstanding equity awards upon a change in control if the Board affirmatively acts to accelerate vesting.

In addition, an involuntary termination of employment following a change in control of HP could qualify as "involuntary termination, not for cause" within the meaning of the SPEO. This event would trigger the same level of benefits as though the termination occurred absent a change in control.

In the fall of 2010, the Committee entered into a letter agreement with Ms. Lesjak relating to her employment with HP. That letter agreement includes, among other things, certain protections for Ms. Lesjak in the event of a change in control of HP during the three-year term of the agreement. The

Committee believed that including those provisions was appropriate given the context of changes in HP's leadership at that time.

Employment Offer Letter for Margaret C. Whitman as President and CEO

The terms of the offer letter under which Ms. Whitman was elected President and Chief Executive Officer provided for her to receive a base salary of $1 per year, a fiscal 2012 target annual bonus under the PfR Plan of $2.4 million, with a maximum bonus opportunity equal to 2.5 times target, subject to the satisfaction of the same performance conditions applicable to other participants in the PfR Plan, and a grant of an option to purchase 1,900,000 shares of HP stock. The option vests in accordance with the vesting schedule and performance criteria described below, which criteria require that HP's stock price increases by at least 40% over the price on the grant date of the option for the option to vest in full:

- 100,000 shares will vest, if at all, on each of the first three anniversaries of the option grant date, subject to Ms. Whitman's continued employment;

- 800,000 shares will vest, if at all, upon the satisfaction of both of the following criteria prior to the expiration of the option: (i) Ms. Whitman's continued employment on the first anniversary of the option grant date; and (ii) subject to Ms. Whitman's continued employment on such date, the first date following the grant date that the closing price of HP common stock on the NYSE has met or exceeded 120% of the exercise price of the option for at least 20 consecutive trading days; and

- 800,000 shares will vest, if at all, upon the satisfaction of both of the following criteria prior to the expiration of the option: (i) Ms. Whitman's continued employment on the second anniversary of the option grant date; and (ii) subject to Ms. Whitman's continued employment on such date, the first date following the grant date that the closing price of HP common stock on the NYSE has met or exceeded 140% of the exercise price of the option for at least 20 consecutive trading days.

The option is subject to substantially the same terms and conditions as apply to options granted to other executives under the 2004 Plan except (i) if Ms. Whitman's employment is involuntarily terminated without cause by HP, then Ms. Whitman will forfeit all unvested shares subject to performance-based vesting, receive pro-rata accelerated vesting of all unvested shares subject to time-based vesting, and retain the right to exercise the option with respect to vested shares during the one-year period following her termination (or until the original expiration date of the option, if earlier), and (ii) any accelerated vesting of the option following Ms. Whitman's death or disability will apply only to shares subject to time-based vesting with any unvested shares subject to performance-based vesting being forfeited. In addition, Ms. Whitman is entitled to receive severance benefits payable under the SPEO at the rate applicable to an executive vice president rather than the rate applicable to the Chief Executive Officer (that is, using a 1.5x multiple of base pay plus bonus, rather than the 2.0x multiplier otherwise applicable to the Chief Executive Officer under the SPEO). The aggregate value of Ms. Whitman's compensation package remains below the median for CEO compensation at peer companies.

Other Compensation-Related Matters

Succession Planning

Among the Committee's responsibilities described in its charter is to oversee succession planning and leadership development. The Board plans for succession of the CEO and annually reviews senior management selection and succession planning that is undertaken by the Committee. As part of this process, the independent directors annually review the Committee's recommended 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 criteria used when assessing the qualifications of potential CEO successors include, among others, strategic vision and leadership, operational excellence, financial management, executive officer leadership development, ability to motivate employees, and an ability to develop an effective working relationship with the Board. In fiscal 2012, the Committee conducted a full executive talent review of all EC members, focusing specifically on EC member succession plans with an emphasis on CEO succession. In connection with that review, the Committee identified three potential successors to the CEO and created development plans for all three individuals.

In conjunction with the EC member talent review, management also reviewed potential successors for the top 110 roles across the company. In connection with that review, we concluded that "ready now" potential successors exist for approximately two-thirds of those roles, which represents a significant increase in the level of readiness of our talent compared to previous years. We created development plans for the potential successors who were identified as being ready in one to two years or three to five years. We have also begun tracking development plans for all roles at the vice president level or above. In addition, we are expanding our executive talent review process to include all vice presidents and director-level employees, as well as critical roles beyond the top 110 roles. By the end of fiscal 2013, we expect to have much greater visibility into our talent pool, including down to the director level, and will use that data to build the succession plans for the next tier of critical roles.

Stock Ownership Guidelines

HP's stock ownership guidelines are designed to increase executives' equity stakes in HP and to align executives' interests more closely with those of stockholders. The current guidelines provide that, within five years of assuming a designated position, the CEO should attain an investment position in HP's stock equal to seven times her base salary and all other executive vice presidents ("EVPs") should attain an investment position equal to five times their base salary. These ownership multiples were increased during fiscal 2012 from five times (for the CEO) and three times salary (for EVPs), respectively. Since the CEO salary is currently set at $1, we use an imputed salary of $1.2 million, which is a competitive salary for a CEO in our peer group, to calculate Ms. Whitman's ownership requirement, thereby requiring her to hold shares with a value equal to at least $8.4 million within five years of joining HP. Shares counted toward these guidelines include any shares held by the executive directly or through a broker, shares held through the HP 401(k) Plan, shares held as restricted stock, shares underlying time-vested restricted stock units, and shares underlying vested but unexercised stock options (50% of the in-the-money value of such options is used for this calculation). NEOs subject to this ownership guideline (that is, those who have been in a covered role for five or more years) are in compliance with its requirements.

The Committee has adopted a policy prohibiting HP executive officers from engaging in any form of hedging transaction. In addition, with limited exceptions, HP executive officers are prohibited from holding HP securities in margin accounts and from pledging HP securities as collateral for loans. We believe that these policies further align our executives' interests with those of our stockholders.

Accounting and Tax Effects

The impact of accounting treatment is considered in developing and implementing HP's compensation programs, including the accounting treatment as it applies to amounts awarded or paid to HP's executives.

The impact of federal tax laws on HP's compensation programs is also considered, including the deductibility of compensation paid to the NEOs, as limited by Section 162(m) of the Internal Revenue Code (the "Code"). Most of HP's compensation programs are designed to qualify for deductibility under Section 162(m), but to preserve flexibility in administering compensation programs, not all amounts paid under all of HP's compensation programs may qualify for deductibility.

Likewise, the impact of Section 409A of the Code is taken into account, and HP's executive compensation plans and programs are, in general, designed to comply with the requirements of that section so as to avoid possible adverse tax consequences that may result from non-compliance.

Policy on Recovery of Bonus in Event of Financial Restatement

In fiscal 2006, the Board adopted a "clawback" policy that permits the Board to recover certain cash bonuses from senior executives whose fraud or misconduct resulted in a significant restatement of financial results. The policy allows for the recovery of bonuses paid at or above target from those senior executives whose fraud or misconduct resulted in the restatement where the bonuses would have been lower absent the fraud or misconduct, to the extent permitted by applicable law.

Approval Process for Equity Grants

Equity awards granted to Section 16 officers (other than the CEO) are generally approved by the Committee at a regularly scheduled meeting, or occasionally at a special meeting or by unanimous written consent; grants to the CEO are approved by the independent members of the full Board. If approval is obtained at a meeting, the grant date of the award is generally the date of the meeting; if approval is by unanimous written consent, the grant date of the award is generally the day the last Committee member (or independent Board member, in the case of the CEO) signs the consent. The Committee may act in advance to approve equity grants for newly-hired or existing Section 16 officers and other executives (other than the CEO), in which case the grant effective date may be the first day of employment or a later, pre-established date.

HP has no practice of timing grants of stock options or restricted stock awards to coordinate with the release of material non-public information, and HP has not timed the release of material non-public information for the purpose of affecting the value of NEO compensation.

HR and Compensation Committee Report on Executive Compensation

The HR and Compensation Committee of the Board of Directors of Hewlett-Packard Company has reviewed and discussed with management this Compensation Discussion and Analysis. Based on this review and discussion, it has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in the Annual Report on Form 10-K of Hewlett-Packard Company filed for the fiscal year ended October 31, 2012.

HR and Compensation Committee of the Board of Directors

Patricia F. Russo, Chair
John H. Hammergren
Ralph V. Whitworth

Summary Compensation Table

The following table sets forth information concerning the compensation of HP's chief executive officer, HP's chief financial officer, the three other most highly compensated executive officers serving during fiscal 2012 and two former HP employees who served as executive officers during fiscal 2012 but who were no longer serving as such on the last day of fiscal 2012.

Name and Principal Position	Year	Salary[(1)] ($)	Bonus[(2)] ($)	Stock Awards[(3)] ($)	Option Awards[(4)] ($)	Non-Equity Incentive Plan Compensation[(5)] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[(6)] ($)	All Other Compensation[(7)] ($)	Total ($)
Margaret C. Whitman	2012	1	—	7,040,076	6,414,249	1,686,915	—	220,901	15,362,142
President and Chief Executive Officer	2011	1	—	—	16,146,331	—	—	372,598	16,518,930
Catherine A. Lesjak	2012	825,011	—	2,478,698	2,308,503	570,166	480,404	40,670	6,703,452
Executive Vice President	2011	825,000	—	9,310,408	—	679,143	89,920	101,507	11,005,978
and Chief Financial Officer	2010	610,000	2,580,762	3,514,884	—	940,925	366,363	84,034	8,096,968
David A. Donatelli	2012	825,011	—	5,970,213	3,231,909	570,166	—	32,372	10,629,671
Executive Vice President and General Manager, Enterprise Group									
John M. Hinshaw	2012	625,415	1,500,000	2,392,517	2,734,163	551,028	—	375,990	8,179,113
Executive Vice President, Technology and Operations									
R. Todd Bradley	2012	850,011	—	2,974,443	2,770,206	640,569	251	127,125	7,362,605
Executive Vice President,	2011	850,000	—	9,271,624	—	464,457	273	105,447	10,691,801
Printing and Personal Systems Group	2010	748,000	1,655,355	5,021,292	—	1,465,145	373	187,666	9,077,831
Vyomesh I. Joshi[(8)]	2012	590,213	—	2,974,443	2,770,206	244,765	289,118	1,719,148	8,587,893
Former Executive Vice	2011	850,000	—	7,965,324	—	638,355	263,503	76,215	9,793,397
President, Imaging and Printing Group	2010	748,000	1,953,883	3,765,932	—	1,568,930	978,888	102,459	9,118,092
Giovanni G. Visentin[(9)]	2012	800,298	2,000,000	1,982,966	1,846,801	275,546	—	1,459,643	8,365,254
Former Executive Vice President, Enterprise Services									

(1) Amounts shown represent base salary earned or paid during the fiscal year, as described under "Compensation Discussion and Analysis —Analysis of Elements of Fiscal 2012 Executive Compensation—Base Pay."

(2) The fiscal 2012 bonus amount for Mr. Hinshaw represents a signing bonus paid under the terms of his employment offer letter. The fiscal 2012 bonus amount for Mr. Visentin represents a bonus paid in connection with his promotion to Executive Vice President, Enterprise Services and relocation to California. Amounts shown for fiscal 2010 represent the discretionary bonuses awarded to the NEOs by the Committee and take into account performance during that fiscal year. No such discretionary performance-related bonuses were awarded for fiscal 2011 or 2012.

(3) The grant date fair value of all stock awards has been calculated in accordance with applicable financial accounting standards. In the case of RSUs and SRRSUs, the value is determined by multiplying the number of units granted by the closing price of HP common stock on the grant date. In the case of PRUs and SIPRUs, the accounting standards provide for the value to be determined using only those tranches where the applicable financial performance targets have been set as of the reporting date.

Table of Contents

(4) The grant date fair value of option awards with time-based vesting is calculated by multiplying the Black-Scholes value determined as of the date of grant by the number of options awarded. The grant date fair value of performance-contingent stock option awards is calculated using a combination of a Monte Carlo simulation model and a lattice model as these awards contain market conditions. For information on the assumptions used to calculate the value of the awards, refer to Note 2 to HP's consolidated financial statements in its Annual Report on Form 10-K for the fiscal year ended October 31, 2012, as filed with the SEC on December 27, 2012.

(5) Amounts shown represent payouts under the PfR Plan, including bonuses paid under the CCC Plan (amounts earned during the applicable fiscal year but paid after the end of that fiscal year).

(6) Amounts shown represent the increase (or decrease) in the actuarial present value of NEO pension benefits during the applicable fiscal year. As described in more detail under "Narrative to the Fiscal 2012 Pension Benefits Table" below, pension accruals ceased for all NEOs in 2007, and NEOs hired after that date are not eligible for coverage under any pension plan. Accordingly, the amounts reported for the NEOs do not reflect additional accruals but reflect the fact that each of them is one year closer to "normal retirement age" as defined under the terms of the HP Pension Plan as well as changes in other actuarial assumptions. The assumptions used in calculating the changes in pension benefits are described in footnote (2) to the Fiscal 2012 Pension Benefits Table below. No HP plan provides for above-market earnings on deferred compensation amounts, so the amounts reported in this column do not reflect any such earnings.

(7) The amounts shown are detailed in the supplemental All Other Compensation Table below.

(8) Mr. Joshi retired as Executive Vice President, Imaging and Printing Group effective April 2, 2012.

(9) Mr. Visentin ceased serving as Executive Vice President, Enterprise Services effective August 8, 2012.

Fiscal 2012 All Other Compensation Table

The following table provides additional information about the amounts that appear in the "All Other Compensation" column in the Summary Compensation Table above:

Name	401(k) Company Match(1) ($)	NQDC Company Match(2) ($)	Relocation Expenses(3) ($)	Security Services/ Systems(4) ($)	Legal Fees(5) ($)	Severance Payments(6) ($)	Personal Aircraft Usage(7) ($)	Tax Gross-Up(8) ($)	Miscellaneous(9) ($)	Total AOC ($)
Margaret C. Whitman	—	—	—	—	—	—	198,401	—	22,500	220,901
Catherine A. Lesjak	9,869	9,800	—	1,340	—	—	—	—	19,661	40,670
David A. Donatelli	1,375	—	8,296	—	—	—	2,373	—	20,328	32,372
John M. Hinshaw	10,000	—	120,326	124,300	—	—	50,380	54,468	16,516	375,990
R. Todd Bradley	9,777	9,800	—	10,013	—	—	77,149	—	20,386	127,125
Vyomesh I. Joshi	2,433	9,800	—	4,561	44,030	1,628,544	1,347	216	28,217	1,719,148
Giovanni G. Visentin	8,658	—	2,120	—	35,000	—	751	580,312	832,802	1,459,643

(1) Represents matching contributions made under the HP 401(k) Plan.

(2) Represents matching contributions credited during fiscal 2012 under the HP Executive Deferred Compensation Plan with respect to the 2011 calendar year of that plan.

(3) Represents payments made under HP's executive relocation program as follows: Mr. Donatelli: $8,296 in mortgage interest subsidies; Mr. Hinshaw: $45,775 as reimbursement for relocation expenses, a $31,417 relocation allowance, $26,843 as reimbursement for expenses incurred in connection with the purchase of a home in California, and $16,291 in mortgage interest subsidies; and Mr. Visentin: $2,120 as reimbursement for relocation expenses.

(4) Represents home security services provided to the NEOs. Although security systems were installed at the request of the company, consistent with SEC guidance, the expense is reported here as a perquisite due to the fact that there is an incidental personal benefit.

(5) The amounts reported for Mr. Joshi and Mr. Visentin represent reimbursement for legal fees and expenses incurred by them in connection with the negotiation of their respective separation agreements under the HP Severance Plan for Executive Officers.

(6) Represents severance payments made to Mr. Joshi in connection with the termination of his employment effective April 2, 2012.

(7) Represents the value of personal usage of HP corporate aircraft. For purposes of reporting the value of such personal usage in this table, HP uses data provided by an outside firm to calculate the hourly cost of operating each type of aircraft. These costs include the cost of fuel, maintenance, landing and parking fees, crew, catering and supplies. For trips by NEOs that involve mixed personal and business usage, HP includes the incremental cost of such personal usage (i.e., the excess of the cost of the actual trip over the cost of a hypothetical trip without the personal usage). For income tax purposes, the amounts included in NEO income are calculated based on the standard industry fare level ("SIFL") valuation method. While tax gross-ups were provided for certain travel in the past, all aircraft-related tax gross-ups were discontinued effective February 28, 2009.

(8) The amount reported for Mr. Joshi represents reimbursement for taxes incurred on meals and other event-related expenses for guests accompanying Mr. Joshi at HP-sponsored events; that reimbursement was paid under a reimbursement policy that applies to all HP employees but was discontinued for NEOs effective January 1, 2012. The amount reported for Mr. Hinshaw represents reimbursement for taxes incurred on relocation expenses paid under HP's relocation policy. The amount reported for Mr. Visentin includes $451,540 as reimbursement for taxes incurred as a result of HP's reimbursement of Mr. Visentin for amounts recouped by his previous employer following the commencement of his employment with HP, $127,311 as reimbursement for taxes incurred as a result of HP's reimbursement of Mr. Visentin for the loss of a deposit placed in connection with the purchase of a residence and other relocation expenses, and $1,461 as reimbursement for taxes incurred on relocation expenses paid under HP's relocation policy.

(9) Generally includes imputed income with respect to guest attendance at HP events, and amounts paid either directly to the executives or on their behalf for financial counseling, as follows: Ms. Whitman: $22,500; Ms. Lesjak: $17,963; Mr. Donatelli: $18,000; Mr. Hinshaw: $14,963; Mr. Bradley: $17,963; Mr. Joshi:$26,938; and Mr. Visentin: $16,838. The amount reported for Mr. Visentin includes $654,904 as reimbursement for amounts recouped by his previous employer following the commencement of his employment at HP and $161,060 as reimbursement for a deposit placed in connection with the purchase of a residence that was subsequently forfeited and other associated expenses.

Narrative to the Summary Compensation Table

The amounts reported in the Summary Compensation Table, including base pay, annual and long-term incentive amounts, benefits and perquisites, are described more fully under "Compensation Discussion and Analysis."

The amounts reported in the column entitled "Non-Equity Incentive Plan Compensation" include amounts earned in fiscal 2012 by all the NEOs under the PfR Plan for fiscal 2012. The narrative description of the remaining information in the Summary Compensation Table is provided in the narrative to the other compensation tables.

Table of Contents

Grants of Plan-Based Awards in Fiscal 2012

The following table provides information on awards granted under the PfR Plan for fiscal 2012 and awards of PRUs, RSUs and PCSOs granted as part of fiscal 2012 long-term incentive compensation:

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)(3)			All Other Stock Awards: Number of Shares of Stock or Units(4)	All Other Option Awards: Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards(5)
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	($)	($)
Margaret C. Whitman										
PfR	11/1/2011	24,000	2,400,000	6,000,000						
PRU	12/14/2011				21,229	212,283	424,566			2,840,063
RSU	12/14/2011							159,212		4,200,013
PCSO	12/14/2011					636,847			26.38	6,414,249
Catherine A. Lesjak										
PfR	11/1/2011	10,313	1,031,250	2,578,125						
CCC	6/1/2012		85,938							
PRU	12/12/2011				7,316	73,153	146,306			978,689
RSU	12/12/2011							54,865		1,500,009
PCSO	12/12/2011					219,459			27.34	2,308,503
David A. Donatelli										
PfR	11/1/2011	10,313	1,031,250	2,578,125						
CCC	6/1/2012		85,938							
PRU	12/12/2011				10,242	102,415	204,830			1,370,176
RSU	12/12/2011							168,253		4,600,037
PCSO	12/12/2011					307,243			27.34	3,231,909
John M. Hinshaw										
PfR	11/15/2011	7,818	781,769	1,954,422						
CCC	6/1/2012		67,708							
PCSO(6)	11/15/2011					164,000			28.24	1,926,183
RSU	11/15/2011							54,000		1,524,960
PRU	12/12/2011				2,561	25,604	51,208			342,547
RSU	12/12/2011							19,203		525,010
PCSO	12/12/2011					76,811			27.34	807,980
R. Todd Bradley										
PfR	11/1/2011	10,625	1,062,500	2,656,250						
CCC	6/1/2012		88,452							
PRU	12/12/2011				8,779	87,784	175,568			1,174,432
RSU	12/12/2011							65,838		1,800,011
PCSO	12/12/2011					263,351			27.34	2,770,206
Vyomesh I. Joshi										
PfR	11/1/2011	10,625	1,062,500	2,656,250						
PRU	12/12/2011				8,779	87,784	175,568			1,174,432
RSU	12/12/2011							65,838		1,800,011
PCSO	12/12/2011					263,351			27.34	2,770,206
Giovanni G. Visentin										
PfR	11/1/2011	9,063	906,250	2,265,625						
CCC	6/1/2012		30,208							
PRU	12/12/2011				5,853	58,523	117,046			782,959
RSU	12/12/2011							43,892		1,200,007

PCSO	12/12/2011	175,567	27.34	1,846,801

(1) Amounts represent the range of possible cash payouts for fiscal 2012 awards under the PfR Plan and the possible cash payouts at target for fiscal 2012 awards under the CCC Plan.

(2) PRU award amounts represent the range of shares that may be released at the end of the three-year performance period applicable to the PRU award assuming achievement of threshold, target and maximum performance. If HP's cash flow or revenue growth performance is below threshold for each year during the performance period, no shares will be released at the end of the period. See the discussion of PRU awards under "Compensation Discussion and

Analysis—Analysis of Elements of Fiscal 2012 Executive Compensation—Long-Term Incentive Pay—Performance-Based Restricted Units."

(3) Except as otherwise noted, PCSO awards vest as follows: For the first half of the award to vest, HP's stock price must increase by at least 20% over the grant date stock price for at least 20 consecutive trading days within four years from the date of grant and the recipient's service to HP must continue for at least two years from the date of grant. For the remainder of the award to vest, HP's stock price must increase by at least 40% over the grant date stock price for at least 20 consecutive trading days within four years from the date of grant and the recipient's service to HP must continue for at least three years from the date of grant. All PCSO awards have an eight-year term.

(4) RSUs vest as to one-third of the units on each of the first three anniversaries of the grant date.

(5) See footnote (3) to the Summary Compensation Table for a description of the method used to determine the grant date fair value of stock awards.

(6) Represents an in-hire PCSO award granted to Mr. Hinshaw in connection with the commencement of his employment with HP. This PCSO vests as follows: For the first half of the award to vest, HP's stock price must increase by at least 20% over the grant date stock price for at least 20 consecutive trading days within eight years from the date of grant and Mr. Hinshaw's service to HP must continue for at least one year from the date of grant. For the remainder of the award to vest, HP's stock price must increase by at least 40% over the grant date stock price for at least 20 consecutive trading days within eight years from the date of grant and Mr. Hinshaw's service to HP must continue for at least two years from the date of grant.

Table of Contents

Outstanding Equity Awards at 2012 Fiscal Year-End

The following table provides information on stock and option awards held by the NEOs as of October 31, 2012:

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable[1]	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options[2] (#)	Option Exercise Price[3] ($)	Option Expiration Date[4]	Number of Shares or Units of Stock That Have Not Vested[5] (#)	Market Value of Shares or Units of Stock That Have Not Vested[6] ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested[7] (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested[6] ($)
Margaret C. Whitman	100,000	200,000	1,600,000	23.59	9/27/2019	163,197	2,260,278	162,001	2,243,714
			636,847	26.38	12/14/2019				
Catherine A. Lesjak	35,000			31.50	1/23/2014	169,284	2,344,583	55,826	773,190
	100,000			42.27	1/18/2015				
			219,459	27.34	12/12/2019				
David A. Donatelli	112,500	37,500		34.47	5/26/2017	234,672	3,250,207	78,157	1,082,474
			307,243	27.34	12/12/2019				
John M. Hinshaw			164,000	28.24	11/15/2019	75,036	1,039,249	19,540	270,629
			76,811	27.34	12/12/2019				
R. Todd Bradley	200,000			42.27	1/18/2015	203,651	2,820,566	66,991	927,825
			263,351	27.34	12/12/2019				
Vyomesh I. Joshi	500,000			21.77	4/14/2013	136,165	1,885,885	3,529	48,877
	340,000			31.50	1/23/2014				
	200,000			42.27	1/18/2015				
			27,433	27.34	12/12/2019				
Giovanni G. Visentin			175,567	27.34	12/12/2019	69,714	965,539	44,661	618,555

(1) The option held by Ms. Whitman vests as to one-third of the shares on each of the first, second and third anniversaries of September 27, 2011, the date of grant. The option held by Mr. Donatelli vests as to one-fourth of the shares on each of the first, second, third and fourth anniversaries of May 26, 2009, the date of grant.

(2) Option awards in this column, other than the 1,600,000 share option and the 636,847 share option held by Ms. Whitman and the 164,000 share option held by Mr. Hinshaw, vest as to one-half of the shares on each of the second and third anniversaries of December 12, 2011, the date of grant, subject to the satisfaction of certain stock price performance conditions. The 1,600,000 share option held by Ms. Whitman vests as to one-half of the shares on each of the first and second anniversaries of September 27, 2011, the date of grant, subject to the satisfaction of certain stock price performance conditions. The 636,847 share option held by Ms. Whitman vests as to one-half of the shares on each of the second and third anniversaries of December 14, 2011, the date of grant, subject to the satisfaction of certain stock price performance conditions. The 164,000 share option held by Mr. Hinshaw vests as to one-half of the shares on each of the first and second anniversaries of November 15, 2011, the date of grant, subject to the satisfaction of certain stock price performance conditions.

(3) Option exercise prices are the fair market value of HP common stock on the date of grant.

(4) All options have an eight-year term.

(5) The amounts in this column include shares underlying dividend equivalent units granted with respect to outstanding stock awards through October 31, 2012. The release dates and release amounts for all unvested stock awards are as follows, assuming any applicable performance conditions are satisfied in full:

- Ms. Whitman: December 14, 2012 (53,070 shares plus accrued dividend equivalent shares); December 14, 2013 (53,071 shares plus accrued dividend equivalent shares); and December 14, 2014 (53,071 shares plus accrued dividend equivalent shares);
- Ms. Lesjak: December 10, 2012 (23,817 shares plus accrued dividend equivalent shares); June 27, 2015 (85,764 shares plus accrued dividend equivalent shares); December 12, 2012 (18,288 shares plus accrued dividend equivalent shares); December 12, 2013 (18,288 shares plus accrued dividend equivalent shares); and December 12, 2014 (18,289 shares plus accrued dividend equivalent shares);
- Mr. Donatelli: December 10, 2012 (10,000 shares plus accrued dividend equivalent shares); June 27, 2015 (28,588 shares plus accrued dividend equivalent shares); April 30, 2013 (21,441 shares plus accrued dividend equivalent shares); December 12, 2012 (25,603 shares plus accrued dividend equivalent shares); December 12, 2013 (25,604 shares plus accrued dividend equivalent shares); December 12, 2014 (25,604 shares plus accrued dividend equivalent shares); December 12, 2012 (30,480 shares plus accrued dividend equivalent shares); December 12, 2013 (30,481 shares plus accrued dividend equivalent shares); and December 12, 2014 (30,481 shares plus accrued dividend equivalent shares);
- Mr. Hinshaw: November 15, 2012 (18,000 shares plus accrued dividend equivalent shares); November 15, 2013 (18,000 shares plus accrued dividend equivalent shares); November 15, 2014 (18,000 shares plus accrued dividend equivalent shares); December 12, 2012 (6,401 shares plus accrued dividend equivalent shares); December 12, 2013 (6,401 shares plus accrued dividend equivalent shares); and December 12, 2014 (6,401 shares plus accrued dividend equivalent shares);
- Mr. Bradley: December 10, 2012 (17,717 shares plus accrued dividend equivalent shares); June 27, 2015 (114,352 shares plus accrued dividend equivalent shares); December 12, 2012 (21,946 shares plus accrued dividend equivalent shares); December 12, 2013 (21,946 shares plus accrued dividend equivalent shares); and December 12, 2014 (21,946 shares plus accrued dividend equivalent shares);
- Mr. Joshi: December 10, 2012 (17,717 shares plus accrued dividend equivalent shares); and June 27,2015 (114,352 shares plus accrued dividend equivalent shares); and
- Mr. Visentin: All unvested stock awards vested or lapsed in connection with the termination of Mr. Visentin's employment with HP effective on November 1, 2012.

(6) Value calculated based on the $13.85 closing price of HP common stock on October 31, 2012.

(7) The amounts in this column include the amounts of PRUs granted in fiscal 2011 and fiscal 2012, adjusted for actual achievement during those periods on the annual metric of cash flow from operations as a percentage of revenue and, for PRUs granted in fiscal 2012, the annual metric of revenue growth with respect to the portion of each award attributable to fiscal 2012 performance. For PRUs granted in fiscal 2011, performance on the annual cash flow metric was 88.2% of target for fiscal 2011 and was 35.4% of target for fiscal 2012. For PRUs granted in fiscal 2012, performance on the annual cash flow metric was 17.0% of target and performance on the annual revenue growth metric was 56.8% of target for fiscal 2012. For the PRUs granted in fiscal 2011, the 88.2% multiplier applies to the first one-third of the PRUs and the 35.4% multiplier applies to the second one-third of the PRUs. For the PRUs granted for fiscal 2012, the 17.0% cash flow multiplier and the 56.8% revenue growth multiplier apply to the first one-third of the PRUs granted for fiscal 2012, weighted at 70% cash flow and 30% revenue growth. For both types of awards, the remaining units are reported at target and will be adjusted based on actual cash flow performance during the remaining portion of the applicable performance periods. For the PRUs granted in fiscal 2011, total PRUs credited at the conclusion of each three-year period will be adjusted by HP's TSR performance, which will determine the number of shares, if any, released at the end of the period. The amounts in this column also include the number of SIPRUs granted in fiscal 2011, adjusted for actual achievement during fiscal 2011 and fiscal 2012 on the metric of earnings per share. Performance on the earnings per share metric was below threshold for both fiscal 2011 and fiscal 2012, so no units were earned for the first performance period. The remaining units are reported at target and will be adjusted based on actual earnings per share performance during the second performance period. Total SIPRUs credited at the conclusion of the second performance period will be adjusted by HP's TSR performance for the three-year performance period as compared to the S&P 500, which will determine the number of shares, if any, released at the end of the entire three-year period of the award. For purposes of this table, we have assumed that HP's TSR performance for the PRUs and SIPRUs granted in fiscal 2011 will be below the 25^{th} percentile and will result in a TSR modifier of 0% for those awards.

Option Exercises and Stock Vested in Fiscal 2012

The following table provides information about options exercised and stock awards vested for the NEOs during the fiscal year ended October 31, 2012:

	Option Awards		Stock Awards[1]	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise[2] ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting[3] ($)
Margaret C. Whitman[4]	—	—	3,455	85,788
Catherine A. Lesjak	—	—	35,560	992,124
David A. Donatelli	—	—	63,954	1,168,291
John M. Hinshaw	—	—	—	—
R. Todd Bradley	—	—	34,293	956,775
Vyomesh I. Joshi[5]	300,000	1,541,390	96,337	2,393,506
Giovanni G. Visentin	—	—	26,475	475,425

(1) Does not include the PRU awards granted for the three-year period that ended on October 31, 2012 because none of those awards vested.

(2) Represents the amounts realized based on the difference between the market price of HP stock on the date of exercise and the exercise price.

(3) Represents the amounts realized based on the fair market value of HP stock on the vesting date for restricted stock or restricted stock units. Fair market value is determined based on the closing price of HP's common stock on the applicable date.

(4) The vested award for Ms. Whitman was granted in April 2011 in connection with her service as a non-employee member of the Board before she became CEO.

(5) The number of shares acquired upon vesting by Mr. Joshi does not include an additional 769 shares accrued as dividend equivalent units during a six-month delay in delivery of the vested shares. The value realized by Mr. Joshi upon delivery of the shares, including the additional 769 shares, was $1,840,187.

Fiscal 2012 Pension Benefits Table

The following table provides information about the present value of accumulated pension benefits payable to each NEO:

Name	Plan Name[1]	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit[2] ($)	Payments During Last Fiscal Year ($)
Margaret C. Whitman[3]	—	—	—	—
	—	—	—	—
Catherine A. Lesjak	RP	21.3	310,890	—
	EBP	21.3	2,156,145	—
David A. Donatelli[3]	—	—	—	—
	—	—	—	—
John M. Hinshaw[3]	—	—	—	—
	—	—	—	—
R. Todd Bradley	CAPP	0.6	12,131	—
	CARP	0.6	8,336	—
Vyomesh I. Joshi[4]	RP	27.2	380,506	—
	EBP	27.2	—	6,107,301
Giovanni G. Visentin[3]	—	—	—	—
	—	—	—	—

(1) The "CAPP" and the "CARP" are the qualified HP Cash Account Pension Plan and the nonqualified HP Cash Account Restoration Plan, respectively. The "RP" and the "EBP" are the qualified HP Retirement Plan and the nonqualified HP Excess Benefit Plan, respectively. All benefits are frozen under these plans. The CAPP and the RP have been merged into the HP Pension Plan, although benefits continue to be determined under the separate formulas.

(2) The present value of accumulated benefits is shown at the age 65 unreduced retirement age for the RP and the EBP using the assumptions under Accounting Standards Codification (ASC) Topic 715-30 Defined Benefit Plans—Pension for 2012 fiscal year end measurement (as of October 31, 2012). The present value is based on a discount rate of 4.14% for the RP and 3.28% for the EBP, lump sum interest rates of 1.02% for the first five years, 3.71% for the next 15 years and 4.67% thereafter, and applicable mortality. As of October 31, 2011 (the prior measurement date), the ASC Topic 715-30 assumptions included a discount rate of 4.85% for the RP and 4.04% for the EBP, lump sum interest rates of 1.98% for the first five years, 4.49% for the next 15 years and 5.80% thereafter, and applicable mortality. Since there are no early retirement reductions in the CAPP or the CARP and the account balances are vested, the CAPP and the CARP account balances are used as the present value of the accumulated benefit.

(3) Ms. Whitman, Mr. Donatelli, Mr. Hinshaw and Mr. Visentin are not eligible to receive benefits under any defined benefit pension plan, as HP ceased benefit accruals under all of its U.S. defined benefit pension plans prior to the commencement of their employment with HP.

(4) Consistent with the terms of the EBP, as described below, upon the termination of Mr. Joshi's employment, the lump sum value of his accrued benefit under the EBP, less amounts withheld for payroll taxes, was transferred to his account balance under the EDCP and will become

payable to him in accordance with applicable distribution rules. The total lump sum value of his accrued benefit under the EBP, without deducting the amounts withheld for payroll taxes, is reported in this table as a payment made during fiscal 2012.

Narrative to the Fiscal 2012 Pension Benefits Table

No NEO currently accrues a benefit under any qualified or non-qualified defined benefit pension plan, as HP ceased benefit accruals in all of its U.S. qualified defined benefit pension plans (and their non-qualified plan counterparts) in prior years. Benefits previously accrued by the NEOs under HP pension plans are payable to them following termination of employment, subject to the terms of the applicable plan.

Terms of the HP Retirement Plan

Ms. Lesjak and Mr. Joshi earned benefits under the RP and the EBP based on their pay and service prior to 2008. 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, subject to applicable IRS limits. Benefits under the RP may be taken in one of several different annuity forms or in an actuarially equivalent lump sum. Benefits calculated under the RP are offset by the value of benefits earned under the HP Deferred Profit Sharing Plan (the "DPSP") before 1993. 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, the benefit liability is transferred to the EDCP, where an account is established for the participant. That account is then credited with hypothetical 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 that would result in above-market earnings or payment of a preferential interest rate on this benefit.

At the time of distribution, 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.

Terms of the HP Cash Account Pension Plan

Prior to 2006, Mr. Bradley earned benefits under the CAPP, which is a cash balance plan that provides pension benefits determined by reference to a hypothetical account balance.

Prior to this plan being frozen, participants received "pay credits" equal to 4% of base pay credited quarterly to their accounts and "interest credits" credited daily. Currently, participants who have not taken a distribution receive interest credits at the rate equal to the one-year rate for Treasury securities plus 1%; the "interest credit" rate is adjusted annually. Benefits under the CAPP may be taken in one of several different annuity forms or in a lump sum equal to the hypothetical account balance.

Prior to 2006, Mr. Bradley also received pay and interest credits to a hypothetical account balance established for CARP participants on base pay in excess of certain IRS limits at the same rates as had been credited under the CAPP. Benefits under the CARP are unfunded and unsecured. Upon termination of employment, a CARP participant is paid his or her account balance in the form of a lump sum in January of the year following termination, subject to any delay required by Section 409A of the Code.

HP does not sponsor any other supplemental pension plans or special retiree medical benefit plans for executive officers.

Fiscal 2012 Nonqualified Deferred Compensation Table

The following table provides information about contributions, earnings, withdrawals, distributions and balances under the EDCP:

Name	Executive Contributions in Last FY(1) ($)	Registrant Contributions in Last FY(2) ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions(3) ($)	Aggregate Balance at FYE ($)
Margaret C. Whitman	—	—	—	—	—
Catherine A. Lesjak	10,400	9,800	591,389	(414,493)	4,609,077
David A. Donatelli	—	—	—	—	—
John M. Hinshaw	8,340	—	173	—	8,513
R. Todd Bradley	14,000	9,800	83,019	(2,177,172)	452,119
Vyomesh I. Joshi(4)	656,437	9,800	712,475	—	9,529,265
Giovanni G. Visentin	10,280	9,700	1,842	—	29,411

(1) The amounts reported here as "Executive Contributions" and "Registrant Contributions" are reported as compensation to such NEO in the Summary Compensation Table above.

(2) The contributions reported here as "Registrant Contributions" were made in fiscal 2012 with respect to calendar year 2011 participant base-pay deferrals. During fiscal 2012, the NEOs were eligible to receive a 4% matching contribution on base-pay deferrals that exceeded the IRS limit that applies to the qualified HP 401(k) Plan up to a maximum of two times that limit.

(3) The distributions reported here were made pursuant to participant elections made prior to the time that the amounts were deferred in accordance with plan rules.

(4) As reported in footnote (4) to the Fiscal 2012 Pension Benefits Table above, upon the termination of Mr. Joshi's employment, the lump sum value of his accrued benefit under the EBP, less amounts withheld for payroll taxes, was transferred to his account balance under the EDCP. That total lump sum value, less the amounts withheld for payroll taxes, is included in the balance shown for Mr. Joshi in the "Aggregate Balance at FYE" column of this table.

Narrative to the Fiscal 2012 Nonqualified Deferred Compensation Table

HP sponsors the EDCP, a nonqualified deferred compensation plan that permits eligible U.S. employees to defer base pay in excess of the amount taken into account under the qualified HP 401(k) Plan and bonus amounts of up to 95% of the annual incentive bonus payable under the PfR Plan. In addition, a matching contribution is available under the plan to eligible employees. The matching contribution applies to base-pay deferrals on compensation above the IRS limit that applies to the qualified HP 401(k) Plan up to a maximum of two times that compensation limit (for fiscal 2012, on base pay from $250,000 to $500,000). During fiscal 2012, the NEOs were eligible for a matching contribution of up to 4%.

At the time participation is elected, employees must specify the amount of base pay and/or the percentage of bonus to be deferred, as well as the time and form of payment. If termination of employment occurs before retirement (defined as at least age 55 with 15 years of service), distribution is made in the form of a lump sum in January of the year following the year of termination, subject to any delay required under Section 409A of the Code. At retirement (or earlier, if properly elected), benefits are paid according to the distribution election made by the participant at the time of the deferral election subject to any delay required under Section 409A of the Code. No withdrawals are permitted prior to the previously elected distribution date, other than "hardship" withdrawals as permitted by applicable law.

Amounts deferred or credited under the EDCP are credited with hypothetical investment earnings based on participant investment elections made from among the investment options available under the HP 401(k) Plan. Accounts maintained for participants under the EDCP are not held in trust, and all such accounts are subject to the claims of general creditors of HP. No amounts are credited with above-market earnings.

Potential Payments Upon Termination or Change in Control

The amounts in the following table assume that the NEOs terminated HP employment effective October 31, 2012. The closing price of HP common stock was $13.85 on that date. These amounts are in addition to benefits generally available to U.S. employees upon termination of employment, such as distributions from the retirement plans and the HP 401(k) Plan and payment of accrued vacation.

Name	Termination Scenario	Total[(1)] ($)	Severance[(2)] ($)	Long-Term Incentive Programs[(3)] Stock Options ($)	Long-Term Incentive Programs[(3)] Restricted Stock ($)	Long-Term Incentive Programs[(3)] PRU/SIPRU Program ($)
Margaret C. Whitman	Voluntary/For Cause	—	—	—	—	—
	Disability	2,488,720	—	—	2,205,086	283,634
	Retirement	—	—	—	—	—
	Death	957,423	—	—	673,789	283,634
	Not for Cause	3,489,377	2,531,954	—	673,789	283,634
	Change in Control	6,980,754	2,531,954	—	2,205,086	2,243,714
Catherine A. Lesjak	Voluntary/For Cause	—	—	—	—	—
	Disability	2,375,316	—	—	2,277,577	97,739
	Retirement	—	—	—	—	—
	Death	1,053,015	—	—	955,276	97,739
	Not for Cause	5,968,281	2,917,514	—	2,277,577	773,190
	Change in Control	8,518,966	2,917,514	—	2,277,577	3,323,875
David A. Donatelli	Voluntary/For Cause	—	—	—	—	—
	Disability	3,298,544	—	—	3,161,706	136,838
	Retirement	—	—	—	—	—
	Death	1,143,096	—	—	1,006,258	136,838
	Not for Cause	4,172,248	3,029,152	—	1,006,258	136,838
	Change in Control	7,273,332	3,029,152	—	3,161,706	1,082,474
John M. Hinshaw	Voluntary/For Cause	—	—	—	—	—
	Disability	1,048,072	—	—	1,013,862	34,210
	Retirement	—	—	—	—	—
	Death	364,782	—	—	330,572	34,210
	Not for Cause	2,122,544	1,757,762	—	330,572	34,210
	Change in Control	3,042,253	1,757,762	—	1,013,862	270,629
R. Todd Bradley	Voluntary/For Cause	—	—	—	—	—
	Disability	2,858,308	—	—	2,741,012	117,296
	Retirement	—	—	—	—	—
	Death	1,181,793	—	—	1,064,497	117,296
	Not for Cause	3,805,096	2,623,303	—	1,064,497	117,296
	Change in Control	6,292,140	2,623,303	—	2,741,012	927,825

(1) Total does not include amounts earned or benefits accumulated due to continued service by the NEO through October 31, 2012, including vested stock options, accrued retirement benefits, and vested balances in the EDCP, as those amounts are detailed in the preceding tables. Total also does not include amounts an NEO was eligible to receive under the annual PfR Plan with respect to fiscal 2012 performance.

(2) For Ms. Whitman, the amounts reported represent the cash benefits payable under Ms. Whitman's employment offer letter, as discussed under "Executive Compensation—Compensation Discussion and Analysis—Analysis of Elements of Fiscal 2012 Executive

Compensation—Employment Offer Letter for Margaret C. Whitman as President and CEO." For Ms. Lesjak, the amounts reported represent the cash benefits payable under Ms. Lesjak's December 15, 2010 letter agreement. For the other NEOs, the amounts reported are the cash benefits payable in the event of a qualifying termination under the SPEO.

(3) Effective for terminations occurring after November 1, 2011, the SPEO was amended to provide that covered executives will receive pro-rata vesting on unvested equity awards, so long as they have worked at least 25% of the applicable vesting or performance period, as discussed under "Executive Compensation—Compensation Discussion and Analysis—Severance Plan for Executive Officers." With respect to the treatment of equity in the event of a change in control of HP, the information reported assumes that the Board or the Committee would exercise its discretion to accelerate vesting of equity awards in the case of "not for cause" terminations. Pro-rata vesting of PRUs and SIPRUs based on actual performance applies in the event of a termination due to retirement, death or disability for all grant recipients. To calculate the value of unvested PRUs and SIPRUs for purposes of this table, actual performance is used for the portions of the awards where the performance is known, and target performance is used for the portions of the awards where actual performance has not yet been determined, except that we have assumed that HP's TSR performance for the PRUs granted in fiscal 2011 will be below the 25th percentile and will result in a TSR modifier of 0% for those awards. Ms. Lesjak's awards have been valued assuming a qualifying termination under her December 15, 2010 letter agreement, where applicable.

HP Severance Plan for Executive Officers

An executive will be deemed to have incurred a qualifying termination for purposes of the SPEO if he or she is involuntarily terminated without cause and executes a full release of claims in a form satisfactory to HP promptly following termination. For purposes of the SPEO, "cause" means an executive's material neglect (other than as a result of illness or disability) of his or her duties or responsibilities to HP or conduct (including action or failure to act) that is not in the best interest of, or is injurious to, HP. The material terms of the SPEO are described under "Executive Compensation—Compensation Discussion and Analysis—Severance Plan for Executive Officers."

Voluntary or "For Cause" Termination

In general, an NEO who remained employed through October 31, 2012 (the last day of the fiscal year) but voluntarily terminated employment immediately thereafter, or was terminated immediately thereafter as a "for cause" termination, would be eligible (1) to receive his or her annual incentive amount earned for fiscal 2012 under the PfR Plan (subject to any downward adjustment or elimination by the Committee prior to actual payment), (2) to exercise his or her vested stock options on or before the last day of employment, (3) to receive a distribution of vested amounts deferred or credited under the EDCP, and (4) to receive a distribution of his or her vested benefits under the HP 401(k) and pension plans. An NEO who terminated employment before October 31, 2012, either voluntarily or in a "for cause" termination, would generally not have been eligible to receive any amount under the PfR Plan with respect to the fiscal year in which the termination occurred, except that the Committee has the discretion to make payment of prorated bonus amounts to individuals on leave of absence or in non-pay status, as well as in connection with certain voluntary severance incentives, workforce reductions and similar programs.

"Not for Cause" Termination

A "not for cause" termination would qualify the NEO for the amounts described above under a "voluntary" termination and benefits under the SPEO if the NEO signs the required release of claims in favor of HP.

In addition to the cash severance benefits and pro-rata equity awards payable under the SPEO, the NEO would be eligible to exercise vested stock options up to one year after termination and receive distributions of vested, accrued benefits from HP deferred compensation and pension plans.

Termination Following a Change in Control

In the event of a change in control of HP, the Board is authorized (but not required) to accelerate the vesting of stock options and to release restrictions on awards issued under HP stock plans. In addition, Ms. Lesjak is covered by an agreement which provides her with certain additional protections in the event of a change in control. For the purposes of this table, the amounts reported for each NEO in the rows marked "Change in Control" assume that the Board would exercise its discretion in this manner, resulting in fully accelerated vesting of stock options and a release of all restrictions on all stock-based awards. In addition, an executive terminated on October 31, 2012 following a change in control would be eligible for benefits under the SPEO, as described above.

HP Severance Policy for Senior Executives

Under the HP Severance Policy for Senior Executives adopted by the Board in July 2003 (the "HP Severance Policy"), HP will seek stockholder approval for future severance agreements, if any, with certain senior executives that provide specified benefits in an amount exceeding 2.99 times the sum of the executive's current annual base salary plus annual target cash bonus, in each case as in effect immediately prior to the time of such executive's termination. Individuals subject to this policy consist of the Section 16 officers designated by the Board. In implementing this policy, the Board may elect to seek stockholder approval after the material terms of the relevant severance agreement are agreed upon.

For purposes of determining the amounts subject to the HP Severance Policy, benefits subject to the limit generally include cash separation payments that directly relate to extraordinary benefits that are not available to groups of employees other than the Section 16 officers upon termination of employment. Benefits that have been earned or accrued, as well as prorated bonuses, accelerated stock or option vesting and other benefits that are consistent with HP practices applicable to employees other than the Section 16 officers, are not counted against the limit. Specifically, benefits subject to the HP Severance Policy include: (a) separation payments based on a multiplier of salary plus target bonus, or cash amounts payable for the uncompleted portion of employment agreements; (b) any gross-up payments made in connection with severance, retirement or similar payments, including any gross-up payments with respect to excess parachute payments under Section 280G of the Code; (c) the value of any service period credited to a Section 16 officer in excess of the period of service actually provided by such Section 16 officer for purposes of any employee benefit plan; (d) the value of benefits and perquisites that are inconsistent with HP practices applicable to one or more groups of employees in addition to, or other than, the Section 16 officers ("Company Practices"); and (e) the value of any accelerated vesting of any stock options, stock appreciation rights, restricted stock or long-term cash incentives that is inconsistent with Company Practices. The following benefits are not subject to the HP Severance Policy, either because they have been previously earned or accrued by the employee or because they are consistent with Company Practices:
(i) compensation and benefits earned, accrued, deferred or otherwise provided for employment services rendered on or prior to the date of termination of employment pursuant to bonus, retirement, deferred compensation or other benefit

plans, e.g., 401(k) Plan distributions, payments pursuant to retirement plans, distributions under deferred compensation plans or payments for accrued benefits such as unused vacation days, and any amounts earned with respect to such compensation and benefits in accordance with the terms of the applicable plan; (ii) payments of prorated portions of bonuses or prorated long-term incentive payments that are consistent with Company Practices; (iii) acceleration of the vesting of stock options, stock appreciation rights, restricted stock, restricted stock units or long-term cash incentives that is consistent with Company Practices; (iv) payments or benefits required to be provided by law; and (v) benefits and perquisites provided in accordance with the terms of any benefit plan, program or arrangement sponsored by HP or its affiliates that are consistent with Company Practices.

For purposes of the HP Severance Policy, future severance agreements include any severance agreements or employment agreements containing severance provisions that HP may enter into after the adoption of the HP Severance Policy by the Board, as well as agreements renewing, modifying or extending such agreements. Future severance agreements do not include retirement plans, deferred compensation plans, early retirement plans, workforce restructuring plans, retention plans in connection with extraordinary transactions or similar plans or agreements entered into in connection with any of the foregoing, provided that such plans or agreements are applicable to one or more groups of employees in addition to the Section 16 officers.

HP Retirement Arrangements

Upon retirement on or after age 55 with at least 15 years of qualifying service, HP employees in the United States receive full vesting of options granted under HP common stock plans with a three-year post-termination exercise period. Restricted stock and restricted stock units granted prior to November 1, 2011 continue to vest in accordance with their normal vesting schedule, subject to certain post-employment restrictions, and all restrictions on restricted stock and restricted stock units granted on or after November 1, 2011 lapse upon retirement. Awards under the PRU Program, if any, are paid on a prorated basis to participants at the end of the performance period based on actual results, and bonuses, if any, under the PfR Plan may be paid in prorated amounts at the discretion of management based on actual results. In accordance with Section 409A of the Code, certain amounts payable upon retirement of (or other termination by) the NEOs and other key employees will not be paid out for at least six months following termination of employment.

HP sponsors two retiree medical programs in the United States, one of which provides subsidized coverage for eligible participants based on years of service. Eligibility for this program requires that participants have been employed by HP before January 1, 2003 and have met other age and service requirements.

The other U.S. retiree medical program sponsored by HP provides eligible retirees with access to coverage at group rates only, with no direct subsidy provided by HP. In addition, beginning at age 45, eligible U.S. employees may participate in the HP Retirement Medical Savings Account Plan (the "RMSA"), under which participants are eligible to receive HP matching credits of $1,200 per year, beginning at age 45, up to a lifetime maximum of $12,000, which can be used to cover the cost of such retiree medical coverage (or other qualifying medical expenses) if the employee retires from HP on or after age 55 with at least 10 years of qualifying service. All of the NEOs could be eligible for the HP Retiree Medical Plan and the employer credits accumulated under the RMSA if they retire from HP on or after age 55 with at least 10 years of qualifying service.

Separation Agreement with Vyomesh I. Joshi

Mr. Joshi retired from HP effective April 2, 2012 under circumstances making him eligible for benefits under the SPEO. Under the agreement entered into in connection with his retirement, which included a release of claims and re-affirmation of certain protective covenants, Mr. Joshi is entitled to receive a total cash payment of $3,257,087 in four equal installments, payable in May and October of 2012 and April and October of 2013. Payment of each installment is subject to continued compliance with the protective covenants. Consistent with the terms of the SPEO, Mr. Joshi was also eligible for a pro-rata annual bonus based on actual performance results in fiscal 2012. In addition, HP agreed to reimburse Mr. Joshi for legal fees he incurred in connection with negotiation of that agreement.

Because Mr. Joshi's employment terminated after he reached the age of 55 and after he had accumulated 15 years of service with HP, Mr. Joshi qualified for "retirement" treatment on his outstanding equity awards, which included full vesting on time-vested stock options with a three-year post-termination exercise period, continued vesting on RSUs granted prior to November 1, 2011, and immediate vesting of RSUs granted on or after November 1, 2011 (in each case subject to a six-month delay in delivery due to Mr. Joshi's status as a "specified employee" under Section 409A of the Code). Mr. Joshi also received pro-rata vesting of any outstanding PRUs and performance-contingent stock options based on the number of whole months that he was employed by HP during the applicable performance periods, with any release of shares or exercise of options continuing to be subject to satisfaction of the applicable performance conditions. In addition, based on his prior service, Mr. Joshi was eligible to enroll in the HP Pre-2003 Retiree Medical Plan.

Separation Agreement with Giovanni G. Visentin

Mr. Visentin's employment with HP terminated effective November 1, 2012 under circumstances making him eligible for benefits under the SPEO. Under the agreement entered into in connection with the termination of his employment, which included a release of claims and re-affirmation of certain protective covenants, Mr. Visentin is entitled to receive a total cash payment of $1,759,500 in four equal installments, payable in November of 2012, April and October of 2013, and April of 2014. Payment of each installment is subject to continued compliance with the protective covenants. Consistent with the terms of the SPEO, Mr. Visentin was also eligible for a pro-rata annual bonus based on actual performance results in fiscal 2012. In addition, HP agreed to reimburse Mr. Visentin for legal fees he incurred in connection with negotiation of that agreement.

Consistent with the terms of the SPEO, Mr. Visentin received prorated vesting on all unvested equity awards where he had worked at least 25% of the applicable performance period, subject to the satisfaction of the performance conditions applicable to performance-based awards and subject to delayed delivery of vested shares for six months following his termination date due to his status as a "specified employee" under Section 409A of the Code. Mr. Visentin also received pro-rata vesting of outstanding PRUs based on the number of whole months that he was employed by HP during the applicable performance periods, with any release of shares continuing to be subject to satisfaction of the applicable performance conditions.

Under this agreement, Mr. Visentin also received a cash payment of $18,500 to cover the cost of continued medical coverage for himself and his family for approximately two years, continued financial counseling for a period of three months after his termination date, and outplacement assistance for a period of six months. In addition, HP confirmed that it would not seek to recoup the $2,000,000 bonus paid to him in connection with his promotion to Executive Vice President, Enterprise Services and relocation to California. Furthermore, HP agreed to reimburse Mr. Visentin for the deposit he made in connection with the purchase of a residence that was subsequently forfeited and for other incidental expenses he incurred in anticipation of moving to California, plus reimbursement for the taxes incurred in connection with his receipt of such reimbursements.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes our equity compensation plan information as of October 31, 2012.

Plan Category	Common shares to be issued upon exercise of outstanding options, warrants and rights[1]	Weighted-average exercise price of outstanding options, warrants and rights[2]	Common shares available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by HP stockholders	98,567,587(3)	$ 31.1412	152,837,143(4)
Equity compensation plans not approved by HP stockholders	—	—	—
Totals	98,567,587	$ 31.1412	152,837,143

(1) This column does not reflect awards of options and restricted stock units assumed in acquisitions where the plans governing the awards were not available for future awards as of October 31, 2012. As of October 31, 2012, individual awards of options and restricted stock units to purchase a total of 19,093,316 shares were outstanding pursuant to awards assumed in connection with acquisitions and granted under such plans at a weighted-average exercise price of $21.7572.

(2) This column does not reflect the exercise price of shares underlying the assumed options referred to in footnote (1) to this table or the purchase price of shares to be purchased pursuant to the ESPP or the legacy HP Employee Stock Purchase Plan (the "Legacy ESPP"). In addition, the weighted-average exercise price does not take into account the shares issuable upon vesting of outstanding awards of restricted stock units and PRUs, which have no exercise price.

(3) Includes awards of options and restricted stock units outstanding under the ESPP, the 2004 Plan, the HP 2000 Stock Plan and the HP 1995 Incentive Stock Plan. Also includes awards of PRUs representing 5,808,722 shares that may be issued under the 2004 Plan. Each PRU award reflects a target number of shares that may be issued to the award recipient. HP determines the actual number of shares the recipient receives at the end of a three-year performance period based on results achieved versus company performance goals and stockholder return relative to the market. The actual number of shares that a grant recipient receives at the end of the period may range from 0% to 200% of the target number of shares.

(4) Includes (i) 56,698,650 shares available for future issuance under the 2004 Plan, (ii) 92,046,502 shares available for future issuance under the ESPP, (iii) 2,725,611 shares available for future issuance under the Legacy ESPP, a plan under which employee stock purchases are no longer made, and (iv) 1,366,380 shares available for future issuance under the HP Service Anniversary Award Plan, a plan under which awards are no longer granted. Taking into account these adjustments, 148,745,152 shares were available for future grants as of October 31, 2012.