



# Invent.

Hewlett-Packard's 1999 Annual Report includes only selected condensed financial information. The complete 1999 Consolidated Financial Statements and Financial Review are provided to stockholders and accompany the Notice of Annual Meeting and Proxy Statement for HP's 2000 Annual Meeting of Stockholders.

## Corporate Profile

Hewlett-Packard Company is a leading global provider of computing and imaging solutions and services for business and home, and is focused on capitalizing on the opportunities of the Internet and the proliferation of electronic services.

## Financial Highlights

Unaudited

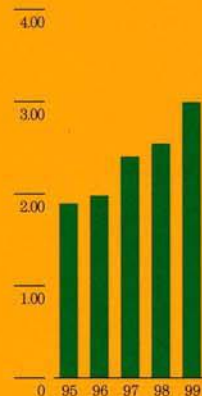
For the years ended October 31

In millions except per share amounts	1999	1998	Increase
Net revenue	\$42,370	\$39,419	7%
Earnings from operations	\$ 3,688	\$ 3,399	9%
Net earnings from continuing operations	\$ 3,104	\$ 2,678	16%
Net earnings per share from continuing operations—diluted:	\$ 2.97	\$ 2.52	18%
Return on assets	9.8%	9.4%	
Shares outstanding at year-end	1,005	1,015	

Note: Hewlett-Packard Company's consolidated financial statements and notes for all periods present Agilent Technologies, Inc.'s businesses as a discontinued operation. See further discussion in notes to the condensed consolidated financial statements.

### Net EPS from Continuing Operations - Diluted

(in dollars)



### Return on Assets

(percent)



This annual report contains forward-looking statements that involve risks and uncertainties that could cause the results of Hewlett-Packard Company to differ materially from those expressed or implied by such forward-looking statements. These risks include the timely development, production and acceptance of new products and services and their feature sets; the challenge of managing asset levels, including inventory; the flow of products into third-party distribution channels; the difficulty of keeping expense growth at modest levels while increasing revenues; the impact of Y2K on customers and suppliers; risks associated with the proposed spin-off of Agilent Technologies and associated distribution of Agilent Technologies shares; and other risks detailed from time to time in Hewlett-Packard's Securities and Exchange Commission reports, including but not limited to the annual report on Form 10-K for the years ended October 31, 1998 and 1999, and the quarterly report on Form 10-Q for the fiscal quarter ended July 31, 1999.

## HP Shareowners:

**When I came to HP — in July 1999 — I was impressed with the people I met, impressed by the soul, the spirit, the character of HP. I continue to be impressed. It is a privilege to lead this great company, a company that has invented so much in the 20th century and has so much to offer in the 21st.**

**1999 Results** Under my predecessor Lew Platt's leadership, HP had a solid start to the year, and, overall, we improved our execution and the competitiveness of our product portfolios. We achieved strong profits on slim revenue growth and against a very tough comparison with the first half of fiscal 1998.

In the second half, revenue results improved, and earnings remained very solid. We knew that although there were things we couldn't control — the Taiwan earthquake, for example — there were many more things that we could control, and we went to work on a plan to generate profitable growth and consistency of financial results.

For the year, net earnings and earnings per share (EPS) from continuing operations increased 16 percent and 18 percent compared with fiscal 1998, and were \$3.1 billion and \$2.97, respectively.

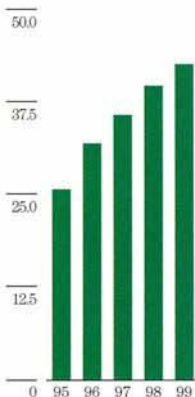
Revenue grew 7 percent to \$42.4 billion, with revenue from the United States up 6 percent and revenue from outside the United States increasing 9 percent. Europe achieved 8 percent revenue growth, and Asia Pacific and Latin America grew 18 percent and 2 percent, respectively. Our revenue grew 4 percent in the first half. It grew 11 percent in the second half, helped by strong product positions in most of our businesses and continued improvement in Asia. We felt some short-term adverse revenue effects from moving to a new enterprise-storage-solutions strategy.

Despite such factors as continued aggressive pricing in PCs and lower-than-planned volume in enterprise sales, cost of sales for the full year decreased 0.4 percentage points from a year ago and was 70.1 percent of revenue.

As a result of previous-year hiring controls and the increased use of outsourcing where appropriate and cost-effective, we began fiscal 1999 with a better expense structure than in the previous year, and we worked hard to keep expense growth moderate. Operating expenses rose 9 percent for the full year. Expenses rose 5 percent in the first half, compared to the same period in 1998, and 13 percent in the second half, reflecting stronger revenues and Agilent Technologies spin-off-related expenses.

### Net Revenue

(in billions)



We made excellent progress on asset management again this year. As a percentage of revenue, net property, plant and equipment reached an all-time low at the end of the year. We continued to consolidate operations and improve space utilization, and to lease our sales offices, which lowers asset intensity and increases our flexibility for the future.

Our accounts-receivable-to-revenue ratio, which includes trade and lease receivables, remained in good shape overall. An uptick in the second half reflected improved trade revenue performance and an increase in lease receivables due to our growing customer-financing business.

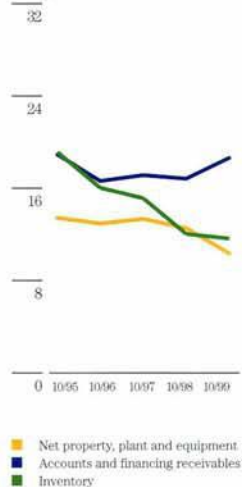
We continued a healthy trend in our inventory-to-sales ratio due to our ongoing work with contract manufacturers, channel partners and suppliers to improve supply-chain efficiency.

Our cash position remained strong, with year-end cash and equivalents of more than \$5 billion. The significant amount of cash we generate quarter after quarter speaks to our operational execution ability, and gives us options and flexibility in making strategic choices for our business.

We continued our aggressive share-repurchase programs. For the full fiscal year, we repurchased approximately 31 million shares for \$2.6 billion. We have authorizations remaining for substantial additional share repurchases in fiscal 2000.

**Operating Assets**

(as a percentage of net revenue)



**Business Review** Most of our businesses achieved strong results for the year. Imaging and printing, software, IT services, PCs and high-end UNIX® systems had good revenue growth and profitability.

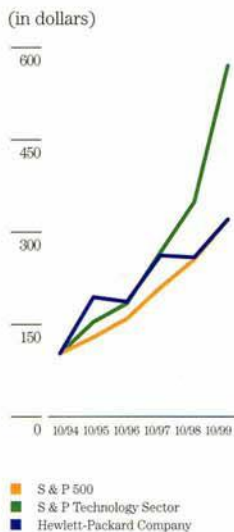
Imaging and printing revenues were very strong, driven by our broadest-ever product portfolio and continued strength in supplies. We held or increased share in every market the world over. We saw increasing ink usage as a result of a large and growing installed base of multifunction devices, photography products and DeskJet printers, and also as a result of greater access to images via the Internet.

We made significant strides in imaging technology, with prints from our DeskJet 970C virtually indistinguishable from conventional photos. Our inkjet products were visible everywhere, in major business publications and on television.

The growth in distributed printing and publishing also has fueled an increase in the number of pages that are printed rather than copied. Great market acceptance of our color laser printers — the HP Color LaserJet 4500 and 8500 printers — has helped accelerate this migration. We achieved triple-digit unit growth in color laser printers this year and hold the No. 1 market-share position in this category. Our award-winning printers are driving the growth of color laser printing, and we intend to defend and strengthen our



**Comparison of Five-Year Cumulative Total Return\***



\* \$100 Invested on 10/31/94 in stock or index - including reinvestment of dividends. Fiscal year ending October 31.

leadership position in this high-growth market.

We made an important acquisition in Dazel Corporation, whose information-delivery products will play a critical role in growing our printing services and solutions business, and in evolving our imaging and printing e-services offerings. We intend to grow our professional services, systems integration and managed print services, which are synergistic with our hardware and supplies businesses, and should fuel growth for those products. We believe that our ability to design special service features into hardware and supplies will give us a competitive advantage. We intend to take full advantage of the trend toward e-publishing and our strengths in digital imaging.

Personal computer revenue growth and profitability for the year were very solid, despite the Taiwan earthquake disruption in the latter half of the year, component shortages and constraints, and a very competitive market. Record shipments of notebooks and home PCs, and good growth for technical workstations contributed to the solid results.

We maintained excellent inventory levels in the channel and in the HP Online Stores, which are targeted for small and midsize companies. Our efforts to re-engineer the PC business and the way we go to market is paying off and, I believe, will continue to pay off. We made excellent progress in reducing our cost structures, and in refining our sales and distribution model in PCs to provide customers with the buying experience that suits their individual needs. We continued to reduce PC inventory levels this year. We increased our U.S. retail market share in home PCs to more than 30 percent, according to international marketing research firm Audits and Surveys, and we did so profitably. We also continued to expand our contract manufacturing. We now contract for manufacturing worldwide, which uses our assets more effectively, gives us a global manufacturing network and infrastructure, and shifts risks away from HP.

Server results for the year were mixed. High-end UNIX system servers posted strong revenue growth, but growth for the rest of our server lines, including NT, was essentially flat. At the end of the year, order growth was up across all server lines. We are a leading provider of UNIX, NT and Linux systems, and we are committed to remaining a leading provider of all three platforms. We are leading the race in three important areas: high availability, network- and systems-management, and in making all three systems available on the IA-64 platform.

Toward the end of the year, we combined our storage businesses to improve efficiencies and to strengthen our competitive position. Storage revenue, strong in the first half, was down overall in the second half, as planned, as we continued to transition to our new high-end open-systems storage strategy. We believe that our new storage strategy will

give us a significant competitive advantage in the data-intensive world of e-services. Desktop storage ended the year with moderate revenue growth, compared to the previous year, due to strong competition and lower average selling prices in CD read-write products. CD products had record unit shipments, and we continue to be the market leader in this space, as well as in DAT tape and optical libraries.

Software, fueled by strength in OpenView and other Internet-related software, achieved healthy growth again this year.

IT services reported consistently solid results this year, with strong demand for mission-critical and networking services. We intend to strengthen and expand our professional services business, making it an area of focus and an important part of our e-services strategy.

**Taking the Best of HP Forward**

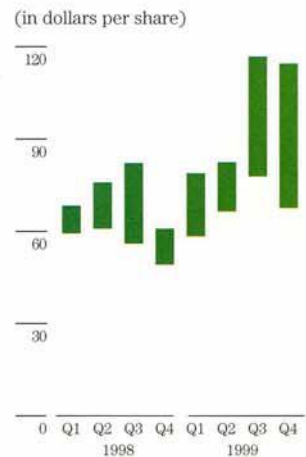
*Our plan for fiscal 2000 is based on six strategic priorities:*

**Accelerate growth in our existing businesses.** The first and most fundamental of our six priorities is to accelerate growth in our existing businesses, which have huge, untapped opportunity fueled by the Internet. We intend to take share in each of our current businesses and to grow faster than the markets — geographically and in terms of products — in which we participate. Our servers and software are critical components of the computing utility infrastructure that underlies Internet opportunities. We already are the largest IT supplier to the consumer market, growing at close to 30 percent per year. Our PCs and printers are particularly strong in this market. Another example is the total \$30 billion U.S. imaging and printing opportunity, which we believe is hardly tapped. The Internet has fueled the distribute-and-print model we've been predicting, with a number of implications: new access to images and e-applications, more capability and occasion to print locally, and more reliance on our networking expertise. Finally, new paradigms, such as connected appliances, short-run publishing and digital imaging, speak to our considerable capabilities. Another example is that Internet-related IT spending is estimated to be \$275 billion by 2003, \$100 billion of which is expected to be in storage — a significant growth opportunity remaining in our current businesses.

**Streamline existing decentralized operating model to fuel growth opportunities.**

We've launched initiatives to improve our expense structure, and we've begun by benchmarking against the best to ensure that we have a truly competitive, world-class cost structure in all of our infrastructure activities. What we found is that our decentralized business model has

**Range of Common Stock Price**



created many redundancies, and there are many opportunities for leverage and lower cost. We see real estate and workplace services as major cost-reduction opportunities. These examples, plus many others, translate into a cost-reduction opportunity that will result in \$1 billion in cost savings within three years. We intend to reinvest most of that \$1 billion in our customer experience, R&D and other activities.

**Implement a "total customer experience" approach.** We are reinvesting in resources that serve the customer; leveraging existing relationships and building new ones; integrating customer touch points; and measuring customer loyalty, not just satisfaction. We can turn the total customer experience we're providing into the same kind of competitive advantage as our technology. And we can accomplish this in a number of ways. First, we are reinvesting resources in the customer, reversing a previous trend. And not just salespeople, but support resources, professional services resources and resources that sit with customers day in and day out to help them leverage HP's unique capabilities. We also are focused on leveraging our existing relationships with customers and partners, and on developing new relationships. We've begun to integrate all our customer touch points — Web sites, call centers, partners or distribution channels — so that customers don't have to go to multiple places to get information about HP. And we're now measuring customer loyalty, which is beyond measuring customer satisfaction and an important barometer of our progress on providing a total customer experience that's second to none.

**Take advantage of our strong balance sheet.** We can and will exploit our strong balance sheet, a good example of HP's operational control and execution ability. We want to leverage our unique market position to drive the adoption of next-generation appliances, and next-generation e-services and infrastructure in specific high-growth markets. Our strong record for cash generation, and our low and declining inventory and PP&E give us the flexibility to fund such new initiatives.

**Leverage our market position to drive the adoption of next-generation appliances, e-services and infrastructure in high-growth markets.** We're focused on the intersection of next-generation appliances, e-services and infrastructure, three vectors that represent the most potential for leveraging our existing relationships, our installed base, our partnerships and our unique capabilities. We're picking segments that are big, that have significant growth potential and that offer us a unique opportunity to play and lead: service providers; next-generation portals; wireless e-services; digital imaging and electronic publishing; small and midsize businesses; and intelligent, networked homes.



**Create e-services ecosystems and place HP at the center.** We're creating communities or ecosystems around our e-services opportunities, and then planting HP at the center of those ecosystems. We have a reputation as the best partner in the industry, and, as a result, we can quickly assemble the key alliances needed to take advantage of e-services opportunities. Our ability to bring an ecosystem with us — partners, appliances, infrastructure and services — is a critical competitive advantage for us. For example, when we talk to customers about e-procurement opportunities or supply-chain portals, we bring with us a set of partners that make those procurement and supply-chain opportunities real.

I believe these six strategic priorities position us strongly for 2000 and the years ahead. We're ready to seize opportunities with a re-energized sense of what it means to be HP. HP's unique assets — its people, technologies, experience, brand and global presence — are ready to be tapped and leveraged to their full potential. We're focused on executing against big market opportunities. We have the right strategy and structure in place. We have a strong team with shareowner-oriented incentives. And we're positioning HP for accelerated growth — 12 percent to 15 percent revenue and profit growth in fiscal 2000.

I invite you to watch us this year as we work hard to meet our performance goals and to find creative ways to provide our customers with a rewarding experience whenever and wherever they come into contact with HP. I look forward to reporting our progress to you throughout the year.



Carly Fiorina  
 HP President and Chief Executive Officer  
 December 17, 1999

<b>The HP Advantage</b>
Unique Assets
Untapped Potential
Focus on Execution
Big Market Opportunities
Right Strategy and Structure
Strong Team with Shareholder-oriented Incentives
Positioned for Accelerating Growth

Reinventing the total  
**customer**  
**experience**

**Invention** begins with understanding how it feels to be the customer.

When we see the world through your eyes.

Recognize what's important to you.

Understand what you're trying to do.

Only then can we make the right **connections**.

Only then can we make a personal and meaningful connection with *you*.

Numbered among the best 21st-century companies, we will earn your loyalty with understanding, inventiveness and steadfastness.

We'll live where you live — no matter where that is.

We won't talk at you.

We'll **listen**.

Speak your language, whatever language that is.

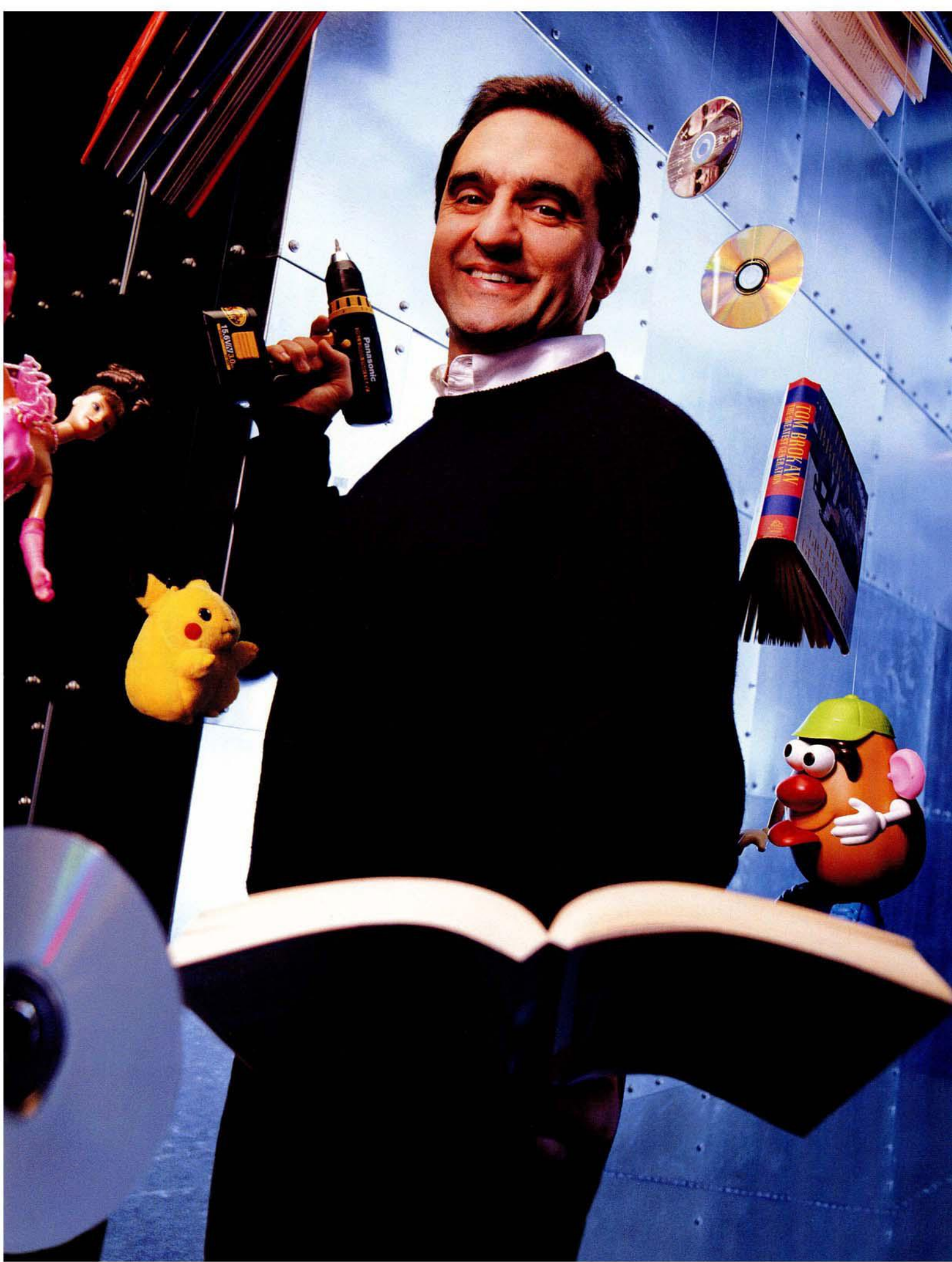
Give you the tools to express yourself.

Relegate "downtime" to the junkyard of such 20th-century irrelevancies as "turntable."

We won't try to impress you with technical specifications, when what you really want is technology that works more like magic and is as predictable as water from the tap.

And, most important, we'll help you achieve your **aspirations**. And, in doing so, achieve ours:

To provide you with the best **total customer experience** anywhere.





**“Looking for a good book?  
A doll? A diamond? A digital camera?  
At Amazon.com, virtually anything** you could possibly want is there for the clicking. The leading online shopping site, Amazon.com has more than 13 million customers

in over 160 countries. We knew these numbers would grow dramatically during the peak 1999 holiday season, so we called in another industry leader to help: Hewlett-Packard. With HP 9000 V-Class Enterprise Servers powering our Web infrastructure, we're assured of having the high availability, scalability and performance required to support our continually expanding e-commerce business. Even during the high-traffic holidays, HP kept the Amazon.com site running on all cylinders so we could deliver the goods our customers wanted. And because lots of those goods happened to be HP business and consumer products, we also partnered with HP at the front-end of our business, featuring an extensive array of HP products in Amazon.com's Electronics & Software store. Working together has been great, especially because we quickly discovered that HP shares our obsession with customer service. It's definitely a win-win collaboration: HP helps keep our site up and running 24x7, and Amazon.com customers get to buy HP products around the clock.”

**Joe Galli,** President and Chief Operating Officer, Amazon.com



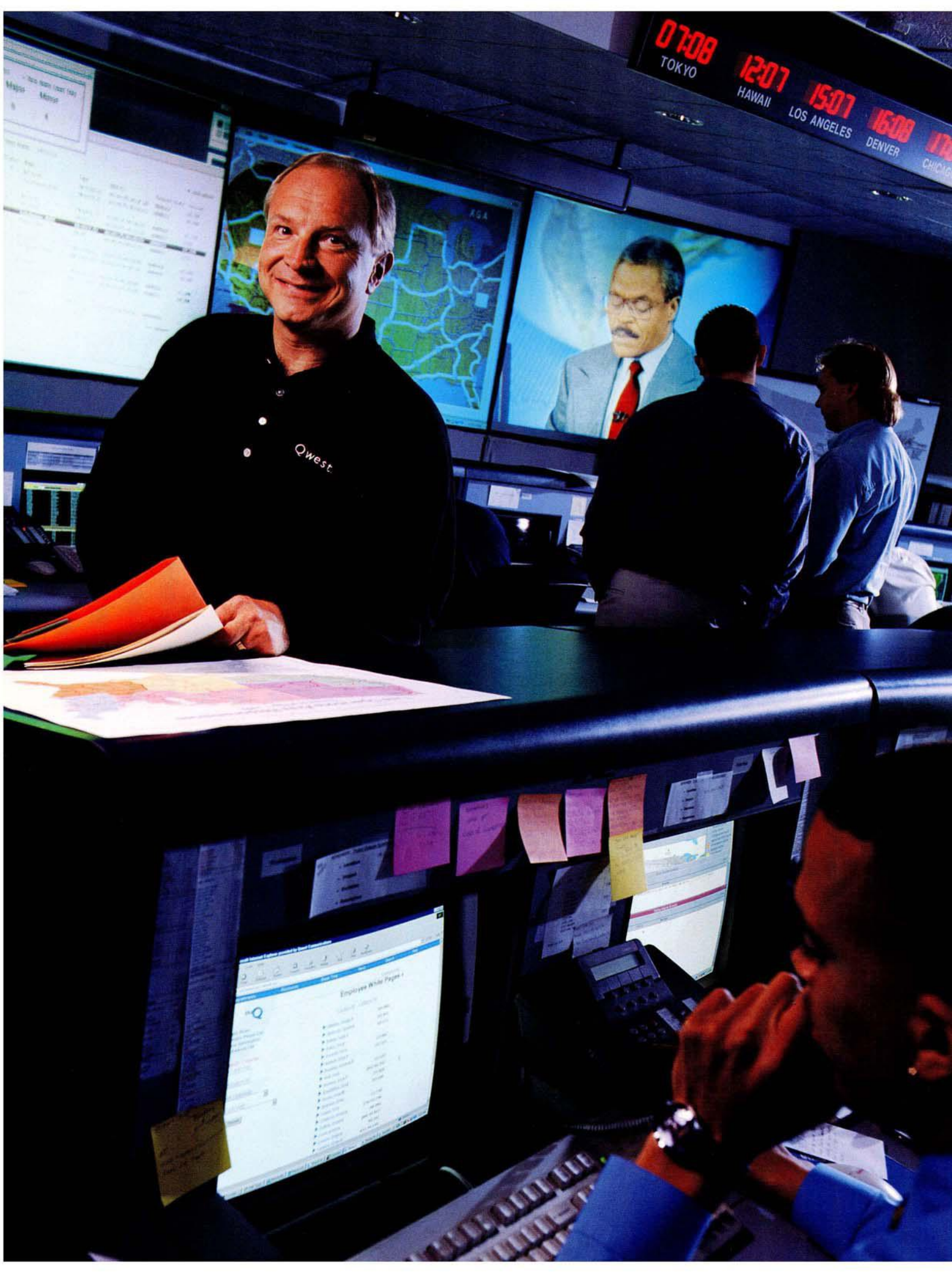


**“There’s a lot of flash associated with being a dot-com company —** like the flashy

purple chair I’m sitting in here at Yahoo! headquarters — but, there is a big difference between being flashy

and being just a flash in the pan. Unlike a number of our one-time competitors, Yahoo! has remained very focused, growing to be an undisputed Internet business leader, with 105 million unique users worldwide. Staying on the cutting edge is serious business at Yahoo!, and our involvement with HP helps us maintain our lead. We started working together more than two years ago when HP began integrating Yahoo! into the front-end of their HP Pavilion and Brio computer lines. Our relationship has expanded, enabling Yahoo! to take advantage of a very lucrative opportunity — the enterprise market — with e-services solutions based on the Yahoo! platform. Leveraging HP’s strengths in enterprise computing and e-services is helping us establish a business-to-business presence. For example, our joint solution, Corporate My Yahoo!, offers a virtual on-ramp to corporate e-services via secure employee portals from our Yahoo! platform as an outsourced service. HP is one of our lead associates for design, delivery, integration and support — all provided by a great team of people.”

**Ellen Siminoff**, Senior Vice President, Corporate Development,  
Yahoo! Inc.







**“It’s essential that Qwest team with leading-edge companies such as Hewlett-Packard. Our new high-end data storage initiative leverages HP SureStore E solutions to provide superior performance**

**for our business applications services.** We’re also deploying HP’s enterprise storage hardware and software management solutions across Qwest’s expanding CyberCenter operations to meet growing demand for our application hosting, e-commerce and Web-hosting services. HP’s e-storage solutions power the storage grid at the heart of our world-class data centers, delivering the high availability required for these mission-critical environments. HP did an incredible job of pulling together resources from every part of their company, quickly establishing creative business and financial models. Their team has really delivered. For a young, aggressive company like Qwest, it’s gratifying that a partner with HP’s technological depth and reputation for quality also shares our philosophy and embraces the opportunity to change an industry. As we combine the world’s most powerful Internet network with the next generation of broadband applications and services, HP is one of the most important technology-enablers in our arsenal.”

**Lewis O. Wilks**, President, Internet and Multimedia Markets, Qwest Communications International





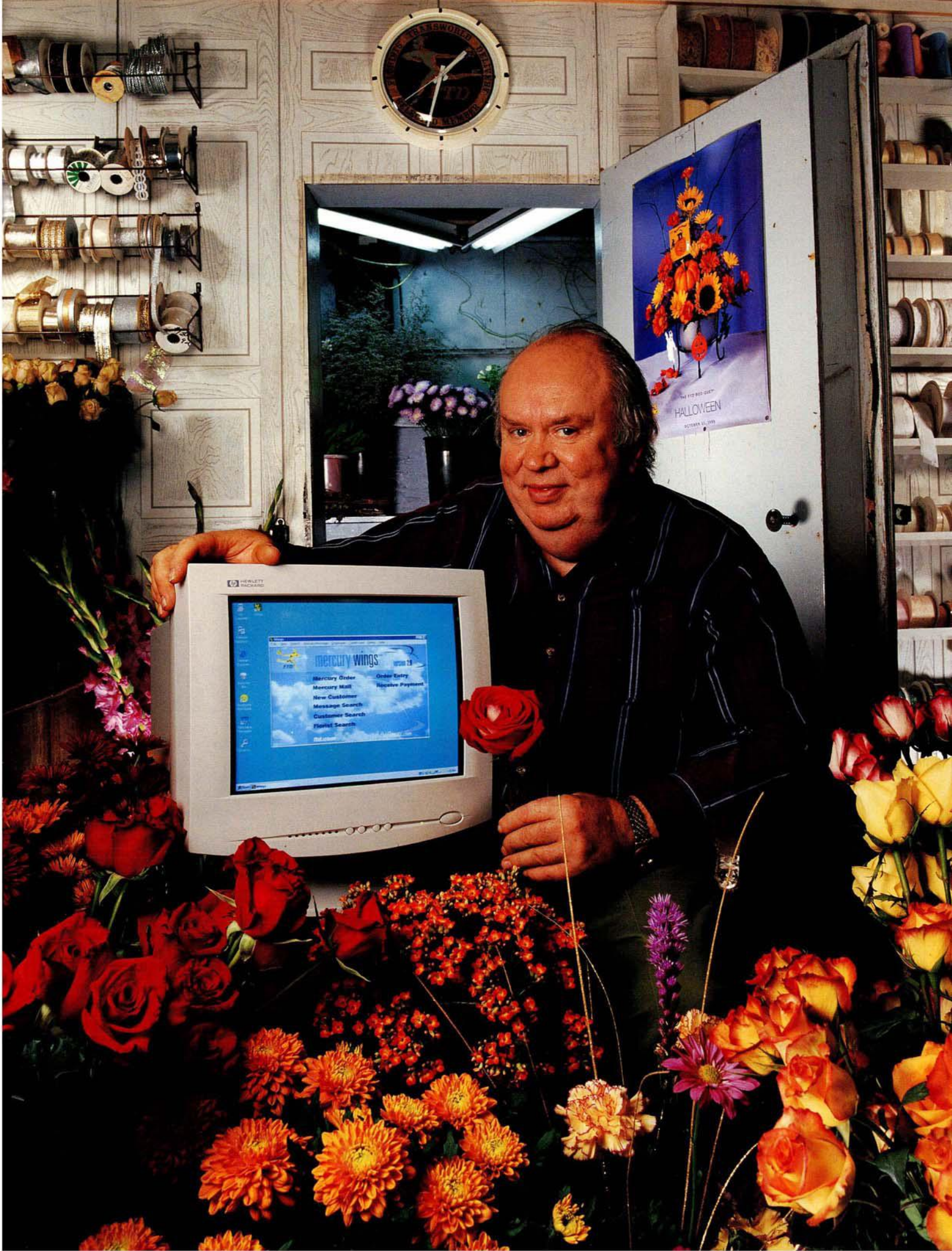
**“As we enter the 21st century, our bank is successfully meeting the challenges from aggressive competitors by using**

innovative technology to provide good customer service.

Hewlett-Packard helped us to achieve this objective with

the launch of an integrated Internet Banking and Call Centre solution, the first of its kind in Asia. HP’s Customer Contact Manager software and Internet expertise have enabled us to differentiate our bank with leading-edge online services such as instant credit approval. HP designed and implemented the breakthrough system that lets us collaborate with customers in real time, using Internet telephony technology that is seamlessly linked to our Call Centre. Customer response has been positive. As this large-scale project’s prime engineer and service provider, HP worked effectively with a number of business partners. The local team in Singapore has been extremely dedicated each step of the way, which was particularly important during the merger of Keppel Bank and TatLee Bank in 1998. HP has helped us establish our service-oriented policy with their own brand of outstanding service.”

**Susan Hwee**, General Manager of Technology and Operations,  
Keppel TatLee Bank, Singapore



mercury wings

Mercury Order	Order Entry
Mercury Mail	Receive Payment
New Customer	
Message Search	
Customer Search	
Florist Search	

**“At Babb Floral and Gift in Olathe, Kansas, we’re helping proprietor Wayne Babb make sure that everything keeps coming up roses for his customers.** His shop is one of approximately 18,000 North American retail florists doing business under the banner of FTD®, the largest floral



company in the world. FTD also supports an international floral delivery network of more than 52,000 affiliated FTD Florists in 140 countries. Babb Floral is one of the first to install our new Windows NT® Mercury Wings® floral-business system, which features advanced, user-friendly technology from Hewlett-Packard, including HP Vectra corporate PCs, HP monitors, HP ProCurve hubs and HP LaserJet and DeskJet printers. HP handles the system installation and provides a brief, highly effective orientation that brings our florists up to speed quickly. HP’s personal touch makes a big difference to the florists, who need to spend their time on chrysanthemums rather than on computers. Also, HP’s flexibility and wide range of options enable us to deliver a truly customized system to each shop. FTD has continually led our industry in the use of technology, and we place a high value on partnering with technology leaders. HP has really helped us help our customers, and our relationship continues to grow.”

*FTD and Mercury Wings are registered trademarks of Florists’ Transworld Delivery, Inc.*

**Tom Hinshaw**, Vice President, Technology Sales, FTD, Inc.





**“While Lancer’s headquarters are just a stone’s throw from the historic Alamo in San Antonio, Texas, our business extends way beyond** the Lone Star State. In fact, Lancer is one of the world’s largest manufacturers of soft-drink

dispensing equipment. And Hewlett-Packard’s equipment helps us conduct our global business more effectively and productively. For example, the HP Digital Sender lets us turn paper documents of all kinds into e-mail. Commercial invoices no longer get blurred, as they often did when faxed. Sizable reports are transmitted with ease. Confidential memos remain private. And full-color brochures retain their vividness. The Digital Sender has virtually eliminated the hassles of faxing, as well as the expenses of courier services. Now we can send original-quality, time-critical documents to our facilities, distributors and partners around the world — in minutes, not days. The Digital Sender has saved Lancer a significant amount of money — \$18,000 in our Latin America operations alone. It also has helped us make money. Recently, when a sales rep urgently needed a document for a customer presentation in southeast Asia, we were able to send it directly to his laptop computer via the Digital Sender. We closed the deal, for over \$300,000, on the spot. With HP’s help, we’re continuing to make history here in Texas.”

*“Coca-Cola”, “Sprite” and “Fanta” are registered trademarks of The Coca-Cola Company. The Coca-Cola Company’s trademarks are depicted herein with the prior written permission of The Coca-Cola Company.*

**Barbara Nurick**, International Customer Service Manager, Lancer Corporation







**“When I’m not out here on the tractor cutting the grass, I’m more than likely running around with my new HP digital camera,** snapping photos of my family — my wife, Jenny, our four kids and whichever of our 10 grandchildren I can catch up

with. I bought this compact, easy-to-use digital camera (that’s it in my hands), as well as the HP PhotoSmart printer (well, it’s not usually perched on the front end of my tractor) without even having to leave the house. I simply logged onto HP Shopping Village at [www.hpshopping.com](http://www.hpshopping.com) and in two days, my latest ‘retirement toys’ showed up at the front door. I actually had done some comparison window shopping online, and HP Shopping Village offered the best deal. Besides, I really trust HP. I’ve been using their products for years. In addition to my new digital camera and photo printer, I’ve got an HP LaserJet printer, an HP ScanJet scanner, an HP CD Writer and an HP DeskJet color printer, all of which have been virtually problem-free. And since they’ve made it so easy to buy their products online, HP has eliminated yet another pesky problem — getting to the store.”

**Paul Golden**, HP Shopping Village customer





**“Of course it’s raining — it’s London!  
Humidity is one of many environmental  
factors I study as a conservation scientist  
at the National Gallery,** which houses Britain’s  
collection of Western European paintings

from 1260-1900. With the help of Hewlett-Packard, particularly Joyce Farrell’s team at HP Labs in Palo Alto, California, we are using cutting-edge technologies to preserve centuries-old works of art. HP’s large-format DesignJet printer technology, in conjunction with our advanced imaging systems, delivers capabilities that are vital to the preservation process. For example, with a full-size, colour-accurate print alongside the original artwork, the restorer can make a direct, one-to-one comparison. Being able to do this work in-house gives us complete control over quality. We also are using HP technology throughout the Gallery — from the conservation studio to the exhibition rooms to the Gallery shop, where we now sell full-size, colour-accurate reproductions of selected paintings. Our continuing collaboration with HP Labs helps us keep pushing the boundaries of next-generation imaging systems, while HP’s printer division team in Barcelona also provides invaluable advice and support. Our work to preserve the past is truly an international effort that will be appreciated by future generations of art lovers, come rain or shine.”

**David Saunders,** Conservation Scientist and Head of Imaging,  
National Gallery

**Reinventing HP —**  
**the people**  
**making it happen**

We are — at the end of the day —  
a **people business**,

and, therefore, a business for which  
**customer experience**  
is the only true measure of success.

And so, we are reinventing the way  
we do business.

Getting back to our roots.

Back to the **rules of the garage:**

*Believe you can change the world.*

*Work quickly, keep the tools unlocked, work whenever.*

*Know when to work alone and when to work together.*

*Share — tools, ideas. Trust your colleagues.*

*No politics. No bureaucracy. (These are ridiculous  
in a garage.)*

*The customer defines a job well done.*

*Radical ideas are not bad ideas.*

*Invent different ways of working.*

*Make a contribution every day. If it doesn't  
contribute, it doesn't leave the garage.*

*Believe that together we can do anything.*

**Invent.**

Meet the **spirit of HP**, just a few of the scientists,  
designers, engineers, customer advocates, sales and  
support people, administrative assistants and  
marketers behind the experience we provide.

## For the enterprise: **Inventing a new world of e-services, mission-critical and storage solutions.**



In fiscal 1999, we began our quest to reinvent the Net, transform it into an information utility that would serve people in significant, useful and personal ways, and do so invisibly. We examined our strengths and saw that we had an excellent opportunity to be at the confluence of services, appliances, underlying technologies and bulletproof infrastructure needed to support such a vision. Seizing that opportunity, we launched what we call our e-services strategy. The strategy, which met with enthusiastic response from customers worldwide — customers who control more than \$100 billion in IT investments — is initially focused on fueling the emerging market opportunities surrounding “apps-on-tap,” next-generation portals and the emerging technologies required to support a world in which e-services can be invoked and delivered to anything with a chip in it.

To begin building an apps-on-tap market for customers, we forged alliances with Qwest, Oracle,<sup>®</sup> PSINet, USInternetworking and Microsoft.<sup>®</sup>

We worked with Ariba, ebix.com, Inc., Yahoo! and Security First to create next-generation portals — trading communities that address the needs of specific industries and their ecosystems, or collections of service providers that address specific business processes, such as procurement and accounting.

We unveiled e-speak technology, an Internet software technology platform developed in HP Labs and designed to revolutionize the way people and businesses use the Net. We are helping our customers and partners create e-speak-enabled services that translate



### **HP LaserJet Women's Challenge**

*1999 marked the third year of HP's title sponsorship of the world's premier women's cycling race and the first under our LaserJet brand, which, since its launch in 1984, has become the world's best-selling laser printer.*



### **HP CD-Writer Plus M820E Drive**

*Our first drive for mobile professionals, the HP CD-Writer Plus M820E drive, weighed in at less than a pound and can fit comfortably in the palm of your hand.*



into new revenue streams. We teamed with BroadVision to become the e-services power behind retail giant Wal-Mart's new wal-mart.com Web site. Oracle, Seagate Technologies, BEA and Helsinki Telecom are just a few of the many other companies we worked with.

Our UNIX system lineup is now the strongest in the industry, thanks to new-product introductions such as the entry-level L-Class UNIX system server, the midrange N-Class combination Web platform and transaction-processing environment, and the HP 9000 V-Class 2500 data-center system. These powerful, high-availability systems meet customers' diverse mission-critical requirements. For example, United Airlines purchased HP 9000 V2500 and V2250 Enterprise Servers to power its worldwide systems for flight-crew and cargo scheduling, pricing and voice recognition for reservations and fares. It also purchased more than 100 HP 9000 R-Class Enterprise Servers to support United's Web site and intranet.

Continuing to strengthen our position in mission-critical solutions, we leveraged our market-leading strengths in systems, services, software and networking in the areas of availability, manageability, security and scalability. By teaming with strategic partners such as Oracle, SAP, BEA and Cisco, we better prepared ourselves to respond to customer-defined needs, build worry-free IT infrastructures and guarantee 99.999 percent uptime from data center to desktop.

To help companies take advantage of new ways of conducting business over the Internet and ensure effective e-services customer interactions, we announced the



**Left to right, (p.28, top)** Rajiv Gupta; **(p.28, bottom)** Jade Simonson, Michelle Aquino, Bhaskar Gorti, Ella Washington; **(p. 29, bottom)** Diana Jillie, Orrin Mahoney, Jaquie Wang, Morris Kimble III — Enterprise and Commercial Business; **(p.29, top)** Martha Bustos-Perez and Tony Cisneros — Latin America Region.



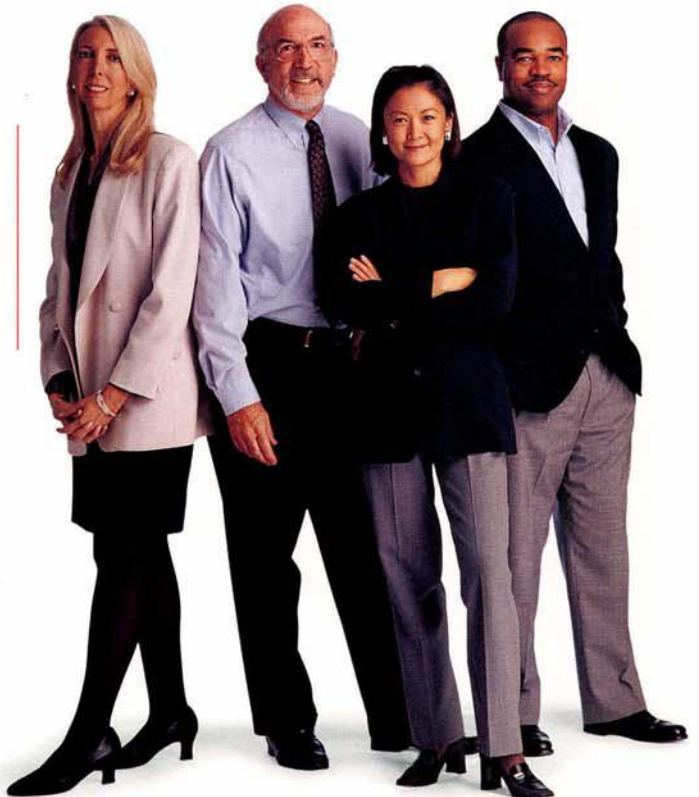
**HP 6S Scientific Calculator**

*Targeting Generation Y — children and teens — HP introduced the easy-to-use, multifunctional, under-\$20 HP 6S scientific calculator. Parents liked it, too.*



**HP LaserJet 4050 Network Printer**

*Unveiled on the 15th anniversary of the original HP LaserJet printer, our latest high-resolution model includes new features, integrates into all Ethernet environments and prints at speeds of up to 17 pages per minute. Wireless kiosk printing enables applications for printing on the run.*



HP OpenView E-Services management strategy. Today, OpenView manages about 70 percent of the devices that make up the Internet.

The new ways of doing business also require superior storage capabilities, and so we launched a new way of thinking about storage: HP Equation. This storage area network-based intelligent architecture supports a truly open, virtual pool of storage devices, safely and efficiently providing 100 percent data availability and infinite scalability for network-attached storage and direct-connect, centralized storage. It is designed specifically for the huge transaction volumes and mountains of data an e-services world will generate. From our work with Hitachi, we unveiled the HP SureStore E brand of enterprise-storage solutions — the foundation for the HP Equation storage architecture — to address growing customer demand for utility-class storage.

**For all types of businesses and people: Computers and appliances that make invention possible, anywhere.**



In 1999, we kept businesses of all shapes and sizes humming. And we set about making it even easier for customers to do business with HP.

We made customer-centric enhancements to the hp.com Web site, providing a single, easy-to-use portal to host customized buying experiences.

We introduced three customer buying models: In North America, the HP Online Store helps small or midsize businesses that know what they want and want to use the power of the Internet to get it; HP Prime gives global- and enterprise-account customers a close



**HP VISUALIZE J5000 System**  
*The dual-processing HP VISUALIZE J5000 workstation, powered by our award-winning PA-8500 RISC processor, delivers peak multi-processor performance for compute-intensive IC verification and simulation compute farms in electronics design, as well as for advanced 3-D design. It handles complicated computational analysis and compute- and memory-intensive processing workloads with ease.*



**E-Services Launch**  
*HP ushered in the "second chapter" of the Internet with cross-industry alliances and e-speak technology to fuel the creation of a new generation of e-services. It's now a companywide strategy. Just as HTTP and HTML made it easy for people to find and access information anywhere on the World Wide Web, e-speak, a service-based interaction model, makes it possible to create, request and locate services on the Net from any device.*



**Expanded HP Shopping Village**  
*Customers in parts of Europe now get more choices about where to buy HP products. HP offered direct-to-consumer sales in the UK and Sweden in a phased launch. At [www.hpshopping.com](http://www.hpshopping.com), My Printing Supplies Store became the first of our customer-personalization online shopping features.*



and directly accountable relationship with HP; and HP Partner Prime gives customers more than what a strictly direct business model can deliver.

We announced Intel Pentium® III high-speed processors for our award-winning HP Kayak PC Workstations, HP Vectra corporate PCs and HP Pavilion home PCs. And, with the introduction of the HP Brio BA200 PC for small and midsize businesses, we became the first top-tier PC vendor to offer a branded business PC with a complete e-commerce solution for under \$500. We introduced the NetServer E60, the first server for small to midsize businesses that integrates free disaster-recovery software, and the HP NetServer E55 system, designed especially for small and midsize businesses in Europe.

Businesses everywhere liked what we had to offer. For example, we partnered with the United Kingdom's No. 1 service provider, Computacenter, to become the sole desktop platform provider for British Telecom, the UK's leading telecommunications company. And electronic controls and communications leader Rockwell standardized its Intel processor-based computing platforms on the HP brand.

We also looked for better ways to serve our home users, who now can buy HP Pavilion PCs through retail establishments or via the Web at the HP Shopping Village. We combined our popular HP CD Writers with our HP Pavilion PCs. At our build-to-order kiosk at Comp USA, a third of our products are ordered with integrated CD Writers. And, we had inventiveness in mind when we introduced a music line of HP Pavilion PCs. Case in point: Well-known rock musician Scott Meldrum produces music on his HP Pavilion PC and posts it on music Web sites. His songs are some of the most frequently downloaded.



**Left to right (p. 30)** Sung Chang, Venita Hawkins — Computing Systems; **(p. 31, bottom)** Greg Smith, Duana Coburn, Sharon Ross, Joe Thomas — Consumer Business; **(p. 31, top)** Wai Mun Chu, Kok Khoon Lim — Asia Pacific Region.



**HP Online Store**

*HP opened the HP Online Store, providing fast and easy one-stop shopping for HP's "Buy Now" customers in small and medium-sized businesses. Customers can reach the store at [www.bstore.hp.com](http://www.bstore.hp.com).*



**The 1999 Webby Awards**

*HP was a major computing-systems-manufacturer sponsor of the 1999 Webby Awards, which recognizes the most innovative and original Web sites on the Internet. Webby nominees using HP servers to run their sites include About.com, FreeSpeech TV, Imagine Radio (now Radio SonicNet), The Knot and MSNBC.*



In mobile computing, we announced the HP OmniBook XE2 notebook PC, a value notebook for small and midsize businesses, and the HP OmniBook 900, which features a footprint the size of a sheet of notebook paper and a slim profile of just 1.26 inches. We entered the retail notebook PC marketplace with the HP Pavilion notebook PC, which offers retail customers easy access to the Internet and a full complement of multimedia tools. We also introduced our first HP Jornada 428 palm-size PC companion—the first palm-size PC companion with a color screen—for the Chinese marketplace.

For scientists and engineers, we announced PA-8500-based HP VISUALIZE workstations, the fastest such machines on the planet. In addition, our workstations now offer a choice of Windows NT, HP-UX<sup>1</sup> or Linux operating systems.

## From serious business to serious fun: New types of printing and imaging capabilities capture the inventor in us all.



When we introduced the first HP LaserJet printer, more than 15 years ago, offices were full of typewriters and daisy-wheel printers. Since then, there has been tremendous change, with inventions such as inkjet- and laser-printing technology blazing the trail for much of that change. We have sold more than 43 million LaserJet printers, 12 million of them connected to a network. This year, too, we celebrated an unprecedented 100 million inkjet products shipped, testament to our ability to provide a rewarding printing and imaging



### HP SureStore DAT40 DDS

*The HP SureStore DAT40 DDS-4 tape drive delivers affordable DAT performance for small to midsize networks experiencing rising data volumes and shrinking backup windows. It performs full-volume 40GB backup in less than two hours, up to 30 minutes faster than competing DDS-4 drives. It can be placed wherever it's convenient — not just directly adjacent to the server.*



### Women's World Cup

*An official sponsor of the 1999 FIFA Women's World Cup, HP provided cameras that produced accreditation badges for journalists, players, officials, staff and volunteers, and delivered game information to thousands of Internet surfers around the world.*



### HP PhotoSmart Printers and Digital Cameras

*Fast, wireless photo printing became a reality for users of the new HP PhotoSmart C500 digital camera, which sends photos directly to the HP PhotoSmart P1000 printer using HP's JetSend infrared technology — no PC required.*



### HP ScanJet Color Scanners

*Four new color flatbed scanners for home and professional use extended the award-winning HP ScanJet scanner family, which now includes products for every need and budget — from \$99 to \$899 (U.S.).*

experience for home and business users alike. Driven by the Internet and e-services, the future will be one of distributed color printing and publishing. Hundreds of millions of pages that once were produced on large, centralized printers and copiers are now delivered on printers in your home, your office or at local service providers, at less cost and with greater immediacy and convenience.

The future also will be one of improved information delivery. To meet customers' skyrocketing information-delivery needs, we acquired Dazel Corporation, a software company with expertise in e-delivery of large amounts of information to all kinds of information appliances, such as printers. Dazel's products bridge the gap between hard-copy and Web-centric business processes. Its information-delivery products are playing a critical role in growing HP's services and solutions business, and in evolving our e-services offerings.

As customers move to distributed printing, they want a trusted partner to help them design and implement this new, cost-effective and more immediate environment. To that end, we launched our Digital Workplace Professional Services portfolio, which includes consulting expertise, systems-integration capabilities, education services and managed print services.

We also expanded our supplies business with eliptica brand supplies for non-HP copiers and other imaging equipment. Our eliptica toner can be used in 59 Xerox copier/printer models ranging from small, desktop copiers to large, production copiers.

Best-in-class product introductions for 1999 included the HP LaserJet 4050



**Left to right (p. 32)** Wendy Zerza, Philip Verghese; **(p. 33, bottom)** Troy Gourrier, Carol Schlaudt; **(p. 33, top)** Laurie Downing, Becky Matsuoka — Imaging and Printing Systems.



**HP Deskjet 970C**

*The HP DeskJet 970C printer was named "Best of What's New" for 1999 by Popular Science. It was called the "Best Peripheral" at Japan World PC Expo, named a "Best Buy" by UK publication Digital Photo FX Magazine and dubbed top product in its range by Netherlands publication Computer!Total Magazine.*



**eliptica Imaging Supplies**

*Even non-HP customers can now benefit from HP's trusted quality and reliability by purchasing our new, easy-to-order, low-cost eliptica brand of supplies for non-HP copiers and other imaging equipment, including those made by Xerox.*

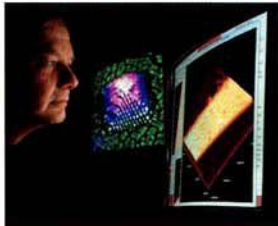
network printer, successor to the best-selling LaserJet 4000 network printer, and a new family of ScanJet color flatbed scanners for every need and budget — from \$99 to \$899 (U.S.). We also announced the HP LaserJet 2100 family. We used our innovative Digital Sender technology to add send-to-e-mail capabilities to our HP Mopier network multifunction peripherals. The HP Digital Sender software module lets users turn paper-based documents into e-mail right from the HP Mopier control panel. Companies worldwide, including industry leaders KPMG, Norwest Bank, Prudential Insurance and Saatchi & Saatchi Advertising, are using this technology to boost productivity, reduce costs and improve their communications capabilities.

**OK, everybody: Smile! Digital photography takes a giant leap forward.**



1999 saw the broadest-ever imaging and printing product portfolio in HP's history — more than 30 new products and HP solutions. The HP DeskJet printer line continued to garner the highest share rating in the inkjet-printer category. This leadership was underscored in the fall, when HP introduced its next-generation color-layering print technology in the 970C printer. Images printed using this sophisticated product were tested against conventional photographs, and most users found it difficult to distinguish between the two.

We addressed the growing importance of digital photography with five new PhotoSmart branded products. These products, which include the first printer and camera to enable wireless photo printing, along with a photo scanner capable of



**HP Labs Nanowire Breakthrough**

*In a major breakthrough, HP Labs discovered how to fabricate chemically self-assembled molecular-sized wires — 10 atoms wide — that could lead to powerful future computers the size of a grain of salt.*



**HP Jornada 400 Palm-size PC Series**

*The breakthrough HP Jornada 400 Palm-size PC series made its film debut in MGM's latest James Bond movie, "The World Is Not Enough." These amazing digital devices are now being spied everywhere.*



producing panoramic images, furthered our leadership in the field of digital photography.

For the office, our highly advanced, award-winning HP 2500C printer, which uses HP's modular ink-delivery system and breakthrough printing architecture, provides photo-quality output at impressive speeds. The HP 2500C/CM printers, along with HP Color Copiers, accelerated the growing use of color in the office. We continued to pioneer the all-in-one product category in 1999, offering the industry's only flatbed design. Our all-in-ones remain the industry's choice and consistently rank at the top of their category.

Our inkjet products earned more than 60 awards from leading publications worldwide, including the prestigious "Editor's Choice" awards from *PC Magazine* for the DeskJet 882 printer, the HP 2500C inkjet printer and the OfficeJet R 80 all-in-one. To ensure a first-rate customer experience for every type of home and business customer, from the first-time buyer to customers demanding high-end graphical output, we offer exceptional image quality at all price points.

In consumer sales and marketing, we moved ahead aggressively with our e-business and e-commerce strategies. Our direct-to-consumers e-commerce Web site, HP Shopping Village ([www.hpshopping.com](http://www.hpshopping.com)), became an independently operated subsidiary, enabling it to move as quickly as any other Internet company. We expanded our direct-to-consumer sales into Europe, with a phased launch into the UK and Sweden.

We continue to lead in consumer IT products, shipping about 2 million inkjet products each month. And we're the No. 1 IT supplier to retailers around the world.



**Left to right (p. 34)** Tom May, Tami Guy, Richard Salazar — Computing Systems; **(p. 35, bottom)** Joyce Farrell, Jonathan Jedwab — HP Labs; **(p. 35, top)** Brett Bausk, Nina Bhatti — HP Labs.



**ResourceLink**

*A consortium led by HP and America's largest domestic hunger relief organization, Second Harvest, launched ResourceLink, an Internet-based e-service aimed at fighting hunger by efficiently getting surplus food to where it is needed most.*



**Design-to-order HP Pavilion PCs**

*Web shoppers flocked to the creative build-to-order and HP e-finance services offered via HP Shopping Village. Users design customized versions of the HP Pavilion PC and complete a 30-second credit application to gain secure, quick and easy financing direct from HP.*

## Invention starts with the belief that together we can change the world.



In less than a decade, the World Wide Web has rocketed from relative obscurity to being the virtual lifeblood of business and home. It's already linking enterprises of all shapes and sizes to run our world more efficiently and creatively. Increasingly, it's become the new hearth, where families gather to work and play. And, ultimately, it may help us recapture a great lost promise of technological innovation — time. At HP Laboratories, 850 of the world's top researchers at seven locations worldwide are working on inventions to deliver on the promise of the Web. By finding ways to weave computers into the fabric of our daily lives — pervasively, usefully, invisibly — they're helping people get back to doing the things that are important, meaningful, fun and, well, human.

HP Labs is tapping its most inventive minds for useful and significant breakthroughs in computing systems, and imaging and printing systems, at the enterprise, commercial and consumer level; in publishing systems and solutions; and in technologies and research that will, from time to time, stand the world on its head and shake us out of old assumptions. Using technology that comes out of the Labs with astonishing regularity, HP then develops products and services. By being tightly aligned with HP's strategic objectives, HP Labs can make a significant difference, can contribute where it counts most. Sometimes that means in the customer's office, plant or store. HP Labs also played a leading role in promoting open-source software



### HP Pavilion Notebook PC

*Entering the retail notebook PC marketplace with flair, we introduced the HP Pavilion Notebook PC, which boasts a full range of multimedia capabilities and easy Internet access for versatile mobile computing.*



### HP Sponsors AmericaOne

*HP became the exclusive IT sponsor to AmericaOne, the San Francisco-based America's Cup 2000 challenger, which is being designed with the help of HP Kayak PC workstations and HP Visualize UNIX workstations.*

technology in its involvement with Trillian, a cross-industry consortium chartered to port Linux to the IA64 architecture. By becoming more directly involved with customers whenever and wherever we need to be, our labs can add to the value that HP provides. And by Labs' inventors getting a real-world look at our customers and where they're going, we can help create their future and ours.

Beyond the immediate, five-year need for advances, our labs are working on "disruptive" technologies, those that go well beyond innovating on current technology, and may represent high potential for the future. HP Labs is looking for alternatives to silicon technology, for example, in chemicals that form themselves naturally into the wires and switches needed for integrated circuits. These ICs would be as small as specks of dust, and incredibly cheap and easy to make. We've already proven that we can make a logic gate out of switches one molecule thick.

We also announced our CoolTown research project, where people, places and things all have Web pages and are networked together through the Web. "Context-aware" information appliances — badges, handheld devices and slates — help manage your day by knowing who and where you are, and what's going on around you. We also showed off advanced storage technologies — an important future direction for HP — that would pack the equivalent of a 10,000-book library into a mobile device as small as a wristwatch.

Oh, did we mention that we filed more than 1,300 patents worldwide in 1999?

**Left to right (p. 36)** Tim Wilkinson, Josephine Reid, Paul Eccleson — HP Labs Bristol; **(p. 37)** Patricia Beck, Meichun Hsu, Tony Carrozza, Kathleen Powell — HP Labs.



**The e-PC Corporate Appliance**

*We announced our first corporate-appliance concept, "e-PC," designed to provide the functionality of a conventional PC with the simplicity, reliability and form factor of an appliance. The e-PC corporate appliance gives customers powerful performance of local applications, secure Internet and intranet connectivity, and familiar Windows desktop interface.*



While we're working to reinvent our businesses, some things won't change, and that's our values: trust and respect for individuals, our focus on a high level of achievement and contribution, conducting our business with uncompromising integrity, achieving our common objectives through teamwork, and encouraging flexibility and innovation.

**Inventors, like inventions, start small. They know no race, creed or socioeconomic group. They are all around us. Our challenge is to find the next great inventor behind that flicker of curiosity.**



Our unwavering commitment to corporate citizenship is a constant, and our belief in making a contribution goes beyond the realm of technical achievement. We know we also need to contribute people, time and philanthropic support to communities and countries where we make our home.

In fiscal 1999, we made charitable grants of approximately \$68 million in cash and equipment around the world. Educational institutions at all levels were the primary recipients of HP gifts. The global thirst for technology to support classroom instruction, research, curriculum development, Web-enabled learning and other facets of education is enormous. It allows us to make a much-needed contribution to improve the quality of education while gaining invaluable exposure to the educators and institutions who will train the leaders of tomorrow.

Our companywide focus on work force diversity is evident throughout our

*HP Diversity in Education Scholars Andrew Olowu and Ebbly Okafor show off their drinking-straw-and-candy construction with young inventors from Fair Oaks Elementary in Redwood City, California, a school that has benefited from HP's Hands-On Science partnership with the Redwood City School District. Hands-On Science has brought inquiry-based science kits and teacher professional development to every teacher in their school. Fair Oaks now integrates science themes into its English Language development and Fine Arts curricula projects. Since 1992, HP's Hands-On Science program has been helping U.S. school districts and HP sites work together to reform elementary science curriculum. It has touched the lives of more than 16,000 teachers and more than 350,000 K-6 students.*



**Pictured left to right, HP's DEI Program Manager Jackie Robinson. Top row, left to right:** Ana Velasquez, Pablo Tapia, Ebbly Okafor and Shanika Stillwell. **Bottom row, left to right:** Andrew Olowu, Priscilla Vargaz and Lamont Coleman.



philanthropic program. For example, our Diversity in Education Initiative (DEI) promotes systemic reform of math and science instruction in selected U.S. schools with a large proportion of underrepresented minorities. Our goal is to increase opportunities among historically underserved children to pursue math and science studies, earn technical university degrees and eventually gain employment in the high-tech field of their choice. HP employees volunteer as “e-mail mentors” to students involved in this program, offering encouragement and insights into the world of high technology.

In 1999, we also became a primary underwriter of the Institute for Women and Technology, a U.S. organization dedicated to increasing the enrollment of women in university engineering programs. The IWT conducts workshops to stimulate ideas for design and engineering challenges targeted to women’s interests. The results are then shared with leading universities committed to integrating the ideas into engineering curricula.

HP’s Hispanic Student Outreach Program in Boise, Idaho, was named a winner of the 1999 President’s Service Award, the highest honor given annually by the President of the United States for volunteerism. HP employees serve as role models for Hispanic students at a local middle school, encouraging them to stay in school. To date, more than 250 Boise employees have worked with nearly 1,600 students under this program.

Outside the field of education, we have, for example, made equipment grants to the International Center for Missing and Exploited Children and to Social Tech. These grants have proven invaluable in the search for and recovery of abducted children. HP computers, scanners and printers create a powerful solution for transmitting images of missing children quickly and broadly, which greatly increases chances for safe recovery.

In Europe, HP teamed with the United Nations High Commission on Refugees and other donors to establish information systems for locating and reuniting families displaced by the war in Kosovo. Our grant of approximately \$300,000 in computer products provided a vital technology component for this massive humanitarian relief effort.

Through the HP Company Foundation, a separate legal entity, we also made cash grants of approximately \$60,000 for disaster relief around the world — for example, to assist earthquake victims in Turkey and Taiwan, and to assist tornado victims in the United States. Our employees donated their personal time and labor.

Our citizenship doesn’t stop with grants and volunteerism, or with our commitment to run our business operations safely and responsibly. HP cares about the working conditions and environmental practices of companies that are suppliers to or manufacturers for HP. We make suppliers and contract manufacturers aware of our expectations through a variety of means, including our Standards of Business Conduct and our Supplier Environmental Management Policy. We also work with suppliers and contractors to identify, develop and maintain products and processes that are environmentally sound. As part of this effort, we helped develop an industry questionnaire that companies can use to evaluate their suppliers’ environmental programs and performance.

## Contents for Summary Financial Information

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## Condensed Consolidated Statement of Earnings

For the years ended October 31

In millions except per share amounts

	1999	1998	1997
Net revenue:			
Products	<b>\$36,178</b>	\$33,836	\$30,400
Services	<b>6,192</b>	5,583	5,065
Total net revenue	<b>42,370</b>	39,419	35,465
Costs and expenses:			
Cost of products sold	<b>25,498</b>	24,295	21,326
Cost of services	<b>4,222</b>	3,495	3,198
Research and development	<b>2,440</b>	2,380	2,191
Selling, general and administrative	<b>6,522</b>	5,850	5,345
Total costs and expenses	<b>38,682</b>	36,020	32,060
Earnings from operations	<b>3,688</b>	3,399	3,405
Interest income and other, net	<b>708</b>	530	378
Interest expense	<b>202</b>	235	215
Earnings from continuing operations before taxes	<b>4,194</b>	3,694	3,568
Provision for taxes	<b>1,090</b>	1,016	1,053
Net earnings from continuing operations	<b>3,104</b>	2,678	2,515
Net earnings from discontinued operations	<b>387</b>	267	604
Net earnings	<b>\$ 3,491</b>	\$ 2,945	\$ 3,119
Basic net earnings per share:			
Continuing operations	<b>\$ 3.08</b>	\$ 2.59	\$ 2.45
Discontinued operations	<b>.38</b>	.26	.59
	<b>\$ 3.46</b>	\$ 2.85	\$ 3.04
Average number of shares	<b>1,009</b>	1,034	1,026
Diluted net earnings per share:			
Continuing operations	<b>\$ 2.97</b>	\$ 2.52	\$ 2.38
Discontinued operations	<b>.37</b>	.25	.57
	<b>\$ 3.34</b>	\$ 2.77	\$ 2.95
Average number of shares and equivalents	<b>1,052</b>	1,072	1,057

See accompanying notes to condensed consolidated financial statements.

## Condensed Consolidated Balance Sheet

October 31

In millions except par value and number of shares

	1999	1998
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,411	\$ 4,046
Short-term investments	179	21
Accounts receivable	5,958	5,104
Financing receivables	1,889	1,494
Inventory	4,863	4,699
Other current assets	3,342	3,143
Total current assets	21,642	18,507
Property, plant and equipment, net	4,333	4,877
Long-term investments and other assets	5,789	5,240
Net assets of discontinued operations	3,533	3,084
Total assets	\$35,297	\$31,708
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Notes payable and short-term borrowings	\$ 3,105	\$ 1,245
Accounts payable	3,517	2,768
Employee compensation and benefits	1,287	1,195
Taxes on earnings	2,152	2,796
Deferred revenues	1,437	1,248
Other accrued liabilities	2,823	2,622
Total current liabilities	14,321	11,874
Long-term debt	1,764	2,063
Other liabilities	917	852
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value (authorized: 300,000,000 shares; issued: none)	—	—
Common stock, \$0.01 par value (authorized: 4,800,000,000 shares; issued and outstanding: 1,004,569,000 in 1999 and 1,015,403,000 in 1998)	10	10
Additional paid-in capital	—	—
Retained earnings	18,285	16,909
Total stockholders' equity	18,295	16,919
Total liabilities and stockholders' equity	\$35,297	\$31,708

See accompanying notes to condensed consolidated financial statements.

## Condensed Consolidated Statement of Cash Flows

For the years ended October 31

In millions

	1999	1998	1997
Cash flows from operating activities:			
Net earnings from continuing operations	<b>\$ 3,104</b>	\$ 2,678	\$ 2,515
Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	<b>1,316</b>	1,377	1,144
Deferred taxes on earnings	<b>(171)</b>	(1,101)	(216)
Changes in assets and liabilities:			
Accounts and financing receivables	<b>(1,637)</b>	(1,100)	(972)
Inventory	<b>(171)</b>	630	(222)
Accounts payable	<b>751</b>	61	702
Taxes on earnings	<b>(639)</b>	1,200	3
Other current assets and liabilities	<b>330</b>	731	147
Other, net	<b>213</b>	284	285
Net cash provided by operating activities	<b>3,096</b>	4,760	3,386
Cash flows from investing activities:			
Investment in property, plant and equipment	<b>(1,134)</b>	(1,584)	(1,757)
Disposition of property, plant and equipment	<b>542</b>	260	243
Purchases of short-term investments	<b>(1,007)</b>	(3,307)	(5,213)
Maturities of short-term investments	<b>1,048</b>	4,773	4,158
Purchases of long-term investments	<b>(8)</b>	(752)	—
Other, net	<b>(69)</b>	2	(3)
Net cash used in investing activities	<b>(628)</b>	(608)	(2,572)
Cash flows from financing activities:			
Change in notes payable and short-term borrowings	<b>2,399</b>	(734)	(1,194)
Issuance of long-term debt	<b>240</b>	223	1,182
Payment of long-term debt	<b>(1,047)</b>	(573)	(273)
Issuance of common stock under employee stock plans	<b>660</b>	467	419
Repurchase of common stock	<b>(2,643)</b>	(2,424)	(724)
Dividends	<b>(650)</b>	(625)	(532)
Net cash used in financing activities	<b>(1,041)</b>	(3,666)	(1,122)
Net cash (used) provided by discontinued operations	<b>(62)</b>	488	495
Increase in cash and cash equivalents	<b>1,365</b>	974	187
Cash and cash equivalents at beginning of year	<b>4,046</b>	3,072	2,885
Cash and cash equivalents at end of year	<b>\$ 5,411</b>	\$ 4,046	\$ 3,072

See accompanying notes to condensed consolidated financial statements.

## Notes to Condensed Consolidated Financial Statements

### **Basis of Presentation**

Hewlett-Packard Company (HP) is a leading global provider of computing and imaging solutions and services for business and home, and is focused on capitalizing on the opportunities of the Internet and the proliferation of electronic services.

These condensed consolidated financial statements do not constitute a full set of financial statements prepared in accordance with generally accepted accounting principles. The condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements accompanying the Notice of Annual Meeting and Proxy Statement for HP's 2000 Annual Meeting of Stockholders.

### **Summary of Significant Accounting Policies**

**Principles of Consolidation** The consolidated financial statements include the accounts of HP and its wholly-owned and controlled majority-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated. Certain reclassifications were made to prior year amounts to conform to the 1999 presentation.

**Use of Estimates** The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in HP's financial statements and accompanying notes. Actual results could differ from those estimates.

**Revenue Recognition** Revenue from product sales is generally recognized at the time the product is shipped, with provisions established for price protection programs and for estimated product returns. Upon shipment, HP also provides for the estimated cost that may be incurred for product warranties and post-sales support. Service revenue is recognized over the contractual period or as services are rendered and accepted by the customer.

**Advertising** Advertising costs are expensed as incurred.

**Taxes on Earnings** Income tax expense is based on pretax financial accounting income. Deferred tax assets and liabilities are recognized principally for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts.

**Net Earnings Per Share** HP's basic earnings per share (EPS) is calculated based on net earnings available to common stockholders and the weighted-average number of shares outstanding during the reported period. Diluted EPS includes additional dilution from potential common stock, such as stock issuable upon exercise of stock options or the conversion of debt.

In millions except per share data	1999	1998	1997
<b>Numerator:</b>			
Net earnings from continuing operations available to common stockholders	<b>\$3,104</b>	\$2,678	\$2,515
Adjustments for interest, net of income tax effect	<b>22</b>	26	—
Net earnings from continuing operations, adjusted	<b>3,126</b>	2,704	2,515
Net earnings from discontinued operations	<b>387</b>	267	604
<b>Net earnings, adjusted</b>	<b>\$3,513</b>	\$2,971	\$3,119
<b>Denominator:</b>			
Weighted-average shares outstanding	<b>1,009</b>	1,034	1,026
Effect of dilutive securities:			
Dilutive options	<b>32</b>	28	31
Zero-coupon subordinated convertible notes due 2017	<b>11</b>	10	—
Dilutive potential common shares	<b>43</b>	38	31
<b>Weighted-average shares and dilutive potential common shares</b>	<b>1,052</b>	1,072	1,057
<b>Basic net earnings per share:</b>			
Continuing operations	<b>\$ 3.08</b>	\$ 2.59	\$ 2.45
Discontinued operations	<b>.38</b>	.26	.59
	<b>\$ 3.46</b>	\$ 2.85	\$ 3.04
<b>Diluted net earnings per share:</b>			
Continuing operations	<b>\$ 2.97</b>	\$ 2.52	\$ 2.38
Discontinued operations	<b>.37</b>	.25	.57
	<b>\$ 3.34</b>	\$ 2.77	\$ 2.95

**Cash Equivalents and Short-Term Investments** HP classifies investments as cash equivalents if the maturity of an investment is three months or less from the purchase date. Short-term investments principally consist of time deposits and temporary money-market instruments. Cash equivalents and short-term investments are stated at cost, which approximates market value.

**Inventory** Inventory is valued at standard cost that approximates actual cost computed on a first-in, first-out basis, not in excess of market value.

**Property, Plant and Equipment** Property, plant and equipment is stated at cost. Additions, improvements and major renewals are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. Depreciation is provided using accelerated methods, principally over 15 to 40 years for buildings and improvements and 3 to 10 years for machinery and equipment. Depreciation of leasehold improvements is provided using the straight-line method over the life of the lease or the asset, whichever is shorter.

**Long-Term Investments** HP's long-term investments primarily consist of debt securities which are held-to-maturity.

**Foreign Currency Translation** HP uses the U.S. dollar as its functional currency. Foreign currency assets and liabilities are remeasured into U.S. dollars at end-of-period exchange rates except for inventory, property, plant and equipment, other assets and deferred revenues, which are remeasured at historical exchange rates. Revenues and expenses are remeasured at average exchange rates in effect during each period, except for those expenses related to balance sheet amounts that are remeasured at historical exchange rates. Gains or losses from foreign currency remeasurement are included in net earnings. The effect of foreign currency exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies was not material.

**Comprehensive Income** HP has no material components of other comprehensive income, and, accordingly, net income approximates comprehensive income for all periods presented.

**Recent Pronouncements** In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments and requires recognition of all derivatives as assets or liabilities in the statement of financial position and measurement of those instruments at fair value. The statement, as amended, is effective for fiscal years beginning after June 15, 2000. HP will adopt the standard no later than the first quarter of fiscal year 2001 and is in the process of determining the impact that adoption will have on its consolidated financial statements.

### **Discontinued Operations**

On March 2, 1999, HP announced its intention to launch a new company, subsequently named Agilent Technologies, Inc. (Agilent Technologies), through a distribution of Agilent Technologies' common stock to HP's stockholders in the form of a tax-free spin-off. Agilent Technologies is composed of HP's Measurement organization, which includes its test-and-measurement, semiconductor products, chemical analysis and healthcare solutions businesses.



Effective July 31, 1999, HP's management and Board of Directors completed the plan of disposition for Agilent Technologies. HP's consolidated financial statements for all periods have been presented to reflect Agilent Technologies as a discontinued business segment in accordance with Accounting Principles Board Opinion No. 30. Net revenue and net earnings from Agilent Technologies' operations, through the July 31, 1999 measurement date for discontinued operations accounting, are summarized below. For the period from August 1, 1999 through the spin-off, net earnings from Agilent Technologies are expected to exceed the estimated costs to effect the spin-off. The excess net earnings over these costs will be recognized once the net earnings realized exceed the total estimated costs of the spin-off.

In millions	Nine months ended July 31, 1999	Year ended October 31,	
		1998	1997
Net revenue, including revenue from HP	<b>\$5,883</b>	\$7,952	\$ 7,785
Earnings from discontinued operations before taxes	<b>\$ 553</b>	\$ 397	\$ 887
Provision for taxes	<b>166</b>	130	283
Net earnings from discontinued operations	<b>\$ 387</b>	\$ 267	\$ 604

Net assets of discontinued operations are as follows at October 31:

In millions	1999	1998
Current assets	<b>\$ 3,538</b>	\$ 3,075
Property, plant and equipment, net	<b>1,387</b>	1,481
Other assets	<b>619</b>	493
Current liabilities	<b>(1,681)</b>	(1,599)
Other liabilities	<b>(330)</b>	(366)
Net assets of discontinued operations	<b>\$ 3,533</b>	\$ 3,084

On November 1, 1999, HP provided initial funding of approximately \$1.1 billion to Agilent Technologies. On November 23, 1999, Agilent Technologies closed an initial public offering (IPO) of approximately 16% of its common stock and distributed the net proceeds of \$2.1 billion to HP. The pro forma effects of these transactions were increases to cash of approximately \$1.0 billion, net assets of discontinued operations of approximately \$0.5 billion, and additional paid-in capital of approximately \$1.5 billion. HP plans to distribute its remaining 84% interest in Agilent Technologies to HP's stockholders by July 31, 2000.

## **Contingencies and Factors That Could Affect Future Results**

**Contingencies** HP is involved in lawsuits, claims, investigations and proceedings, including patent, commercial, and environmental matters, which arise in the ordinary course of business. There are no such matters pending that HP expects to be material in relation to its business, financial condition or results of operations.

**Factors That Could Affect Future Results** A substantial portion of HP's revenues each year is generated from the development, manufacture and rapid release to market of high technology products newly introduced during the year. In the extremely competitive industry in which HP operates, product development, manufacturing and marketing are complex and uncertain processes requiring HP to accurately predict emerging technological trends and customers' changing needs. Additionally, HP's production strategy relies on our suppliers' ability to deliver quality components and products in time to meet critical manufacturing and distribution schedules, and our sales strategy relies on the ability of third-party distributors to sell HP products to accommodate changing customer preferences. In light of these dependencies, failure to successfully manage a significant product introduction or the transition from existing products to new products, failure of suppliers to deliver as needed, or failure of resellers to remain customers and channel partners could have a severe near-term impact on HP's revenue growth or results of operations. HP sells a significant portion of its products through third-party resellers and, as a result, maintains individually significant receivable balances with major distributors. In addition, HP has significant receivable balances with certain large financing customers. If the financial condition or operations of these distributors or financing customers deteriorate substantially, HP's operating results could be adversely affected. Our future results could also be affected by problems we encounter with respect to our intellectual property, international sales and operations, and acquisition, strategic alliance, joint venture and divestiture activities.

This summary of factors that could affect future results should be read in conjunction with the section entitled "Factors That Could Affect Future Results" contained in the complete Consolidated Financial Statements and Financial Review accompanying the Notice of Annual Meeting and Proxy Statement for HP's 2000 Annual Meeting of Stockholders.

## Statement of Management Responsibility

HP's management is responsible for the preparation, integrity and objectivity of the consolidated financial statements and other financial information accompanying the company's Notice of Annual Meeting and Proxy Statement for the 2000 Annual Meeting of Stockholders. The consolidated financial statements have been prepared in conformity with generally accepted accounting principles and reflect the effects of certain estimates and judgments made by management. The condensed consolidated financial statements and related financial information presented herein are consistent with those presented in the consolidated financial statements.

HP's management maintains an effective system of internal control that is designed to provide reasonable assurance that assets are safeguarded and transactions are properly recorded and executed in accordance with management's authorization. The system is continuously monitored by direct management review and by internal auditors who conduct an extensive program of audits throughout HP. HP selects and trains qualified people who are provided with and expected to adhere to HP's Standards of Business Conduct. These standards, which set forth the highest principles of business ethics and conduct, are a key element of HP's control system.

HP's consolidated financial statements have been audited by PricewaterhouseCoopers LLP, independent accountants. Their audits were conducted in accordance with generally accepted auditing standards, and included a review of financial controls and tests of accounting records and procedures as they considered necessary in the circumstances.

The Audit Committee of the Board of Directors, which consists of outside directors, meets regularly with management, the internal auditors and the independent accountants to review accounting, reporting, auditing and internal control matters. The committee has direct and private access to both internal and external auditors.



Carleton S. Fiorina  
President and Chief Executive Officer



Robert P. Wayman  
Executive Vice President, Finance and Administration  
Chief Financial Officer

## Report of Independent Accountants

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

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Hewlett-Packard Company as of October 31, 1999 and 1998 and for each of the three years in the period ended October 31, 1999 accompanying the Notice of Annual Meeting and Proxy Statement for the 2000 Annual Meeting of Stockholders of Hewlett-Packard Company (which statements are not presented herein); and in our report dated November 23, 1999 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of October 31, 1999 and 1998 and the related condensed consolidated statements of earnings and cash flows for each of the three years in the period ended October 31, 1999 is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.



San Jose, California  
November 23, 1999

## Selected Financial Data

For the years ended October 31

In millions except per share amounts

	1999	1998	1997	1996	1995
Net revenue	<b>\$42,370</b>	\$39,419	\$35,465	\$31,613	\$25,381
Earnings from operations	<b>\$ 3,688</b>	\$ 3,399	\$ 3,405	\$ 2,926	\$ 2,818
Net earnings from continuing operations	<b>\$ 3,104</b>	\$ 2,678	\$ 2,515	\$ 2,085	\$ 1,973
Net earnings per share, continuing operations					
Basic	<b>\$ 3.08</b>	\$ 2.59	\$ 2.45	\$ 2.05	\$ 1.93
Diluted	<b>\$ 2.97</b>	\$ 2.52	\$ 2.38	\$ 1.98	\$ 1.87
Cash dividends per share	<b>\$ .64</b>	\$ .60	\$ .52	\$ .44	\$ .35
At year-end:					
Assets – continuing operations	<b>\$31,764</b>	\$28,624	\$26,681	\$22,934	\$19,950
Assets – total	<b>\$35,297</b>	\$31,708	\$29,852	\$25,977	\$22,802
Long-term debt	<b>\$ 1,764</b>	\$ 2,063	\$ 3,158	\$ 2,579	\$ 663

**Note:** HP's consolidated financial statements and notes for all periods present Agilent Technologies' businesses as a discontinued operation. See further discussion in notes to the condensed consolidated financial statements.

**DIRECTORS**

**Philip M. Condit**

Chairman of the Board and Chief Executive Officer  
The Boeing Company  
An aerospace manufacturer

**Patricia C. Dunn**

Chairman of the Board and Co-Chief Executive Officer  
Barclays Global Investors  
A global investment firm

**Thomas E. Everhart**

President Emeritus  
California Institute of Technology  
A private university (retired from HP Board September 1999; member of Agilent Technologies, Inc. Board)

**John B. Fery**

Retired Chairman of the Board and Chief Executive Officer  
Boise Cascade Corporation  
A paper and forest products manufacturer and distributor (to retire from HP Board February 2000)

**Carleton S. Fiorina**

President and Chief Executive Officer  
Hewlett-Packard Company  
(effective July 1999)

**Jean-Paul G. Gimon**

Retired General Representative in North America  
Credit Lyonnais S.A.  
A global banking institution (to retire from HP Board February 2000)

**Sam Ginn**

Chairman  
Vodafone AirTouch Plc

**Richard A. Hackborn**

Designated Chairman of the Board  
Hewlett-Packard Company  
(effective January 2000)

**Walter B. Hewlett**

Independent software developer and Chairman of Vermont Telephone Company (also serves on Agilent Board)

**George A. Keyworth II**

Chairman and Senior Fellow  
The Progress & Freedom Foundation  
A public policy research institute

**David M. Lawrence, M.D.**

Chairman and Chief Executive Officer  
Kaiser Foundation Health Plan, Inc.  
Kaiser Foundation Hospitals  
Health services providers (retired from HP Board September 1999; member of Agilent Board)

**Susan Packard Orr**

President  
Technology Resource Assistance Center  
A software-development company

**Lewis E. Platt**

Chairman of the Board  
Former President and Chief Executive Officer  
Hewlett-Packard Company (retired as President and CEO July 1999; to retire as Chairman December 1999)

**Robert P. Wayman**

Executive Vice President and Chief Financial Officer  
Hewlett-Packard Company

**EMERITUS DIRECTOR**

**William R. Hewlett**

Co-founder  
Hewlett-Packard Company

**COMMITTEES OF THE BOARD**

**Executive Committee**

Fiorina (Chair), Wayman

**Audit Committee**

Keyworth (Chair), Condit, Hackborn, Hewlett

**Compensation Committee**

Orr (Chair), Fery, Ginn

**Finance and Investment Committee**

Hackborn (Chair), Dunn (designated Chair), Gimon, Ginn, Wayman

**Organization Review and Nominating Committee**

Fery (Chair), Condit, Hewlett, Keyworth, Fiorina



Patricia Dunn, Bob Wayman, Jean-Paul Gimon



Dick Hackborn, Carly Fiorina, Walter Hewlett



Lew Platt, Phil Condit



George Keyworth, Susan Orr, Tom Everhart



David Lawrence, Sam Ginn, John Fery

## Executive Officers

**Carleton S. Fiorina\***  
President and Chief Executive Officer  
(effective July 1999)

**Richard A. Hackborn**  
Chairman of the Board  
(effective January 2000)

**Robert P. Wayman\***  
Executive Vice president  
Finance and Administration  
Chief Financial Officer

**Joel S. Birnbaum**  
HP Chief Scientist (consulting)  
Retired as Senior Vice President  
Research and Development  
Director, HP Laboratories  
(effective February 1999)

**S. T. Jack Brigham III**  
Senior Vice President  
Corporate Affairs  
and General Counsel  
(retiring spring 2000)

**Susan D. Bowick\***  
Vice President  
Human Resources  
(effective November 1999)

**Raymond W. Cookingham\***  
Vice President and Controller

**Debra L. Dunn\***  
Vice President  
Strategy and Corporate Operations  
(effective November 1999)

**Bernard Guidon**  
Vice President and General Manager  
HP Consulting

**Richard H. Lampman**  
Vice President, Research  
Director, HP Laboratories

**Ann M. Livermore\***  
President  
Enterprise and Commercial Business

**Franz X. Nawratil**  
Vice President and Managing Director  
Europe, Middle East, Africa  
Geographic Operations

**Antonio M. Perez\***  
President  
Consumer Business

**Lewis E. Platt**  
Chairman of the Board  
Former President  
and Chief Executive Officer  
(retired as President and CEO  
July 1999; to retire as Chairman  
December 1999)

**William V. Russell\***  
Vice President and General Manager  
Software and Solutions Organization

**Alex Sozonoff**  
Vice President  
Customer Advocacy

**Lawrence J. Tomlinson**  
Vice President and Treasurer

**Carolyn M. Ticknor\***  
President  
Imaging and Printing Systems

**Lee S. Ting**  
Vice President and Managing Director  
Geographic Management  
Managing Director  
Americas Operations

**Duane E. Zitzner\***  
President  
Computing Systems

**Ann O. Baskins**  
Vice President and Secretary  
(effective November 1999)  
Associate General Counsel  
Designated General Counsel  
(effective January 2000)

**Charles N. Charnas**  
Assistant Secretary  
and Managing Counsel  
(effective November 1999)

*The following former officers  
of HP have become executive  
officers of Agilent Technologies,  
Inc. Their positions at Agilent  
are indicated below.*

**Edward W. Barnholt**  
President, Chief Executive Officer  
and Director

**Byron J. Anderson**  
Senior Vice President,  
Electronic Products and Solutions

**Richard Kniss**  
Senior Vice President,  
Chemical Analysis

**John E. Scruggs**  
Senior Vice President,  
Automated Test Group

**William P. Sullivan**  
Senior Vice President  
Semiconductor Products

**Robert R. Walker**  
Senior Vice President  
and Chief Financial Officer

**D. Craig Nordlund**  
Senior Vice President,  
General Counsel and Secretary

\*Executive officer of HP under Section 16 of the Securities and Exchange Act of 1934

## Members of the Executive Council



Carly Fiorina

Carolyn Ticknor, Antonio Perez,  
Duane Zitzner, Ann Livermore

Debra Dunn, Bob Wayman, Susan Bowick

## STOCKHOLDER INFORMATION

The annual meeting will be held on Tuesday, February 29, 2000 at the Flint Center for the Performing Arts. The address is 21250 Stevens Creek Boulevard, Cupertino, California, 95015-1897.

### Investor Information

Current and prospective HP investors can receive the annual report, proxy statement, 10-K, earnings announcements, 10-Q and other publications at no cost by calling 800-TALK-HWP (825-5497). As a service to people with impaired vision, the 1999 annual report is available on audio cassette.

HP's home page on the World Wide Web is at <http://www.hp.com>

The annual report and related financial information are also available on the Web, and they can be accessed either from our home page or directly at <http://www.hp.com/go/financials>

HP's Web site with Year 2000 information for customers is at <http://www.hp.com/year2000/index.html>

### Transfer Agent and Registrar

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

Harris Trust and Savings Bank  
Shareholder Services  
P.O. Box A3504  
Chicago, Illinois 60690

If calling from anywhere within the United States:  
(800) 286-5977

From outside the United States:  
(312) 461-4061

### Common Stock and Dividends

Hewlett-Packard is listed on the New York and Pacific stock exchanges, with the ticker symbol HWP. We've paid cash dividends each year since 1965. The current rate is \$0.16 per share per quarter. As of November 30, 1999, there were 127,908 shareholders of record.

### Dividend Reinvestment/Stock Purchase

Dividend reinvestment and stock purchase are available through Harris Bank, HP's transfer agent. Please contact Harris Bank at the address and phone numbers listed under Transfer Agent and Registrar for information on this program.

## CORPORATE INFORMATION

### Headquarters

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

### Geographic Operations

Americas  
19320 Pruneridge Avenue  
Cupertino, CA 95014-0707  
Telephone: (408) 343-7000

Europe, Africa, Middle East  
Route du Nant-d'Avril 150  
CH-1217 Meyrin 2  
Geneva, Switzerland  
Telephone: (41/22) 780-8111

Asia Pacific  
19/F Cityplaza One  
1111 King's Road  
Taikoo Shing, Hong Kong  
Telephone: (852) 2 599-7777

*A directory of sales and support locations can be obtained from the Corporate Communications department at HP's headquarters in Palo Alto. Please call 800-825-5497 to request this information.*



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*Pentium is a U.S. registered trademark of Intel Corporation.*

*<sup>(1)</sup>HP-UX Release 10.20 and later and HP-UX Release 11.00 and later on all HP 9000 computers are Open Group UNIX 95 branded products.*

