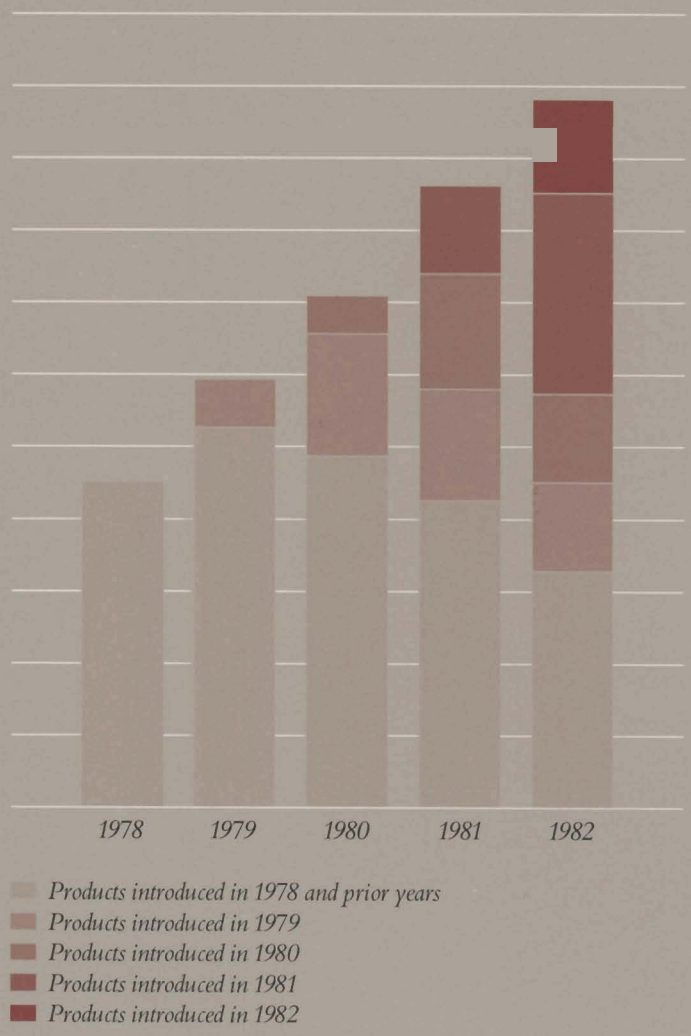
# Hewlett Packard Company Annual Report 1982

*Hewlett-Packard's growth comes from orders for new products introduced each year that—layer upon layer—build up to total order volume.*

*HP product orders by year introduced*



# Hewlett Packard Company Annual Report 1982

*Report for the fiscal year ended October 31, 1982*

*Contents*



**Financial Highlights**

| *(Millions except per share amounts)* | 1982 | 1981 |
|---|---|---|
| Domestic orders | $2,283 | $1,918 |
| International orders | $1,962 | $1,789 |
| Total orders | $4,245 | $3,707 |
| Net sales | $4,254 | $3,578 |
| Earnings before taxes | $ 676 | $ 567 |
| Provision for taxes | $ 293 | $ 262 |
| Net earnings | $ 383 | $ 305 |
| Net earnings per share | $ 3.05 | $ 2.49 |

*Fiscal 1981 reflects the restatement for the accrual of compensated absences earned by employees.*

Hewlett-Packard Company is a major designer and manufacturer of precision electronic equipment for measurement, analysis and computation. The interactive capabilities of HP instruments and systems enable its customers – decision makers in business and technical fields worldwide – to gain access to essential information, put it into meaningful form and use it effectively to improve their productivity and that of their organizations.

HP makes more than 5,000 products that have broad application in the fields of science, engineering, business, industry, medicine and education. The company's principal product categories include computers and computer systems, handheld calculators and computer/calculator peripheral products; test and measuring instrumentation and solid-state components; medical electronic equipment; and instrumentation for chemical analysis.

## To our shareholders

Hewlett-Packard completed 1982 with sales, earnings and incoming orders well above 1981 totals – a quite satisfactory performance given the lack of real economic growth in the major countries where HP does business. Despite the widespread and persistent recession, we were able to increase employment levels, maintain a strong product-development effort and further strengthen our financial position.

- Net sales increased 19 percent to $4.25 billion.
- Net earnings rose 25 percent to $383 million.
- Earnings per share amounted to $3.05, compared with $2.49 a year ago.
- Orders increased 15 percent to $4.24 billion.
- Order backlog at year-end was $768 million, virtually unchanged from the previous year.



Sales and earnings by segment are detailed on page 24.

Net earnings for 1982 were favorably influenced by tax reductions resulting from the Economic Recovery Tax Act of 1981. These tax reductions, which were related primarily to research and development expenditures, amounted to $20 million, or 16 cents per share.

*Domestic orders outpace international*

Considering the continuing softness in the world's economies, we were generally pleased with the relative strength of incoming orders during 1982. Domestic orders amounted to $2.28 billion, 54 percent of total orders, and up 19 percent over 1981. International orders totaled $1.96 billion, a gain of 10 percent over last year.

Since early 1981, we have experienced a gradual, yet steady, decline in international orders as a percentage of total orders. This reflects the difficult economic conditions persisting in our major international markets, particularly Western Europe and Canada. It also reflects the continued strength of the U.S. dollar against other major currencies. This has resulted in HP's U.S.-manufactured products being less competitive in foreign markets and in the company realizing fewer dollars of sales revenue per unit of local currency. For example, while sales in Germany over the last two years were up 20 percent in local currency, when translated to dollars they were down 7 percent. This trend is not unique to HP, and although it does not appear to be irreversible, it is likely to continue into 1983.

By business segment, orders for the year were $2.22 billion for electronic data products, up 19 percent over 1981; $1.54 billion for electronic test and measurement, an increase of 12 percent; $315 million for medical electronic equipment, up 11 percent; and $172 million for analytical instrumentation, down 7 percent. In this fiscal year, these segments represented

(left to right) *John A. Young, David Packard, William R. Hewlett*

52 percent, 36 percent, 8 percent and 4 percent of total orders, respectively.

Orders for analytical instruments continue to be adversely affected by depressed conditions in the chemical industry, our analytical group's principal market. Late in the year, however, the group introduced some important new products that are expected to add a good increment to its business in 1983 and beyond.

*Emphasis on new products*

Our research and development expenditures amounted to $424 million in 1982, representing 10 percent of sales revenue. We continue to place great emphasis on our product-development programs, which we consider a fundamental strength of our company. An indication of the importance of this effort is the fact that more than half of 1982's orders came from products introduced during the most recent three years.

Many new products have been introduced recently and two are particularly worth noting because of their potential to strengthen HP's position in the computer marketplace. One is the HP-75, a 26-ounce, battery-powered, portable computer that signals our intention to offer computing power in new forms to improve individual effectiveness. Among its many features, the HP-75 can share data with other computers, making it ideal for use in gathering information in remote locations and storing it for later processing by central computer systems.

The second significant computer product is the HP 9000 family, introduced shortly after the end of the fiscal year. This family includes the industry's first 32-bit computer in a desktop-sized package – a major achievement that gives scientists and engineers mainframe performance in their own work stations. The HP 9000, representing the most extensive R&D effort in our 43-year history, is the first product to incorporate HP's NMOS III "superchip" technology, announced in 1981.

*Facilities expand, work force grows*

We had budgeted for capital expenditures of about $480 million during fiscal 1982. With the deepening recession, several building programs and associated investments in new machinery and equipment were rescheduled, thereby reducing actual expenditures to $362 million. However, laboratory, plant and office space did increase 9 percent.

Projected capital expenditures in 1983 are $550 million. We intend to finance these capital investments with internally generated funds, in line with past practice.

During 1982 our work force increased by 5 percent, and now totals approximately 68,000 people. Of this number, about 48,000 are employed in the U.S. Although we are maintaining a conservative approach to hiring, our college recruiting efforts continue at a reasonably active level. About 1,200 recent college graduates joined the company in 1982.

*Quality enhancements*

One of the ways in which HP has been able to sustain relatively good growth in a difficult economic environment is by steadily improving the productivity of its people and the quality of its products. In




*Of HP's total orders in 1982, 46 percent, or $1.96 billion, came from international customers.*

recent years we have devoted considerable attention and resources to quality enhancements – quality not only in the design and manufacture of our products, but also in customer service and support. As noted in the following pages of this report, quality was a prevailing theme throughout the company in 1982, and many of our operating units have made significant quality gains. Over the last 18 months, for example, we've reduced our overall product-failure rate by 30 percent.

We are especially pleased with the quality achievements of our joint-venture company in Japan, Yokogawa-Hewlett-Packard. In October, YHP was awarded a coveted Deming Prize for outstanding merit in the statistical control of quality.

*Board changes*

Thomas P. Pike, an HP director since 1958, retired from the board in 1982. We are grateful for his many years of dedicated service to the company. John B. Fery, chairman of the board and chief executive officer of Boise Cascade Corporation, was elected to the board in February. In April, Shirley M. Hufstedler was elected to the board. Now a partner in the law firm of Hufstedler, Miller, Carlson & Beardsley, Mrs. Hufstedler served as U.S. Secretary of Education from 1979 to 1981. We're pleased to have both of these distinguished individuals serving as HP directors.

*The year ahead*

Looking to the immediate future, we anticipate that 1983 will be another year of uncertain business conditions. There is still some question as to whether an economic recovery is under way in the U.S., and the international outlook is even more uncertain.

We intend, therefore, to maintain the same cautious management posture that characterized our activities in 1982. Employment levels and the management of our assets will continue to receive considerable attention.

While we are cautious, we are far from pessimistic. Our financial position is sound, we have a dedicated, well-trained work force in place, and we have a number of promising new products coming from our laboratories. These are strong, positive factors that should enable us to take advantage of any significant improvements in the economic climate as the year unfolds.

As for the longer term, our prospects are good. By providing an effective combination of measurement and computational capabilities, HP is able to fulfill customer needs in a way no other company can. We intend to continue to capitalize on this advantage by offering an increasingly broad range of interactive instruments and systems that enable customers to achieve greater productivity. This, in turn, should assure continued growth and progress for our company.

David Packard
*Chairman of the Board*

William R. Hewlett
*Chairman of the Executive Committee*

John A. Young
*President and Chief Executive Officer*

December 10, 1982

*'. . . a total commitment to quality, a commitment that begins in the laboratory and extends into every phase of our operations. . . .'*

from Hewlett-Packard's
*Statement of Corporate Objectives*

Today's consumer, whether buying an automobile, a winter coat or a computer, is demanding products of higher quality and greater value than ever before. Among the reasons are increased global competition and a better-educated, better-informed buying public.

Together, these elements have served to heighten quality expectations and to make it unmistakably clear to manufacturers that quality is the principal buying criterion of the '80s.

Throughout HP's 43-year history, the company's products have been characterized by high quality and reliability. In the early years, when vacuum tubes were the key elements in electronic products, HP quality was achieved through innovative product design and skilled manufacturing, as well as rigorous testing and inspection.

As vacuum tubes gave way to transistors and eventually to integrated circuits, the quality challenge became more complex. Designs and processes became

*HP people like technician Julius Moran (left) and assembler Don Schmier take personal responsibility for producing quality products. They were part of a two-year Productivity Improvement Plan at HP's oscilloscope manufacturing operation that included raising quality expectations, better utilizing assets and employing current technology to reduce production-cycle times, space requirements and inventory and rework costs.*

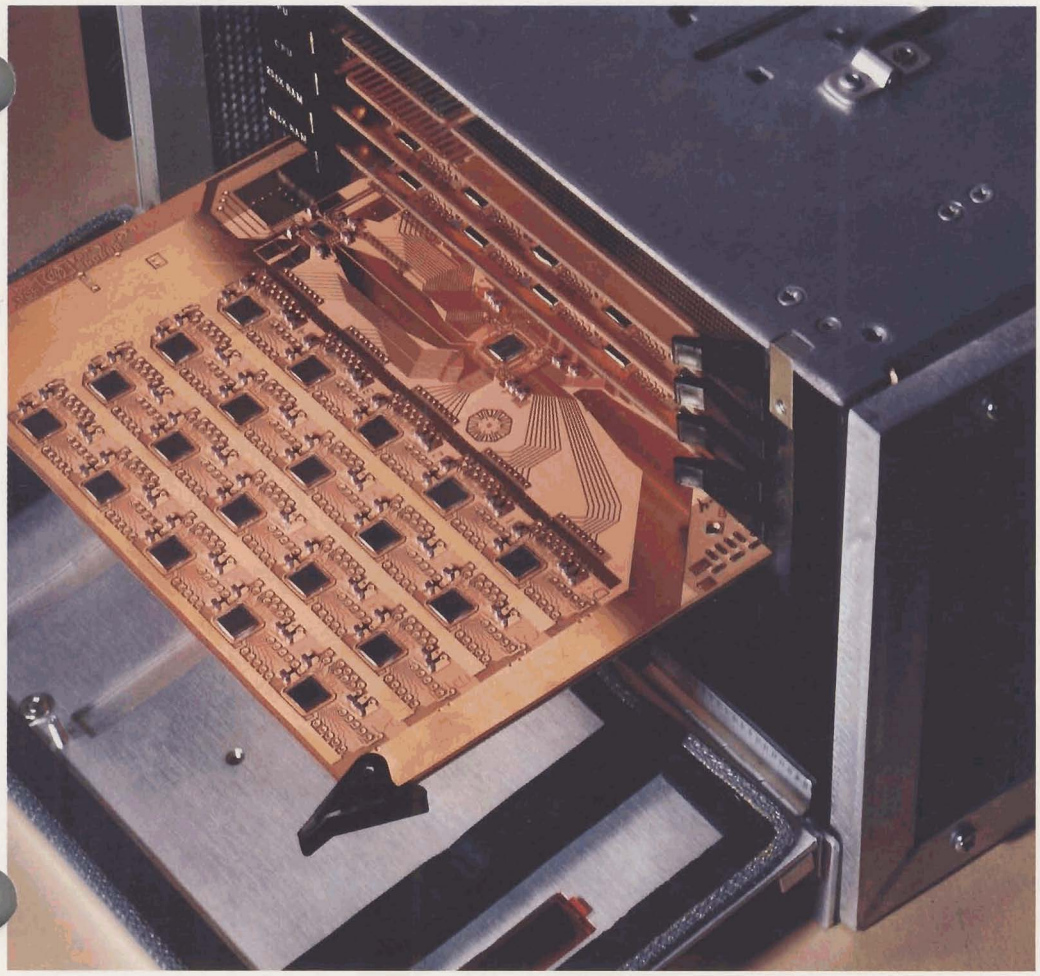
more intricate, with less tolerance for error. Traditional methods of ensuring product quality, while still workable, became less effective as HP products became more sophisticated.

By the end of the 1970s, it was time for another hard look at quality. HP managers revisited the theories of leading quality consultants, including W. E. Deming and J. M. Juran, who believe that improved quality begins with management's own commitment to change. HP managers realized that their total commitment was necessary if the quality that had made HP's reputation not only was to be maintained, but also improved.

Throughout the HP organization, teams of managers, engineers, technicians, production and support people began addressing the quality issue in earnest. Their findings confirmed that the careful integration of design and manufacturing – along with a thorough knowledge of customer needs – remains the key to product quality. However, their findings went much deeper. Once they set aside traditional assumptions about how "good quality" is accomplished and how much it costs, they soon determined that quality expectations could be raised and that higher quality standards could be achieved. What's more, they found that by diligently seeking out and removing defects in manufacturing processes, higher-quality products could be produced *the first time through*. Many began to demonstrate that the cost of producing such quality is actually less – not more – because of reduced time and materials devoted to product rework.

Motivated by these findings, and mindful of the increasing importance of quality in maintaining a competitive edge, HP gave broad attention to this basic issue in 1982. People in all parts of the company took a closer look at the HP quality tradition and found ways to redirect and re-emphasize it. As they did,

*Geolograph Pioneer, a division of Geosource Inc., uses HP fiber-optic cable at an oil-exploration site near Elk City, Oklahoma, to link the instruments and computers in its computer-controlled data-acquisition system. Electrical signals are converted to light and then travel over the optical cable. The method is preferred over traditional coaxial cable because it withstands most forms of electrical interference, transmits large amounts of data quickly and resists corrosion. Hewlett-Packard is actively researching ways to increase the strength and reliability of optical cable for use in harsh environments.*



*This shoebox-size Memory / Processor Module is at the heart of HP's new family of powerful 32-bit computers, the Series 9000. It incorporates HP's integrated-circuit technology called NMOS III, which allows up to 600,000 transistors on a single quarter-inch chip of silicon. The ability of the technology to produce reliable, sharply defined circuits only 40-millionths of an inch apart results in integrated circuits with 70 times greater density than chips built with HP's second-generation NMOS-II process. The technology makes possible mainframe computing capability in a compact, reliable, cost-effective package.*



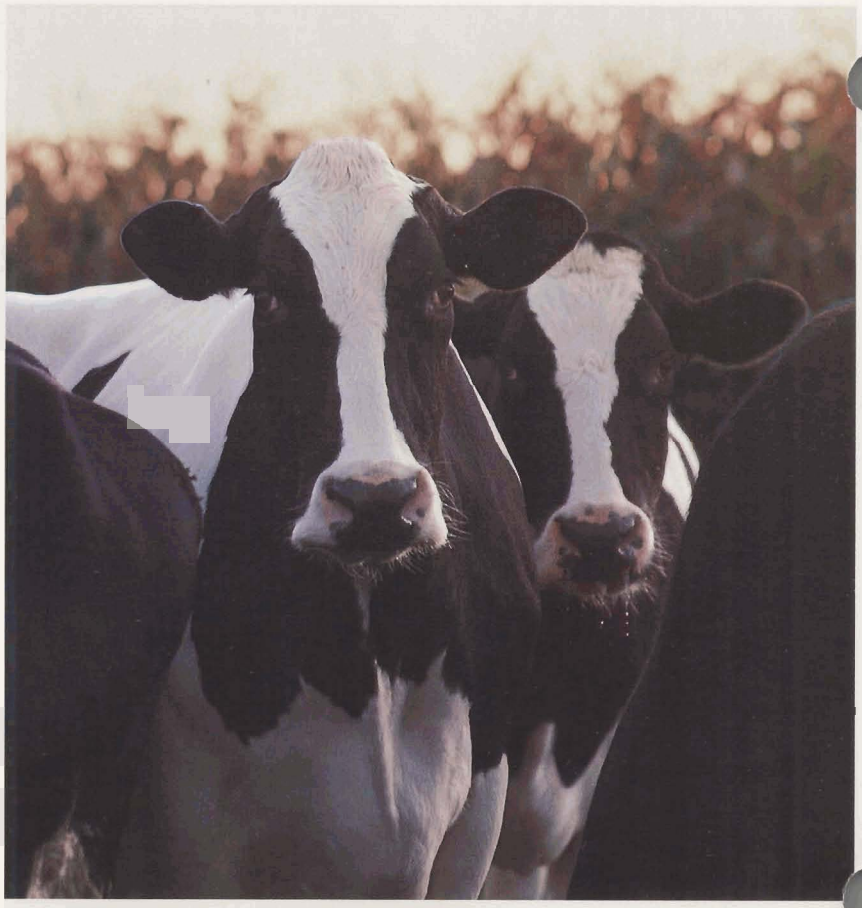
*Individual scientists and engineers now can have their own personal mainframe computers with HP's Series 9000, introduced in November 1982. The computer's power, small size and relatively low cost are the result of HP's advances in integrated-circuit technology. Using HP 9000-based computer-aided-engineering (CAE) systems and software available or under development, engineers will be able to design and test a complete system, such as an entire aircraft with all its interacting components and systems. The CAE process allows engineers to analyze individual parts, document their operation, verify compliance with design rules and produce materials lists.*

*'. . . we offer our customers innovative products that fill real needs . . .'*

they re-affirmed that quality is fundamental to the HP way of doing business.

It is the individual pursuit of excellence, as seen in the attentiveness of a printed-circuit-board assembler. It is a team approach to solving problems, exemplified by more than 800 employee-led quality teams. It is business integrity, manifest in published standards of business conduct. It is reaching out to the disadvantaged, such as providing training materials in Braille for blind employees. It is good corporate citizenship, as in HP's contributions of equipment, money and employee time toward community betterment.

This broad commitment to quality, the predominant theme throughout HP in 1982, is the subject of the following pages of this year's report. Highlighting this section are quotations from Hewlett-Packard's *Statement of Corporate Objectives*.



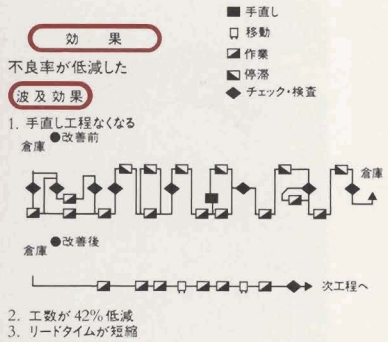
*When Southeast Dairy Lab of McDonough, Georgia, needed a way to illustrate to dairy farmers how their cows' milk production was doing, it chose the HP 7470 plotter. Introduced by Hewlett-Packard in early 1982, the plotter is elegantly simple: it moves paper as well as pen to produce high-resolution, color graphics on 8½ × 11-sized paper. Southeast Dairy selected the HP 7470 because of low cost and high reliability – and HP designed the unit with the same things in mind. That's why, for example, the control panel is mounted directly on a printed-circuit board, eliminating both electrical wiring and mechanical linkages. Southeast Dairy uses an HP personal computer to control the plotter.*

### *Originates with R&D*

Product quality is affected first and foremost by the work done at the research and development stage. Quality must be designed into a product.

HP strives for "elegant simplicity" in R&D – product designs must be complete yet as uncomplicated as possible. They must be developed with both the manufacture and support of the product in mind – and with a clear view of customer needs. Frequent interaction and cooperation between product divisions and Hewlett-Packard Laboratories, the corporate R&D organization, help achieve this goal.

Each product division designs its own products. It calls on HP Labs for advanced research in materials, processes, devices and techniques. Together, HP Labs and divisions create the stream of new products that enables HP to grow. They share information on current




*In October 1982, Yokogawa-Hewlett-Packard (YHP) was awarded Japanese industry's coveted Deming Prize for improved performance through quality control. YHP is jointly owned by HP and Yokogawa Electric Works, Tokyo. The company's TQC, or total quality control, activity stressed better assessment of customer needs, incorporation of those needs into new products, and improved manufacturing processes to produce more reliable products. At left, Masayuki Nagaoka tests a printed-circuit board. The drawing above, one of hundreds prepared for the Deming Prize review, represents a streamlining of the PC board production process and reports a 42 percent reduction in rework and inspection labor costs.*



*'. . . products must be manufactured at a reasonable cost and with superior workmanship.'*

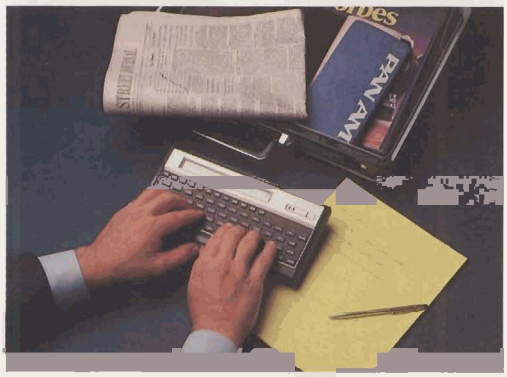
*HP engineers at the company's Pinewood Operation in Wokingham, England, developed an electronic mail system that HP began offering customers in early 1982. HPMAIL operates among HP 3000 business computer systems concurrently with other data-processing and office-information-processing activities. It is one element of HP's multifunction "Interactive Office," a network that helps integrate the processing of words, data and graphics.*

research projects and customer needs through formal programs and day-to-day interaction. Frequently, engineers from HP Labs and from a product division team up to work on a specific R&D project.

HP's development of a high-performance fiber-optic cable illustrates this cooperation, as well as the company's goal of offering only products that make a contribution to the marketplace. The company's Optoelectronics Division began manufacturing the cable in 1982 only after it had determined what specifications could set HP optical cable apart from that manufactured by others.

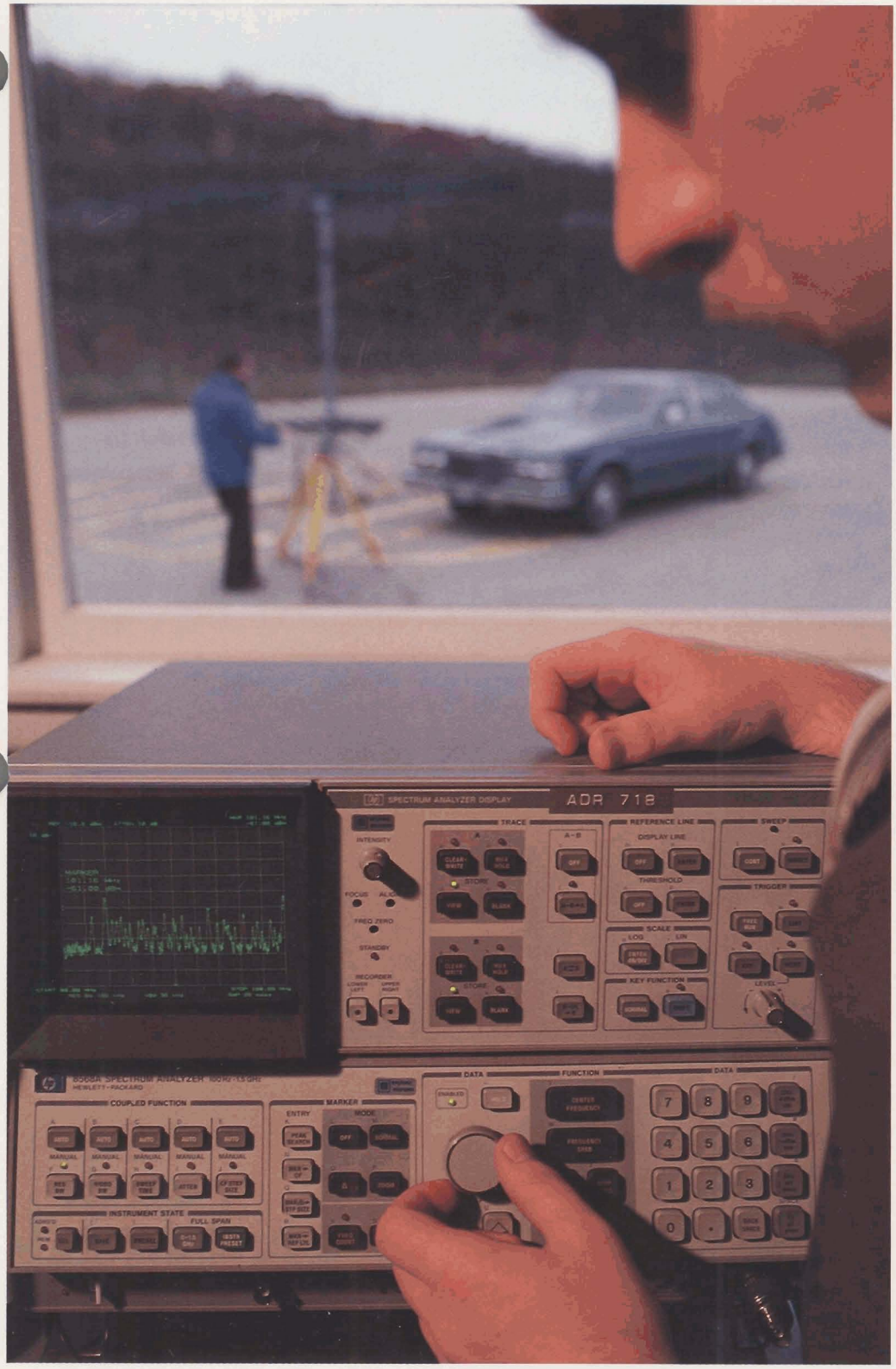
*Quality costs less*

Even if design excellence is achieved, a great deal of emphasis must be placed on the manufacturing processes that implement the design. It is these processes that have been the focal point of HP's effort to improve product quality and drive down manufacturing costs. By controlling and then optimizing manufacturing processes, less time, inventory and space are needed to correct quality problems.



*The HP-75 is a completely portable computer that can stand alone or combine with a printer and data-storage cassette recorder to become a take-along "briefcase" system. About the size of a cigar box and weighing less than two pounds, the computer runs on batteries and retains data when turned off. At the office, it can exchange information with larger computers and has the power to drive attachments such as graphics plotters. At home, it can be plugged into a television set for extra display capacity.*

A number of HP product divisions already have begun to realize the benefits of a heightened emphasis on manufacturing quality. For example, since 1980, HP's Desktop Computer Division has reduced its cost of service and repair of desktop computers by 35 percent. The reduction was made possible by improving design and manufacturing techniques to produce more reliable, trouble-free products. Further, during 1982 alone, the division saved $1.5 million by cutting scrap,




*A major automotive manufacturer uses an HP spectrum analyzer to measure the level of electromagnetic interference emissions radiating from a car's many electronic systems. It relies on the instrument's accurate readings in order to comply with government regulations that specify acceptable emission levels. For the car maker, as well as for other spectrum analyzer users, reliability and accuracy are critical. The HP division that manufactures the spectrum analyzer began a project in early 1981 to improve the instrument's overall quality and reliability. By making technical and manufacturing changes, such as improving documentation, streamlining testing and upgrading some equipment, it improved the instrument's reliability by 50 percent while decreasing the time required to produce it.*

*HP's newest electronic fetal monitor, developed at the company's Böblingen Medical Division in West Germany, offers more accurate assessment of fetal well-being earlier in pregnancy and during labor without the need for electrodes connected to the fetus. The unit measures fetal heart rate through the use of ultrasound and a mathematical process called autocorrelation. Variations in the heart rate can indicate the presence or lack of oxygen to the baby before it's born. In high-risk pregnancies, such as with women over 40, the monitor helps medical professionals determine the health of the fetus at various stages.*



rework and product test time. Customers see the results: compared with 1980 units, 1982 products of equivalent performance offer three times greater reliability at one-third the price.

Quality improvements also contributed to a 16 percent price reduction for two of HP's most popular oscilloscopes during 1982. Managers and production people worked together to improve materials management, production and testing and to automate portions of the oscilloscope production process. As a result, total production time dropped by more than 30 percent and product quality increased.

Such quality gains often depend not only on HP's own efforts but also on those of its suppliers. Increasingly, HP divisions are selecting a leading supply source for each service or product they purchase. By establishing multi-year relationships with these vendors, built on communication and common objectives, the divisions are working toward every supplier meeting specifications 100 percent of the time.

The Disc Memory Division, for example, considers vendors of the materials used to make printed-circuit boards extensions of its own manufacturing team. It holds workshops and mutual "performance evaluations" to help achieve production goals. With this emphasis on quality and vendor relationships, the division is able to produce printed-circuit boards in just five days.

Yet another source of quality improvement at HP has been the automation of routine tasks. At HP's data-cartridge-manufacturing operation in Singapore a recent program to mechanize several work procedures reduced product defects significantly and improved productivity 15 percent in just one year. These improvements allowed the cost of automating to be fully recovered over the same period of time.

*Benson & Hedges (Canada) Inc., a subsidiary of Philip Morris Inc., has produced its standard costs covering its entire Canadian cigarette production using HP's Materials Management/3000, an application software package that can be customized for specific uses. Through use of proprietary software technology, MM/3000 combines the benefits of off-the-shelf software with the flexibility to meet the changing needs of business. It thus offers friendly, user-oriented, user-maintainable solutions for manufacturers. B&H plans to control all its inventories using MM/3000 by mid-1983.*



*'. . . a wide variety of useful services, both before and after sale.'*

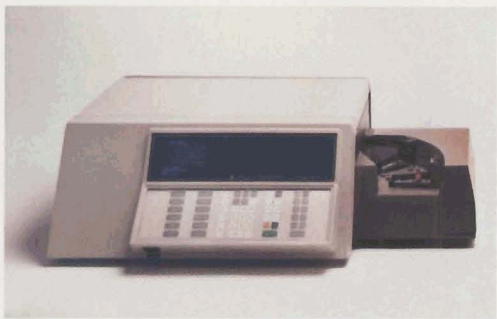
Companywide, HP has assembled a high-caliber team of people working on quality technology – and they're using a combination of approaches to help ensure quality products. Statistical methods for process control, component failure mechanism studies, reliability analyses, and electrical and mechanical metrology provide the data necessary to achieve improved manufacturing results once quality expectations have been raised.

*Quality software*



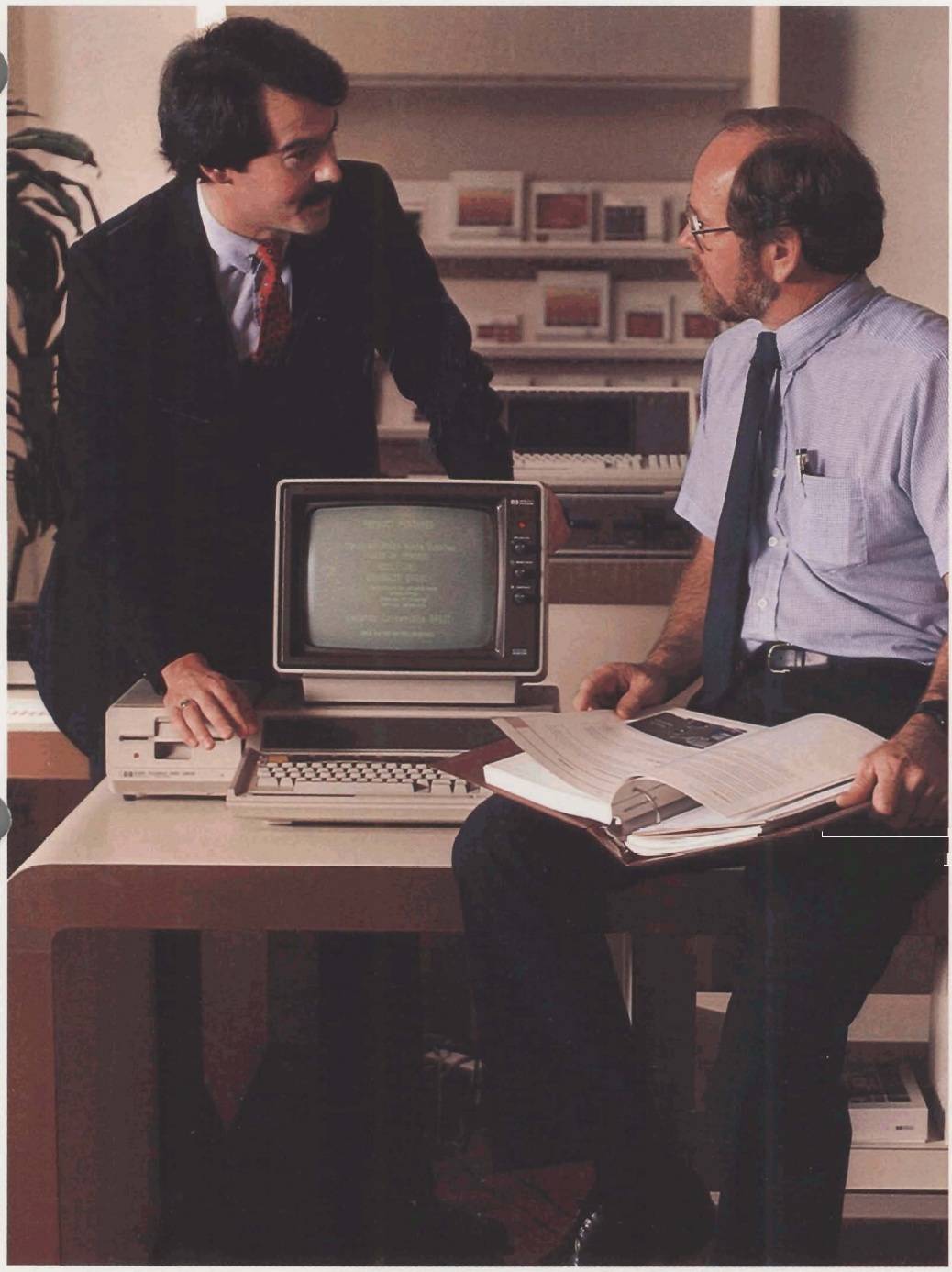
HP is devoting an increasingly large part of its computer activity to the development of software – the instructions that tell the computer what to do. Because the design *is* the product, "manufacturing" software of high quality presents unusual production challenges.

One HP response is to set design objectives early in the software project. Issues like how easy the product is to use, how fast it is and if it can be modified quickly and easily receive careful consideration. Engineers may give one characteristic priority over another, but each must be considered as the software is designed. This offers a framework for cost-effective decision-making as the product moves through its many development stages.



*HP technology helps Herbert Laboratories, a division of SmithKline Beckman Corporation's Allergan, verify the purity and stability of* Eclipse *sunscreen and the other skin and eye preparations it manufactures. HP analytical instrumentation sales representatives worked with the chemists at Herbert Laboratories when they needed to analyze quickly and precisely how particular compounds absorb ultraviolet light. The answer was an HP spectrophotometer. It helps the chemists get the data they need in testing and selecting compounds for optimum absorption of the sun's ultraviolet rays – those that cause sunburn.*

Another challenge associated with software is that of accommodating local markets. In many cases, quality solutions to customers' computer needs require that software first be tailored to overcome differences in language, culture or business practices. To address this, in 1982 HP accelerated its development of area software application centers. Today, centers exist in Taiwan, the United Kingdom, Germany, France, Italy, Australia and the Netherlands, with others planned.



*In an effort to strengthen the sales of dealers who carry HP personal computers and to provide better service to the individuals who buy the computers, HP now offers dealers a program that encourages face-to-face selling and customer support. HP sales representative Van Baker tells Tony Scott (right) of Mission Computer Center, Mountain View, California, about HP Series 80 personal computers. Mission Computer is one of about 300 dealers across the U.S. that are participating in HP training programs, enabling them to present computer courses to their customers. The dealers also participate in a repair center program to provide support on selected HP personal computers and peripherals.*



*'A quality product . . . must be supported with prompt, efficient services of the same high quality.'*

*Excellence in customer support*

It is not enough to offer products of excellent design and craftsmanship. Providing solutions to customer needs means working with customers before and after they purchase HP products. To do this, the company's worldwide network of sales, service and support personnel strives for performance equal in quality to the products the company sells.

HP sales representatives are well-educated professionals, many with advanced degrees, who can talk a customer's language – whether it's MRP, CAD/CAM, GC/MS, PCM/TDM or ECG.*

Hiring people with sound educational backgrounds, however, is only the first step toward putting a top-quality sales and support team in the field. Rigorous training in HP products and policies comes next, leading to reliable, helpful information and prompt service for the customer. In 1982, all 8,000 experienced HP field professionals participated in new-product training sessions and virtually all new sales and support personnel completed fundamental training programs.

Surveys indicate that this emphasis on solid customer support, along with basic product quality, has been successful in the eyes of current and potential HP customers. For example, HP received the highest cumulative rating of 145 firms in a 1982 poll to determine how the suppliers of scientific products are perceived by

*The Girl Scout Council of Northwest Cook County in Illinois uses an HP 250 business computer to register campers and monitor attendance at its Happy Hollow camp in East Troy, Wisconsin. The council is one of several that have an HP computer to help with a number of "housekeeping" chores, such as maintaining volunteer training and cookie-sale records, controlling inventory and processing text. Accounting and financial reporting also are computerized. Girl Scouts of the United States of America, with offices in New York, distributes and supports the application software while hardware maintenance is provided by HP through its national field service network.*

**manufacturing resource planning, computer-aided design / computer-aided manufacturing, gas chromatograph / mass spectrometer, pulse-code modulation / time-division multiplex, electrocardiogra*

their customers. The survey, conducted by *Analytical Chemistry* magazine, asked scientists to rank the firms in three categories: back-up service, technical aid and technology.

*Demystifying computers*

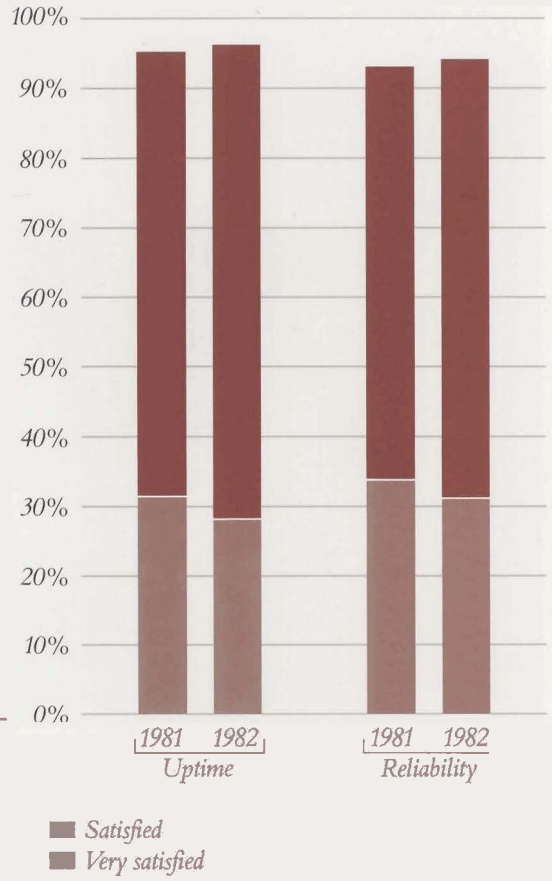
For computer products, customer assistance often takes the form of "demystifying" computer technology so customers can see clearly – before the sale – how computer systems can satisfy their specific needs.

For example, HP believes the computerization of an entire facility or organization offers maximum customer value when systems can be linked into information-sharing "networks." To aid HP manufacturing customers in understanding and benefiting from this concept, HP developed its Manufacturers' Productivity Network (MPN). MPN is an approach that strives to integrate all the information involved in the manufacturer's operations – from product design to sales and service. Whether the customer starts small and builds up, or acquires a total system all at once, HP sales representatives can demonstrate how to enhance individual and organizational productivity through the MPN concept.

To help manufacturing customers determine if MPN application software products can meet their needs, HP now offers MPN-ASSIST. With MPN-ASSIST consulting and training services, a customer can determine – before the total investment is made – if purchasing HP's Materials Management/3000 and Production Management/3000 software will result in improved productivity and better inventory and production control. After purchase, MPN-ASSIST smoothes implementation through on-site training and helps customize the software for specific applications.

Lasting value in the use of HP computer solutions is assured by delivering high-quality support services. A 1982 survey of minicomputer users, conducted by Datapro Research Corp., attests to HP's ability to satisfy its customers. When asked if they would recommend the HP 3000 business computer system, 95 percent of HP 3000 users responding to the survey answered "yes."

*HP survey of computer users' rating of uptime and reliability (1981 and 1982 U.S. surveys) (Percent of responses)*




*Number of responses*
*1981: 2,219*
*1982: 2,141*

*Percent of responses on uptime*
*1981: 95% total*
*64% very satisfied*
*31% satisfied*
*1982: 96% total*
*68% very satisfied*
*28% satisfied*

*Percent of responses on reliability*
*1981: 93% total*
*60% very satisfied*
*33% satisfied*
*1982: 94% total*
*63% very satisfied*
*31% satisfied*

HP provides a range of clearly specified services that contribute to its reputation for high-quality support. This level of support, combined with product reliability, led the company to offer HP 3000 owners the industry's first "Guaranteed Uptime Service." The support contract guarantees a minimum system "uptime" of 99 percent during any three consecutive months.

Meeting customer expectations has been tested with HP's increasing involvement in the personal-computer field. Many of its personal-computer products are sold through authorized dealers. In 1982 HP took steps to better serve those who buy the company's personal computers from such dealers. As part of the plan, HP provides qualified dealers with training so they can better support HP products before and after sale. The program is expected to strengthen dealers' sales of HP personal-computer products, including new HP Series 70, 100 and 200 computers and peripherals.



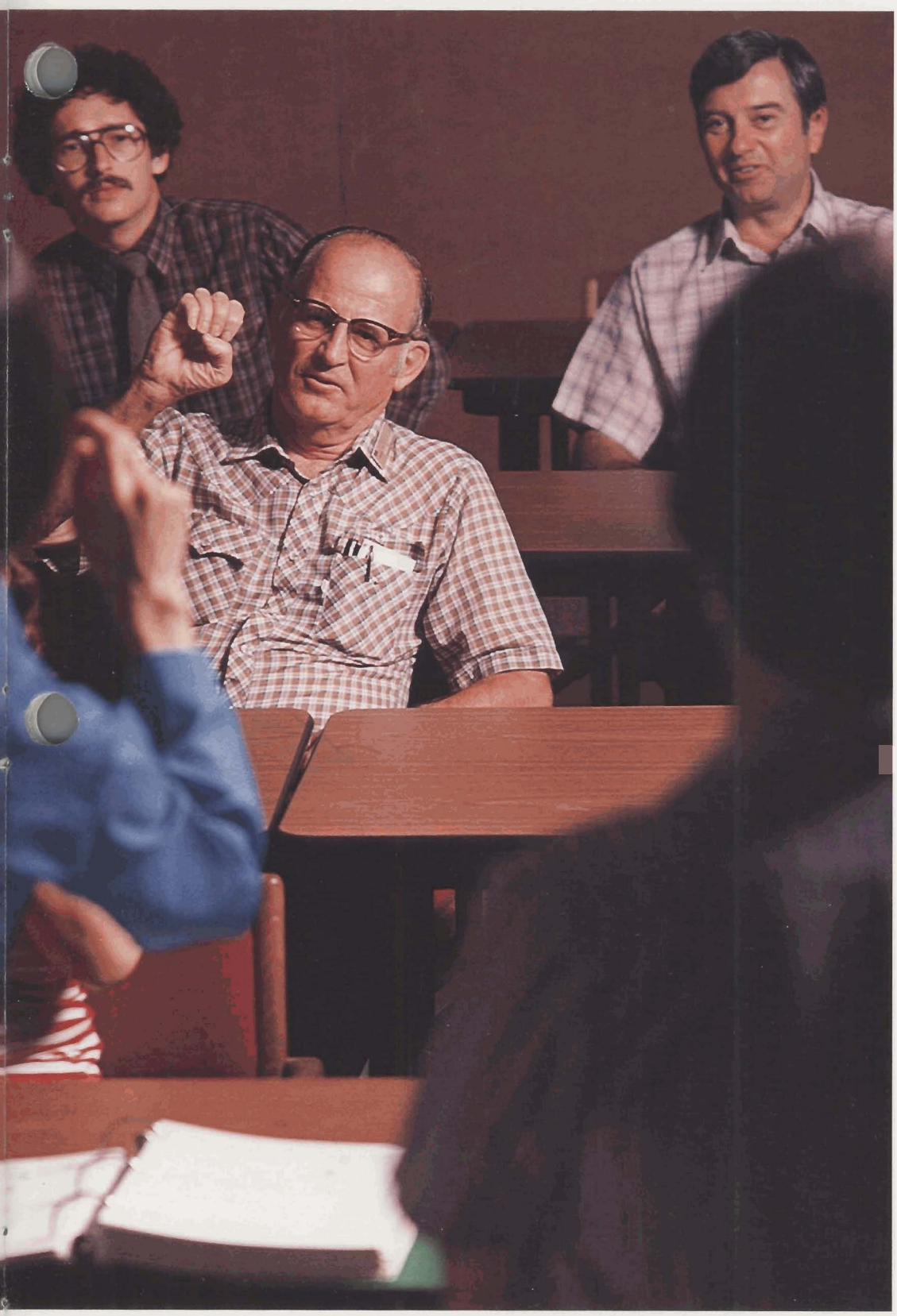
*People make the difference*

Hewlett-Packard's quality achievements are due, in large part, to the quality of the HP work force.

The company believes that individuals want to do a good job and will do so when provided the proper environment. It seeks to hire the best people for the job, give them good training and offer them ample opportunities to grow.

In 1982, HP hired 1,700 engineers and scientists, about 1,200 of whom were recent college graduates. College recruiting is done by the HP operating managers who later will make the hiring decisions. While this system takes HP people away from their jobs for a time, it provides a better basis for making employment decisions – by both the company and the individual candidate.

HP recognizes that a pool of top-quality, college-trained engineers and scientists is critical to maintaining its technological leadership. To help bring this about, the company has established several educational-assistance programs. Its efforts during 1982 included giving $10 million of equipment to schools, loaning engineers to the faculties of universities with predominantly minority enrollments, bringing college faculty to HP Laboratories for sabbaticals, and providing summer employment for more than 600 college students. In addition, the company initiated a program that will provide financial assistance to



*Throughout Hewlett-Packard, managers are learning to capitalize on a diverse work force. The company is maintaining its strong commitment to affirmative action and is striving to provide all its people with equal opportunities. Interpreters assist hearing-impaired employees in benefiting from HP training classes. Here, Archie Chaboude discusses a point in a class.*

(Opposite page) *This quality team at HP France's Orsay sales office, one of more than 800 quality control circles companywide, was formed in March 1982. Patrice Monthuy (far left), the team's facilitator, says that it's helped promote communication and a greater sense of responsibility among members. The team wanted to improve service when customers needed supplies of replacement parts for their HP equipment. Through a variety of relatively minor changes, it was able to improve the daily order-processing workload and get supplies to customers in half the time previously required. HP promotes quality teams or circles because it recognizes that they are an effective way to involve individuals in assuming personal responsibility for quality.*

*'. . . people at all levels determine the character and strength of our company.'*

selected graduate students to encourage them to obtain their doctoral degrees and then become full-time members of university engineering faculties. HP will invest $6 million in this innovative program over the next eight years.

The company also recognizes that education is a continuing process and offers extensive in-house training programs. The corporate objectives, with their emphasis on quality, are used in classes ranging from new employee orientation to managers' training. To reinforce the company's quality traditions, HP managers, rather than outside consultants, serve as instructors for most courses. Emphasis is placed on taking personal responsibility for quality.



*A continuing commitment*

The quality achievements presented here provide a snapshot of HP's continuing commitment to further improving its products, services and relationships. Recognizing that the job is never complete, HP is seeking ways to maintain and expand its quality initiatives through a variety of approaches, including:

- Strengthening its relationships with vendors, encouraging them to learn and adopt statistical control methods and assisting them through HP training programs.
- Developing more effective ways to share information of one division's productivity accomplishments with other divisions. A manufacturing-support function at the corporate level was created in mid-1981 in part to address this. A recently developed seminar series for manufacturing managers also will contribute to inter-division communication.
- Training managers and all HP people in the importance of quality and of their individual roles as quality experts. Current, creative training tools, such as a video program on HP's commitment to quality as part of an orientation class, are part of the solution.
- Emphasizing quality technology as fundamental to the continuing product-quality commitment. A variety of statistical methods, for instance, is being re-emphasized and successfully used. HP's goal is to remain at the forefront of quality technology with state-of-the-art equipment and methods.
- Seeking additional opportunities for automation as a means of increasing productivity, improving worker safety, reducing costs and allowing HP people to undertake more creative work.

Around HP, managers know that their commitment is fundamental to the quality and integrity of HP products. They know that quality takes determination, planning and a lot of work. But it yields multiple rewards – customer approval, personal satisfaction, cost savings. It gives HP a competitive edge in maintaining its position as a leader in business and technology.

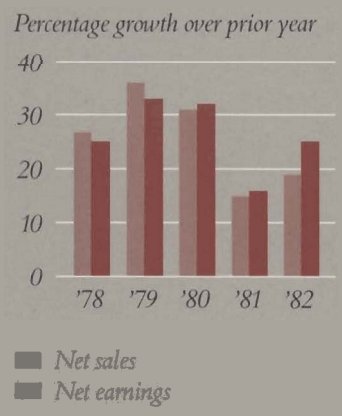
# Financial Statements

*'Careful attention to quality. . . has a direct and substantial effect on our operating costs and profitability.'*

## Financial Review
*(Unaudited)*

The following reviews the company's recent operating results and trends in financial condition. Also included are some of the company's key financial strategies. The accompanying chart shows the percentage growth rates in net sales and net earnings for the past five years. Fundamental to this growth were new products introduced through successful research and development efforts. Also, the company has continued its long-standing policy to finance growth with internally generated funds.






### *Review of Operations*

During 1982, net sales and net earnings increased by 19 percent and 25 percent, respectively, over the prior year's levels. This compares with growth rates in net sales and net earnings during 1981 of 15 percent and 16 percent, respectively, and during 1980 of 31 percent and 32 percent, respectively. These growth rates for 1982 and 1981, while below previous trends, are favorable given the recessionary economic conditions that have persisted in many of the company's markets during

this time. These growth rates are also encouraging given the continued strength of the U.S. dollar against major foreign currencies, which has adversely affected the company's competitiveness abroad.

The Economic Recovery Tax Act of 1981 was the primary factor contributing to net earnings growth in excess of net sales growth during 1982. Fiscal 1982 was the first full year for which tax credits were available under this act. These credits, primarily related to research and development, amounted to $20 million in 1982 compared with $8 million in 1981. In addition, throughout 1982 the company continued its emphasis on cost and hiring controls that had begun in 1981. Pretax earnings in 1982 increased 19 percent over 1981, which is equal to the percentage gain in net sales.

Fiscal 1981 reflected the first full year of downturn in the current economic cycle. Financial performance during that year would have been more disappointing if it had not been for the favorable impact of the Economic Recovery Tax Act of 1981, as well as a change in the funding level of the company's U.S. Supplemental Pension Plan. A scheduled five-year review of this plan led to a reduction in accrued pension expense that increased net earnings by $7 million during fiscal 1981.

Each of the company's business segments has been negatively affected by the overall business climate. However, a review of the accompanying charts shows that all of the segments contributed to sales and earnings growth for each of the most recent three years, with the exception of the analytical instrumentation segment, for which both sales and earnings declined in 1982.

New product introductions contributed to improved sales growth during 1982 over 1981 in the electronic data products segment. In addition, this segment increased its emphasis on cost and hiring controls, which brought growth in earnings before taxes more in line with growth in sales during 1982. Both 1982 and 1981 reflect a high level of product development and marketing expenses associated with some major new product development and marketing programs.

Control of expenses and improvements in production costs were particularly successful in the electronic test and measurement segment. Reversing the trend of the last several years, earnings before taxes grew at a higher rate than sales during 1982. Test and measurement products continued to achieve high levels of market acceptance, helped by new products that resulted from substantial growth in product development spending during 1981 and 1982.

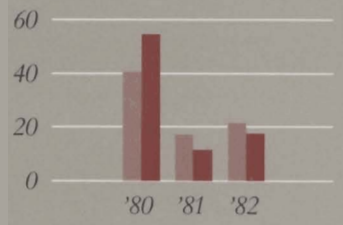
During the past three years the medical electronic equipment segment experienced continued revenue growth within a worldwide environment of health care cost containment. Earnings before taxes in 1982 grew 22 percent even with incremental research and development and marketing investment in a major new product area – hospital information systems.

Sales levels for the analytical instrumentation segment reflect the increasingly depressed conditions in the chemical industry over the past three years. This segment has stressed control over costs and expenses throughout this period. However, its commitment to support ongoing programs during the year contributed to the 12 percent decline in earnings before taxes in 1982.

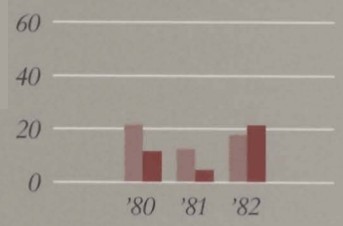
The exact percentage of price increases is difficult to quantify due to the complexity of the company's product lines and the continued introduction of new

***Percentage growth over prior year***

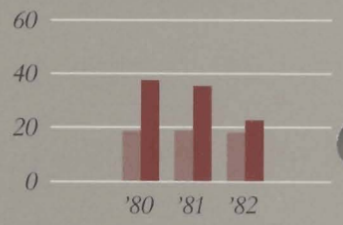
*Electronic data products (51% of consolidated net sales)*



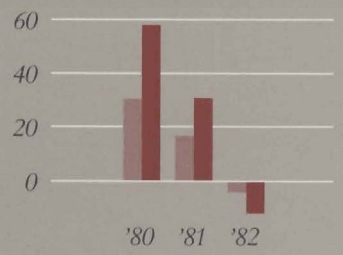

*Electronic test and measurement (37% of consolidated net sales)*




*Medical electronic equipment (8% of consolidated net sales)*




*Analytical instrumentation (4% of consolidated net sales)*




*Segment sales*
*Earnings before taxes*

products. However, on a consolidated basis, price increases have not been a significant factor in the growth of net sales during the past three years.

The effects of inflation and changing prices on the company's operations are discussed in the notes to the consolidated financial statements on page 34.

### *Research and Development*

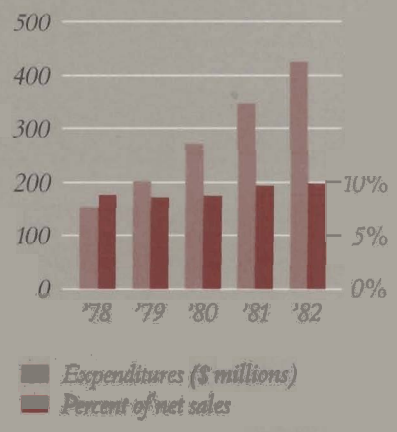
A key to Hewlett-Packard's growth has been its ability to generate a stream of new and improved products. Research and development expenditures amounted to $424 million, or 10 percent of net sales, in 1982. Measured either in dollars or as a percent of net sales, this ranks the company as one of the leading U.S. industrial corporations in commitment to new product development. The accompanying chart shows both of these measures of the company's research and development expenditures over the last five years.

Research and development expenditures as a percent of net sales have increased during fiscal years 1981 and 1982. This reflects continued emphasis on generating new products even during slow economic periods.

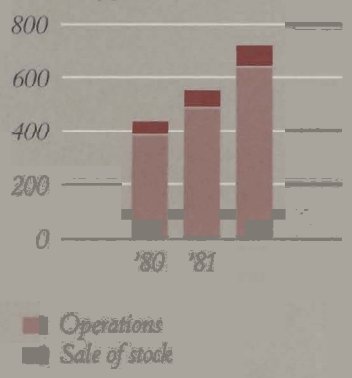
### *Liquidity and Capital Resources*

The company's long-standing policy has been to finance its growth through internally generated funds. The accompanying charts show the sources and uses of funds over the past three years. Most of the company's funds are generated by operations and these funds grew at an average annual rate of 29 percent during this period.

*Research and development*




*Sources of funds ($ millions)*




*Uses of funds ($ millions)*


Throughout the company's history, this self-financing concept has not been a constraint on the company's growth. With recent growth restrained by depressed economic conditions, the company's net cash position has grown substantially, to $528 million at October 31, 1982, an increase of $382 million during the year. Also, in line with the emphasis on internal financing, long-term debt has remained minimal, approximating 1 percent of total assets.

The company has satisfactorily tained control over inventories and receivables. During the past three years, these asset balances have increased at an average annual rate of 11 percent and 16 percent, respectively. This is well below the 22 percent average growth in net sales.

Projected capital expenditures in 1983 are $550 million, which reflects the need for additional plant capacity to support anticipated growth over the next several years. These projected capital expenditures also include funds that will be invested in machinery and equipment to achieve further improvements in manufacturing and engineering productivity. However, actual 1983 capital expenditures will be closely monitored in light of current economic uncertainties.

## Business Segments

The company operates in four business segments, all of which are engaged in the design and manufacture of precision electronic equipment for measurement, analysis and computation. A brief description of each business segment is given below. In addition, the accompanying tables show financial data for each business segment during the last three years.

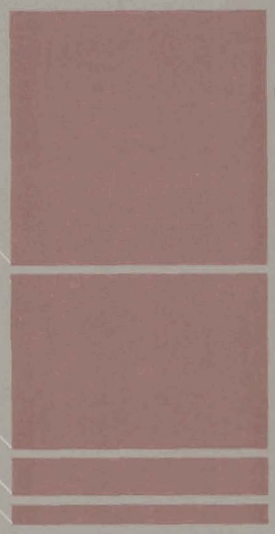
*Electronic data products* consist of the Business Computer, Technical Computer, Computer Peripherals, Computer Terminals, Computer Marketing and Personal Computation Groups. Products include small-to-medium-scale computer systems for business, scientific and industrial applications; desktop, personal and portable computers; personal scientific and business programmable calculators; and computer peripherals. Also included is a wide variety of software and support services.

*Electronic test and measurement* products consist of the Electronic Measurements, Microwave and Communication Instrument, Instrument Marketing and Components Groups. Products include instruments, systems and components for design, production and maintenance. The products are primarily used in the communications, electronics manufacturing and aerospace industries.

*Medical electronic equipment* products perform a number of patient-monitoring, diagnostic, therapeutic, and medical and financial data-management functions for health care providers. Included are measurement and computation systems and a wide variety of software and support services and supplies.

*Analytical instrumentation* products are used primarily to analyze chemical compounds. Products include gas and liquid chromatographs, mass spectrometers, spectrophotometers, laboratory automation systems and integrators.

*1982 orders by business segment*
*(Unaudited)*
*(Millions)*




| *(Millions)* | 1982 | 1981 | 1980 |
|---|---|---|---|
| *Segment sales* | | | |
| Electronic data products | $2,212 | $1,816 | $1,546 |
| Electronic test and measurement | 1,606 | 1,364 | 1,215 |
| Medical electronic equipment | 325 | 275 | 230 |
| Analytical instrumentation | 177 | 185 | 159 |
| | $4,320 | $3,640 | $3,150 |
| *Intersegment sales* | | | |
| Electronic data products | $ (44) | $ (45) | $ (36) |
| Electronic test and measurement | (21) | (15) | (15) |
| Medical electronic equipment | (1) | (2) | – |
| | $ (66) | $ (62) | $ (51) |
| *Net sales* | $4,254 | $3,578 | $3,099 |
| *Earnings before taxes* | | | |
| Electronic data products | $ 370 | $ 314 | $ 280 |
| Electronic test and measurement | 339 | 279 | 267 |
| Medical electronic equipment | 60 | 49 | 36 |
| Analytical instrumentation | 28 | 31 | 24 |
| Eliminations and corporate | (121) | (106) | (94) |
| | $ 676 | $ 567 | $ 513 |
| *Identifiable assets* | | | |
| Electronic data products | $1,358 | $1,169 | $1,000 |
| Electronic test and measurement | 903 | 817 | 709 |
| Medical electronic equipment | 191 | 175 | 146 |
| Analytical instrumentation | 104 | 99 | 94 |
| Eliminations and corporate | 914 | 522 | 401 |
| | $3,470 | $2,782 | $2,350 |

*Fiscal 1981 and 1980 reflect the restatement for the accrual of compensated absences earned by employees.*

## Geographic Areas

The worldwide aspect of the company's operations is shown in the accompanying chart and tables. The locations of the company's manufacturing and marketing facilities are shown on page 41.

The company's policy is to transfer products between affiliates at the prevailing market price, less an allowance to compensate the buying entity for subsequent manufacturing and/or marketing services.

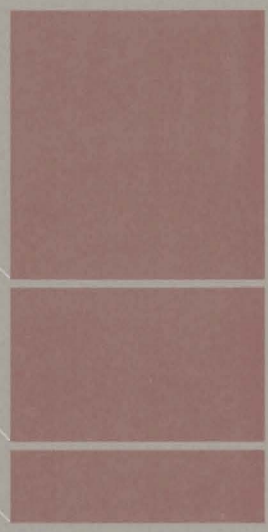
Net sales are classified by the geographic area in which the trade customer is located. Exports are primarily intercompany transfers to affiliates outside the area. In addition, exports from the United States include direct shipments from the United States to trade customers in the "Rest of world." These direct shipments ($191 million in 1982, $185 million in 1981 and $192 million in 1980) are classified as net sales in the "Rest of world."

For the most part, earnings before taxes and identifiable assets are classified by the location of the company's facilities. However, assets and earnings related to "Rest of world" headquarters, located in the United States, are included as "Rest of world."

Earnings before taxes and identifiable assets for 1981 and 1980 have been reclassified to conform to the 1982 treatment of "Rest of world" headquarters activities. This reclassification transferred earnings ($13 million in 1981 and $10 million in 1980) and assets ($37 million in 1981 and $39 million in 1980) from the United States to the "Rest of world."

Corporate assets included in identifiable assets amounted to $938 million in 1982, $548 million in 1981 and $422 million in 1980. The increase in corporate assets during 1982 resulted primarily from growth in the company's cash and temporary cash investments.

*1982 orders by geographic area*
*(Unaudited)*
*(Millions)*




| *(Millions)* | 1982 | 1981 | 1980 |
|---|---|---|---|
| *Net sales* | | | |
| United States | $2,304 | $1,853 | $1,525 |
| Europe | 1,334 | 1,205 | 1,136 |
| Rest of world | 616 | 520 | 438 |
| | $4,254 | $3,578 | $3,099 |
| *Exports from* | | | |
| United States | $1,083 | $ 971 | $ 831 |
| Europe | $ 61 | $ 50 | $ 40 |
| Rest of world | $ 164 | $ 206 | $ 145 |
| *Earnings before taxes* | | | |
| United States | $ 554 | $ 458 | $ 414 |
| Europe | 155 | 155 | 153 |
| Rest of world | 97 | 80 | 65 |
| Eliminations and corporate | (130) | (126) | (119) |
| | $ 676 | $ 567 | $ 513 |
| *Identifiable assets* | | | |
| United States | $2,042 | $1,817 | $1,518 |
| Europe | 673 | 597 | 565 |
| Rest of world | 285 | 265 | 192 |
| Eliminations and corporate | 470 | 103 | 75 |
| | $3,470 | $2,782 | $2,350 |

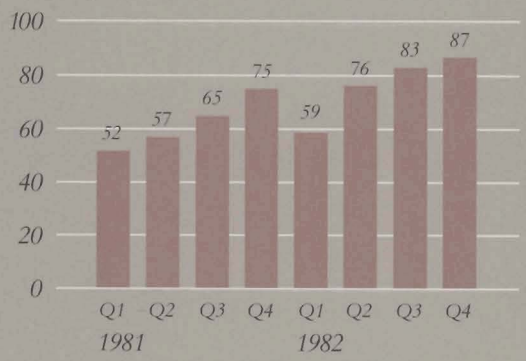
*Fiscal 1981 and 1980 reflect the restatement for the accrual of compensated absences earned by employees and the reclassification to conform to the 1982 presentation discussed in the accompanying text.*

## Quarterly Summary
*(Unaudited)*

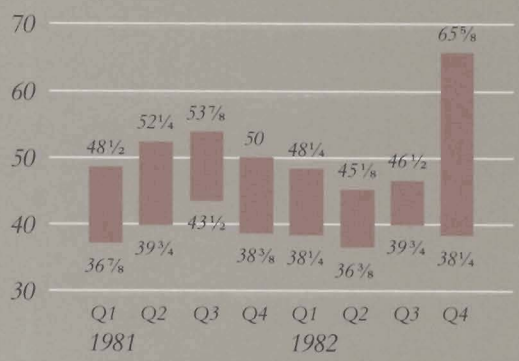
| *(Millions except per share amounts)* | *Three months ended* January 31 | April 30 | July 31 | October 31 |
|---|---|---|---|---|
| **1982** | | | | |
| Domestic orders | $ 565 | $ 572 | $ 552 | $ 594 |
| International orders | 504 | 530 | 483 | 445 |
| Total orders | $1,069 | $1,102 | $1,035 | $1,039 |
| Net sales | $ 951 | $1,056 | $1,105 | $1,142 |
| Cost of goods sold | $ 460 | $ 502 | $ 522 | $ 548 |
| Earnings before taxes | $ 131 | $ 169 | $ 185 | $ 191 |
| Net earnings | $ 73 | $ 94 | $ 105 | $ 111 |
| Cash dividends paid per share | $ .06 | $ .06 | $ .06 | $ .06 |
| **1981** | | | | |
| Domestic orders | $ 453 | $ 522 | $ 468 | $ 475 |
| International orders | 478 | 467 | 442 | 402 |
| Total orders | $ 931 | $ 989 | $ 910 | $ 877 |
| Net sales | $ 775 | $ 867 | $ 936 | $1,000 |
| Cost of goods sold | $ 367 | $ 412 | $ 442 | $ 488 |
| Earnings before taxes | $ 119 | $ 133 | $ 152 | $ 163 |
| Net earnings | $ 63 | $ 70 | $ 79 | $ 93 |
| Cash dividends paid per share | $ .05 | $ .05 | $ .06 | $ .06 |



*Net earnings per share*
*(Cents per share)*




*Range of common stock prices*
*(Dollars per share)*




*Fiscal 1981 reflects the restatement for the accrual of compensated absences earned by employees.*
*Fourth quarter 1981 earnings include the change in actuarial assumptions of the U.S. Supplemental Pension Plan as described in the pension footnote and the impact of the Economic Recovery Tax Act of 1981, which was enacted during the fourth quarter of fiscal 1981.*

## Consolidated Statement of Earnings

*For the years ended October 31*

| *(Millions except per share amounts)* | 1982 | 1981 | 1980 |
|---|---|---|---|
| Net sales | $4,254 | $3,578 | $3,099 |
| Costs and expenses: | | | |
| Cost of goods sold | 2,032 | 1,709 | 1,480 |
| Research and development | 424 | 349 | 273 |
| Marketing | 631 | 529 | 461 |
| Administrative and general | 491 | 424 | 372 |
| | 3,578 | 3,011 | 2,586 |
| Earnings before taxes | 676 | 567 | 513 |
| Provision for taxes | 293 | 262 | 250 |
| Net earnings | $ 383 | $ 305 | $ 263 |
| Net earnings per share | $ 3.05 | $ 2.49 | $ 2.19 |

*Fiscal 1981 and 1980 reflect the restatement for the accrual of compensated absences earned by employees.*
*The accompanying notes are an integral part of these financial statements.*

# Notes to the Consolidated Financial Statements

*October 31, 1982, 1981 and 1980*

## Summary of Significant Accounting Policies

*Principles of consolidation* – The consolidated financial statements include the accounts of Hewlett-Packard Company and its domestic and foreign subsidiaries.

*Translation of foreign currency* – The accounts and transactions of subsidiaries located outside the United States are translated into U.S. dollars in accordance with generally accepted accounting principles.

The company implemented Statement of Financial Accounting Standards No. 52, Foreign Currency Translation, in fiscal 1982. Adoption of the pronouncement did not have a material effect on the company's consolidated financial position or results of operations and did not result in any prior period restatements.

*Taxes on earnings* – U.S. income taxes are provided on foreign earnings that may be repatriated to the United States and are not provided on foreign earnings that are intended to be indefinitely reinvested abroad.

Investment tax credits reduce the provision for taxes in the year the related assets are placed in service.

*Inventories* – Inventories are valued at standard costs that approximate costs computed on a first-in, first-out basis, not in excess of market.

*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 currently.

Depreciation is provided using accelerated methods, principally over the following useful lives: buildings and improvements, 15 to 40 years; and machinery and equipment, three to 10 years. Amortization of leasehold improvements is provided using the straight-line method over the life of the lease or asset, whichever is shorter.

*Net earnings per share* – Net earnings per share is based on the number of shares outstanding at the end of each period. The use of weighted-average shares outstanding during the period would have no significant effect on net earnings per share. Outstanding stock options considered to be common stock equivalents have not been included because the effect would be immaterial.

*Revenue recognition* – Revenue from equipment sales is recognized at the time the equipment is shipped.

*Compensated absences* – The company implemented Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, in fiscal 1982. Prior period financial statements have been restated to reflect accruals for compensated absences earned by employees. As a result of the restatement, 1981 and 1980 net earnings were reduced $7 million (6 cents per share) and $6 million (4 cents per share), respectively, and the opening balance of retained earnings for 1980 was reduced by $17 million. In prior years, these costs were charged to earnings when paid.

*Reclassification* – Certain amounts have been reclassified to conform to the 1982 format.

## Notes Payable, Commercial Paper and Long-Term Debt

Short-term borrowings arise from notes payable and commercial paper financing. Information about short-term borrowings at October 31, 1982, 1981 and 1980, is shown below.

| (Millions) | 1982 | 1981 | 1980 |
|---|---|---|---|
| Notes payable | $156 | $134 | $123 |
| Commercial paper | $ — | $ 10 | $ 20 |
| Unused lines of credit: | | | |
| Domestic | $ — | $130 | $130 |
| Foreign | $232 | $166 | $148 |

Substantially all long-term debt is foreign borrowings that mature through 2001. Interest rates on this debt range from 5 to 23 percent.

## Taxes on Earnings

The provision for taxes is composed of the following elements:

| (Millions) | 1982 | 1981 | 1980 |
|---|---|---|---|
| Federal taxes: | | | |
| Current | $ 90 | $113 | $143 |
| Deferred | 84 | 25 | (8) |
| State taxes | 30 | 28 | 26 |
| Foreign taxes | 89 | 96 | 89 |
| | $293 | $262 | $250 |

Deferred federal taxes result from timing differences in the recognition of revenues and expenses for tax and financial reporting purposes. The major sources of these timing differences are as follows:

| (Millions) | 1982 | 1981 | 1980 |
|---|---|---|---|
| DISC earnings | $ 33 | $ 22 | $ 16 |
| Undistributed earnings of certain foreign subsidiaries | 15 | 16 | 14 |
| Other timing differences | 12 | (13) | (22) |
| Adjustments to prior years' estimates:* | | | |
| DISC earnings | 6 | — | (12) |
| Other | 18 | — | (4) |
| | $ 84 | $ 25 | $ (8) |

*Reflects reclassification between the current and deferred provisions for taxes

The difference between taxes computed by applying the federal income tax rate to earnings before taxes and the actual provision for taxes is reconciled as follows:

| (Millions) | 1982 | 1981 | 1980 |
|---|---|---|---|
| Taxes on earnings at the United States statutory rate | $311 | $261 | $236 |
| State income taxes, net of federal tax benefit | 16 | 15 | 14 |
| Investment tax credits | (15) | (9) | (5) |
| Research and development tax credits | (15) | (7) | — |
| Other | (4) | 2 | 5 |
| | $293 | $262 | $250 |

The company has reached tentative agreement with the Internal Revenue Service regarding certain additional assessments on the company's foreign earnings for fiscal years 1976 and 1977. The Internal Revenue Service has not completed its examination of returns for years subsequent to 1977. The company believes that adequate accruals have been provided for all years.

The company has not provided for United States taxes on the undistributed earnings of foreign subsidiaries that amounted to $299 million at October 31, 1982. If these earnings were distributed to the parent company in the United States, foreign tax credits should become available to reduce or eliminate the resulting United States income tax liability. Normally such earnings are reinvested in subsidiary operations. However, where excess cash has accumulated and it is advantageous for tax or foreign exchange reasons, subsidiary earnings are remitted.

## Common Stock and Capital in Excess of Par Value

*Stock split* – As a result of a 2-for-1 stock split in June 1981, authorized, outstanding and reserved shares were doubled and capital in excess of par value was reduced by the par value of the additional shares issued. All per share amounts and amounts related to stock options, shares reserved and shares authorized reflect the stock split.

*Pooling of interests* – During February 1982, 74,250 shares of the company's common stock were issued in exchange for the outstanding common stock of Software Management Corporation, a company engaged in the development and licensing of computer application software programs and products. The merger, accounted for as a pooling of interests, had no material effect on the company's consolidated financial position or results of operations for the current or prior years.

*Stock option plans* – The company has three stock option programs, which were adopted in 1974, 1979 and 1981. The 1974 and 1979 plans were amended in 1982 to allow options granted under these plans to qualify as Incentive Stock Options under the Internal Revenue Code. Options are granted at market value on the date of grant. They may be exercised at the rate of 25 percent annually beginning one year from the date of grant and expire 10 years from the date of grant. The 1974 and 1979 plans permit the granting of stock appreciation rights (SARs) to officers and certain key executives of the company.

The following table summarizes stock option and SAR activity for the year ended October 31, 1982.

| Options and SARs | Number of shares | Price per share |
|---|---|---|
| Outstanding at October 31, 1981 | 2,886,000 | $15–48 |
| Granted | 778,000 | 38–45 |
| Exercised | (273,000) | 18–44 |
| Cancelled | (59,000) | 20–44 |
| Outstanding at October 31, 1982 | 3,332,000 | $15–48 |

At October 31, 1982, options to purchase 1,516,000 shares were exercisable at prices ranging from $15 to $48. Shares available for option grants at October 31, 1982 and 1981 were 2,084,000 and 2,803,000, respectively.

*Employee stock plans* – The company has stock purchase plans whereby employees of the company and certain subsidiaries may contribute up to 10 percent of base pay toward the purchase of the company's stock. The employee contributes 75 percent of the stock price, which is computed using a formula based on average market prices. The company contributes the remainder.

*Shares reserved* – As of October 31, 1982 and 1981, there were 9,432,000 and 12,107,000 shares, respectively, reserved under the provisions of all plans.

*Shares authorized* – As of October 31, 1982, the company was authorized to issue 160 million shares of $1 par value common stock.

## Pension and Profit-Sharing Retirement Plans

Substantially all employees worldwide are covered under various pension and deferred profit-sharing retirement plans. For U.S. employees, retirement benefits are provided by the U.S. Deferred Profit-Sharing Retirement Plan and the U.S. Supplemental Pension Plan. The company contributes to the U.S. Deferred Profit-Sharing Retirement Plan

in accordance with a formula set forth in the plan, and contributes to the U.S. Supplemental Pension Plan to provide for any excess of defined minimum benefits over the benefits available from the U.S. Deferred Profit-Sharing Retirement Plan. The company's policy is to accrue and fund the current year's cost for all plans. The funding of the U.S. Supplemental Pension Plan provides for amortization of past service costs over 30 years.

Worldwide pension and deferred profit-sharing expense amounted to $85 million in 1982, $74 million in 1981 and $77 million in 1980. A change was made during the fourth quarter of 1981 to more accurately reflect expected rates of return on plan assets of the U.S. Supplemental Pension Plan. This change, which lowered contribution levels without affecting plan benefits, increased 1981 fourth quarter net earnings by $7 million, or six cents per share.

"Net assets" available for benefits in both U.S. plans were $500 million at October 31, 1982 and $394 million at October 31, 1981. These assets have been accumulated based on assumptions that project both future wage increases and future return on investments. The actuarial present values of vested and nonvested "plan benefits" were $285 million and $116 million, respectively, at October 31, 1982, and $220 million and $90 million, respectively, at October 31, 1981. These "plan benefits," computed in accordance with Statement of Financial Accounting Standards No. 35, assume no future wage increases and a future rate of return of 10¼ percent in 1982 and 10 percent in 1981. However, since the calculation of "plan benefits," unlike the calculation of "net assets," does not consider future wage increases, any comparison of the two amounts is misleading.

At October 31, 1982, the assets of the company's foreign plans exceeded the actuarially computed value of vested benefits.

## Commitments

At October 31, 1982, the company and its subsidiaries were committed for plant site acquisition, facility construction and related machinery and equipment purchases aggregating $200 million.

The company leases certain real and personal property. Commitments under these operating leases are as follows:

| (Millions) | |
|---|---|
| 1983 | $ 40 |
| 1984 | 26 |
| 1985 | 18 |
| 1986 | 14 |
| 1987 | 11 |
| 1988 – 2033 | 68 |
| | $177 |

Certain leases require the company to pay property taxes, insurance and routine maintenance. Some leases include escalation clauses. Rent expense was $56 million in 1982, $49 million in 1981 and $42 million in 1980.

## Business Segments and Geographic Areas

Business segment and geographic area data for the three years ended October 31, 1982, 1981 and 1980, can be found on pages 24 and 25.

Geographic earnings before taxes presented below reflect the reclassification of "Rest of world" headquarters activities discussed on page 25. After allocating eliminations and corporate items, earnings before taxes of U.S. and foreign operations are as follows:

| (Millions) | 1982 | 1981 | 1980 |
|---|---|---|---|
| U.S. operations | $405 | $312 | $278 |
| Foreign operations | 271 | 255 | 235 |
| | $676 | $567 | $513 |

Capital expenditures by business segment are as follows:

| (Millions) | 1982 | 1981 | 1980 |
|---|---|---|---|
| Electronic data products | $215 | $174 | $148 |
| Electronic test and measurement | 104 | 89 | 85 |
| Medical electronic equipment | 18 | 18 | 11 |
| Analytical instrumentation | 7 | 9 | 11 |
| Corporate | 18 | 28 | 42 |
| | $362 | $318 | $297 |

Depreciation and amortization by business segment are as follows:

| (Millions) | 1982 | 1981 | 1980 |
|---|---|---|---|
| Electronic data products | $ 86 | $ 62 | $ 46 |
| Electronic test and measurement | 46 | 38 | 32 |
| Medical electronic equipment | 8 | 7 | 5 |
| Analytical instrumentation | 5 | 5 | 4 |
| Corporate | 13 | 8 | 6 |
| | $158 | $120 | $ 93 |

Direct and indirect sales to the United States Government amounted to approximately $420 million in 1982, $320 million in 1981 and $310 million in 1980. No other customer accounted for more than five percent of net sales.

## Effects of Inflation and Changing Prices

*(Unaudited)*

The information that follows represents an attempt to quantify the impact of inflation on the company. In accordance with the experimental guidelines issued by the Financial Accounting Standards Board in its Statement No. 33, the inflation-adjusted information is computed using two methods – "constant dollar" and "current cost."

The constant dollar method measures the impact of general inflation in the U.S. economy as a whole. Under this method, historical results are restated into dollars having the same purchasing power as measured by the Consumer Price Index (CPI). The current cost method measures the impact of inflation on the specific resources used by the company. This method adjusts asset values using separate indices for each major asset category. Although neither of the two methods fully measures all of the complex effects of inflation, the current cost method is more meaningful for Hewlett-Packard since the adjustments are specific to the company and are not based on a general price level.

For both methods, depreciation has been computed using the straight-line method because the accelerated methods used in the historical financial statements already recognize some of the effects of inflation.

These disclosure requirements are experimental in nature and are more judgmental than traditional historical financial statements. Consequently, the inflation-adjusted information should be reviewed with caution.

Statement of Earnings
Adjusted for Changing Prices
For the year ended October 31, 1982

| | | In Average 1982 Dollars | |
|---|---|---|---|
| (Millions) | Historical Cost | Constant Dollar | Current Cost |
| Net sales | $4,254 | $4,254 | $4,254 |
| Cost of goods sold, excluding depreciation | 1,956 | 1,991 | 1,962 |
| Depreciation and amortization | 158 | 199 | 190 |
| Other operating costs | 1,464 | 1,464 | 1,464 |
| Provision for taxes | 293 | 293 | 293 |
| | 3,871 | 3,947 | 3,909 |
| Net earnings | $ 383 | $ 307 | $ 345 |

*Results of operations* – Due to productivity gains and technological advances, inflation has had a lesser impact on the company's operations than on the U.S. economy as a whole. For example, although constant dollar earnings were 20 percent less than historic earnings in 1982, current cost earnings were only 10 percent lower. Similarly, although constant dollar net sales have increased at an average annual rate of 13 percent over the period 1978-1982, the real rate of growth has actually been greater because price increases for the company's products have been less than the increase in the CPI.

*Net assets* – Information about the impact of inflation on the company's assets is shown in the accompanying table. The principal adjustments to historical net assets relate to inventories and property, plant and equipment. At October 31, 1982, the current cost of inventory was $668 million and the current cost of property, plant and equipment, net of accumulated depreciation, was $1,715 million. Because of the inflationary trend in these assets, adjusted net assets under both methods exceed those reported under the historical cost basis. Also shown in the table is a "decline in purchasing power of net monetary assets." Monetary assets lose purchasing power in times of inflation. Because of the company's policy of internally financing its growth, monetary assets exceed monetary liabilities.

Sales, Earnings and Per Share Information
Adjusted for Changing Prices
(Stated in average 1982 dollars)

| (Millions except per share and price index data) | 1982 | 1981 | 1980 | 1979 | 1978 |
|---|---|---|---|---|---|
| Net sales: | | | | | |
| As reported | $4,254 | $3,578 | $3,099 | $2,361 | $1,737 |
| Constant dollar | $4,254 | $3,827 | $3,675 | $3,181 | $2,589 |
| Net earnings: | | | | | |
| Constant dollar | $ 307 | $ 224 | $ 212 | | |
| Current cost | $ 345 | $ 280 | $ 251 | | |
| Net earnings per share: | | | | | |
| Constant dollar | $ 2.45 | $ 1.82 | $ 1.78 | | |
| Current cost | $ 2.75 | $ 2.28 | $ 2.10 | | |
| Cash dividends per share | $ .24 | $ .24 | $ .24 | $ .23 | $ .18 |
| Market price per share at year-end | $ 60½ | $ 47 | $ 41½ | $ 33⅝ | $ 27½ |
| Average CPI | 287.1 | 268.4 | 242.1 | 213.1 | 192.6 |

Asset Information
Adjusted for Changing Prices
(Stated in average 1982 dollars)

| (Millions) | 1982 | 1981 | 1980 |
|---|---|---|---|
| Net assets at year-end: | | | |
| Constant dollar | $2,707 | $2,343 | $2,078 |
| Current cost | $2,834 | $2,460 | $2,231 |
| Decline in purchasing power of net monetary assets | $ 19 | $ 24 | $ 24 |
| Increase in value of inventories, property, plant and equipment held during the year: | | | |
| Measured in general prices | $ 112 | $ 200 | $ 226 |
| Measured in specific prices | 84 | 107 | 176 |
| Excess of increase in general prices over increase in specific prices | $ 28 | $ 93 | $ 50 |

## Statement of Management Responsibility

We believe the fostering of an environment conducive to good internal controls is a basic management responsibility.

The control process starts with the hiring and training of qualified people and then providing them with corporate objectives and policies that adhere to the highest principles of business ethics so that they understand how we expect them to conduct our business. Continuing education programs made available to all personnel serve to keep our basic goals and objectives in proper perspective.

Monitoring is an integral part of any control process. Our control systems are reviewed by Price Waterhouse to the extent they consider necessary when auditing our financial statements. We continuously monitor our control systems by direct management review with assistance from a well-established internal audit function that reports directly to the Chief Executive Officer.

The Audit Committee of the Board of Directors, which consists of five outside directors, serves in an oversight role by reviewing the internal control monitoring process. The committee has direct and private access to both internal and external auditors.

Management acknowledges its responsibility to provide financial information (both audited and unaudited) that is representative of the company's operations, reliable on a consistent basis, and relevant for a meaningful appraisal of the company. We believe that our control process meets this responsibility.

John A. Young
*President and Chief Executive Officer*

Edwin E. van Bronkhorst
*Senior Vice President, Treasurer and Chief Financial Officer*

## Report of Independent Accountants

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

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of earnings, shareholders' equity and changes in financial position present fairly the financial position of Hewlett-Packard Company and its subsidiaries at October 31, 1982, 1981 and 1980, and the results of their operations and the changes in their financial position for each of the three years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, in the method of accounting for compensated absences earned by employees as described in the notes to the consolidated financial statements. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

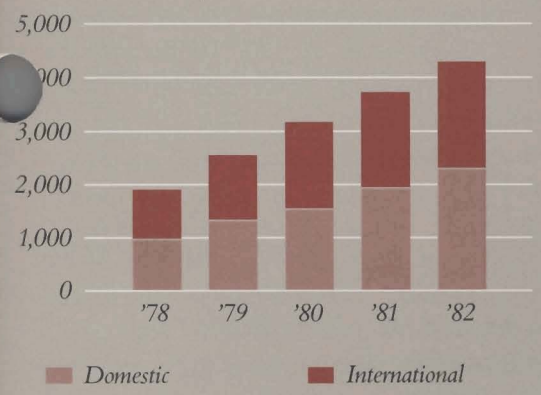
*555 California Street*
*San Francisco, CA 94104*
*November 24, 1982*

## Five-Year Selected Financial Data

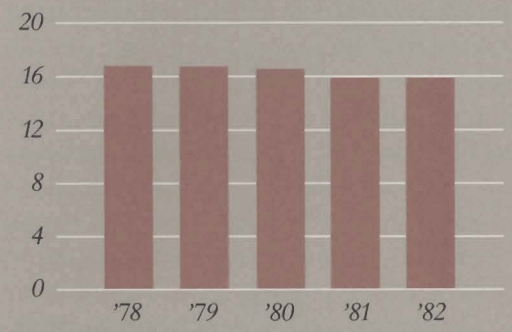
*For the years ended October 31*

| *(Millions except per share amounts)* | 1982 | 1981 | 1980 | 1979 | 1978 |
|---|---|---|---|---|---|
| Domestic orders | $2,283 | $1,918 | $1,517 | $1,280 | $ 977 |
| International orders | 1,962 | 1,789 | 1,623 | 1,247 | 898 |
| Total orders | $4,245 | $3,707 | $3,140 | $2,527 | $1,875 |
| Net sales | $4,254 | $3,578 | $3,099 | $2,361 | $1,737 |
| Earnings before taxes | $ 676 | $ 567 | $ 513 | $ 391 | $ 291 |
| Net earnings | $ 383 | $ 305 | $ 263 | $ 199 | $ 150 |
| Per share: | | | | | |
| Net earnings | $ 3.05 | $ 2.49 | $ 2.19 | $ 1.68 | $ 1.29 |
| Cash dividends | $ .24 | $ .22 | $ .20 | $ .17 | $ .12 |
| At year-end: | | | | | |
| Total assets | $3,470 | $2,782 | $2,350 | $1,910 | $1,469 |
| Long-term debt | $ 39 | $ 26 | $ 29 | $ 15 | $ 10 |

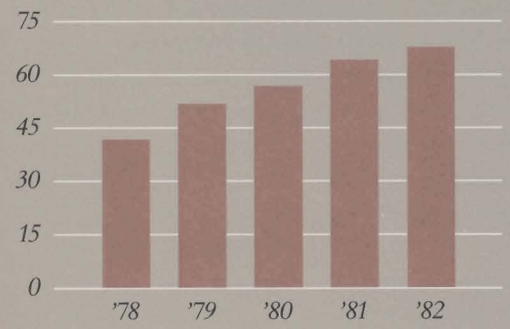
*Orders ($ millions)*



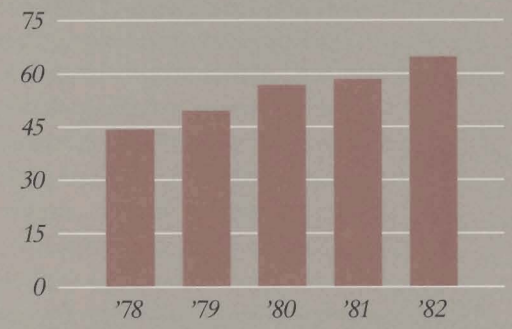

*Earnings before taxes as a percent of net sales*




*Number of employees at year-end (Thousands)*




*Net sales per employee* ($ thousands)*




**Based on average number of employees*

*Fiscal years 1978 – 1981 reflect the restatement for the accrual of compensated absences earned by employees.*

## Issues of Public Interest

### Philanthropy

Hewlett-Packard conducts a variety of major philanthropic programs that can be grouped into two principal categories: community and national. Their combined total, worldwide, exceeded $15 million in 1982, a 50 percent increase over last year.

Grants of new equipment, primarily to higher education but also to many social service, cultural and medical care organizations, amounted to more than $12 million (at list price) of the above total. Because HP is a leader among corporations making equipment grants, it benefited through increased tax deductions from certain provisions in the Economic Recovery Tax Act of 1981. HP used these tax benefits to expand its equipment grants in 1982 by several million dollars.

HP's philanthropic focus is to help retain and enhance America's crucially important technological literacy. As part of this effort during 1982, HP joined with the National Science Foundation in underwriting science coverage on National Public Radio.



### Export of Technology

Concern surrounding the exportation of sensitive technical and commercial products that may be militarily useful to potential adversaries of the United States has grown in recent years. Hewlett-Packard has in place procedures to help insure that it does not export to unauthorized consignees or destinations.

In addition, HP has voluntarily adopted further procedures to guard against the illegal export of shipments it makes within the U.S. From among the inquiries and orders it receives domestically, HP works to identify those that are likely to be shipped outside the U.S. These then are handled by the company's export specialists.

During 1982, HP worked through electronic trade associations to encourage other firms to adopt these same voluntary procedures. Thus far, both the American Electronics Association and the Scientific Apparatus Manufacturers Association have widely circulated the guidelines to their members.

*HP has worked to develop minority-owned suppliers from whom it can purchase quality services and products. Since 1973 when the company began keeping records, U.S. divisions have increased their annual purchases from minority vendors from $51,000 to more than $9 million. Here, HP Production Engineer Tim Pierce (left) discusses frames for the HP 3000 computer with Jose Zertuche, chairman of the board and co-founder of Touché Manufacturing Co., San Jose, California, a sheet-metal fabrication company that specializes in computer enclosures.*

### HP in South Africa

HP's sales operations in South Africa are conducted by a wholly owned subsidiary company established in 1968. The subsidiary, which employs some 235 people, had net sales of $41 million in 1982.

Consistent with its basic worldwide policy, HP has maintained equal and fair employment practices for all its people in South Africa, and was among the early subscribers to the Sullivan Principles. The principles, adopted by many U.S. companies operating in South Africa, are designed not only to assure equitable pay, benefits and working conditions for all employees, but to enhance the upward mobility of non-white employees and improve the quality of their lives outside the work environment.

Subscribers to the Sullivan Principles are periodically reviewed and, for the past four years, have been rated on their implementation of the principles. In each year, HP has been among those companies receiving the highest rating.

## Environmental Health and Safety

During 1982 HP formalized its process for the environmental, safety and health auditing of company facilities and operations. The company now has specific criteria and objective forms to evaluate performance according to HP's policies and standards.

In recognition of its quality-assurance capabilities, HP's Corporate Environmental Laboratory was certified by the American Industrial Hygiene Association during 1982. The laboratory also received certification from the State of California in waste-water analysis. The lab provides monthly analysis of industrial waste-water samples from HP facilities. The results are reviewed by both division and corporate managers.

In order to prevent problems associated with leaking underground chemical and waste-chemical storage tanks, in 1981 HP established a policy to replace all underground tanks with above-ground or vaulted tanks. To date, more than $600,000 has been spent on this project. An additional $300,000 will be spent in the coming year to complete the project.

## Energy Conservation

HP's energy conservation activities during 1982 were successful. While total non-sales office space increased 8 percent, electrical consumption increased only 5 percent and fuel consumption only 6 percent.

This success is attributed to incorporating conservation technology into new and existing facilities, fine-tuning existing building-support systems and replacing inefficient systems where economically feasible.

## Affirmative Action Review

| | Total Number | Minority Total | Minority Percent | Female* Total | Female* Percent |
|---|---|---|---|---|---|
| Managers & Supervisors | | | | | |
| 1977 | 2,775 | 180 | 6.5 | 267 | 9.6 |
| 1982 | 7,375 | 743 | 10.1 | 1,658 | 22.5 |
| Professionals | | | | | |
| 1977 | 6,079 | 586 | 9.6 | 836 | 13.8 |
| 1982 | 13,559 | 1,586 | 11.7 | 3,291 | 24.3 |
| Technicians | | | | | |
| 1977 | 2,852 | 368 | 12.9 | 317 | 11.1 |
| 1982 | 5,214 | 844 | 16.2 | 794 | 15.2 |
| Skilled/Craft | | | | | |
| 1977 | 2,428 | 410 | 16.9 | 426 | 17.5 |
| 1982 | 2,718 | 515 | 18.9 | 404 | 14.9 |
| Percent of Total U.S. Work Force | | | 18.0 | | 41.3 |

*Includes minority females

*Job totals and percentages are based on HP's employment in the United States. The job categories shown are among those defined by the U.S. Equal Employment Opportunity Commission. Over the past six years, a number of lead jobs were reclassified into first-line manager positions, which resulted in a substantial increase in the percentage of women in the Managers & Supervisors category, and a corresponding decrease in the percentage of women in the Skilled/Craft category.*

## Equal Employment Opportunity and Affirmative Action

HP's corporate objectives promote positive action toward employing and developing minorities, women and people with disabilities throughout the company. Management is committed to assisting each employee in achieving his or her full potential and ensuring that equal opportunity is a reality at all levels of the organization. During the past year, management, technical and professional opportunities for minorities and women were emphasized. A review of the company's affirmative action progress listed above reflects a continued upward trend toward total work force participation.

In 1982, the company continued its support of high school programs aimed at increasing the number of minority and women students choosing technical careers. It funded activities to help retain those already enrolled in engineering and science programs, and offered its own computer-operator training program.

The outreach to and recruitment and development of qualified disabled people is ongoing at HP. This year, the company was recognized as "Employer of the Year" by the California Governor's Committee for Employment of the Handicapped and an HP-produced film about three disabled employees received three national awards.

## Directors

**Luis W. Alvarez**
*Professor of Physics, Emeritus,*
*University of California*

**Ernest C. Arbuckle**
*Dean Emeritus, Graduate School of Business,*
*Stanford University*

**George F. Bennett**
*President and Chief Executive Officer,*
*State Street Investment Corporation*
*(investment company)*

**Robert L. Boniface**
*Executive Vice President,*
*Hewlett-Packard Company*

**Robert Minge Brown**
*Director and Chairman of the*
*Executive Committees,*
*California Water Service Company and*
*San Jose Water Works*

**William P. Doolittle**
*Senior Vice President,*
*Hewlett-Packard Company*

**Paul C. Ely, Jr.**
*Executive Vice President,*
*Hewlett-Packard Company*

**John B. Fery**
*Chairman of the Board and*
*Chief Executive Officer,*
*Boise Cascade Corporation*
*(forest products manufacturer and distributor)*

**Robert J. Glaser, M.D.**
*President and Chief Executive Officer,*
*Henry J. Kaiser Family Foundation*
*(private charitable trust)*

**Harold J. Haynes**
*Senior Counselor, Bechtel Group, Inc.;*
*Retired Chairman of the Board and*
*Chief Executive Officer,*
*Standard Oil Company of California*

**William R. Hewlett**
*Chairman of the Executive Committee,*
*Hewlett-Packard Company*

**James D. Hodgson**
*International Business Consultant*

**Shirley M. Hufstedler**
*Partner in the law firm of*
*Hufstedler, Miller, Carlson & Beardsley*

**Antonie T. Knoppers, M.D.**
*Business Consultant and Director*
*of various companies*

**Dean O. Morton**
*Executive Vice President,*
*Hewlett-Packard Company*

**David Packard**
*Chairman of the Board,*
*Hewlett-Packard Company*

**William E. Terry**
*Executive Vice President,*
*Hewlett-Packard Company*

**Edwin E. van Bronkhorst**
*Senior Vice President,*
*Treasurer and Chief Financial Officer,*
*Hewlett-Packard Company*

**John A. Young**
*President and Chief Executive Officer,*
*Hewlett-Packard Company*

## Director Emeritus

**Frederick E. Terman**
*Vice President and Provost Emeritus,*
*Stanford University*



**Committees of the Board**

*Executive Committee:* Boniface, Ely, Hewlett, Morton, Packard, Terry, Young

*Audit Committee:* Alvarez, Arbuckle, Fery, Haynes, Hodgson

*Employee Benefits Committee:* Brown, Glaser, Hodgson, Hufstedler, Morton, Terry

*Executive Compensation and Stock Option Committee:* Arbuckle, Brown, Glaser, Haynes

*Investment Committee:* Bennett, Ely, Fery, Knoppers, van Bronkhorst, Young

*Nominating Committee:* Arbuckle, Bennett, Brown, Hewlett, Hodgson
*Ex Officio:* Packard, Young

## Officers

**David Packard**
*Chairman of the Board*

**William R. Hewlett**
*Chairman of the Executive Committee*

**John A. Young**
*President and Chief Executive Officer*

**Robert L. Boniface**
*Executive Vice President*

**Paul C. Ely, Jr.**
*Executive Vice President*

**Dean O. Morton**
*Executive Vice President*

**William E. Terry**
*Executive Vice President*

**William P. Doolittle**
*Senior Vice President, International*

**Alfred P. Oliverio**
*Senior Vice President, Marketing*

**Edwin E. van Bronkhorst**
*Senior Vice President, Treasurer and Chief Financial Officer*

**Richard C. Alberding**
*Vice President and General Manager, Medical Products Group*

**James L. Arthur**
*Vice President and General Manager, Computer Marketing Group*

**S. T. Jack Brigham III**
*Vice President, General Counsel and Secretary*

**Douglas C. Chance**
*Vice President and General Manager, Technical Computer Group*

**Jean C. Chognard**
*Vice President, Patents and Licenses*

**Raymond M. Demere, Jr.**
*Vice President, Corporate Manufacturing Services*

**John L. Doyle**
*Vice President, Research and Development*

**Franco Mariotti**
*Vice President, Europe*

**W. Bruce Wholey**
*Vice President, Corporate Services*

**New officers**
Three HP executives were elected vice presidents by the company's board of directors in September 1982. They are James L. Arthur, general manager, Computer Marketing Group; S. T. Jack Brigham III, corporate secretary and general counsel; and Douglas C. Chance, general manager, Technical Computer Group.

## Shareholder Information

### Annual Meeting of Shareholders

The annual meeting will be held Tuesday, February 22, 1983, at Hewlett-Packard's Computer Systems Division facility, 19447 Pruneridge Avenue, Cupertino, California. A formal notice of the meeting, with a proxy statement and form of proxy, will be mailed to each shareholder on or about January 21, 1983.

### Transfer Agent and Registrar

Harris Trust and Savings Bank
Corporate Trust Operations Division
P.O. Box 755
Chicago, Illinois 60690
Telephone: (312) 461-6827

### Common Stock

The company's stock is traded on the New York Stock Exchange and the Pacific Stock Exchange. Cash dividends have been paid each year since 1965. At November 30, 1982, there were 52,037 shareholders of record.

### Form 10-K Report

Information concerning the company's operations and financial position is provided in this report and in the Form 10-K report filed with the Securities and Exchange Commission. A copy of the 10-K report will be furnished on request to the Corporate Secretary, Hewlett-Packard Company, 3000 Hanover St., Palo Alto, California 94304.

### Corporate Offices

3000 Hanover St., Palo Alto, California 94304
Telephone: (415) 857-1501

### Domestic Operations

*Manufacturing*
California: Cupertino, Palo Alto, Roseville, San Diego, San Jose, Santa Clara, Santa Rosa, Sunnyvale
Colorado: Colorado Springs, Fort Collins, Loveland
Idaho: Boise
Massachusetts: Andover, Waltham
New Jersey: Rockaway
Oregon: Corvallis, McMinnville
Pennsylvania: Avondale
Washington: Marysville, Spokane, Vancouver
Puerto Rico: Aguadilla

*Marketing*
Regional Headquarters:
North Hollywood, California
Atlanta, Georgia
Rolling Meadows, Illinois
Rockville, Maryland
HP Sales and Support Offices:
In more than 80 cities throughout the United States*

### International Operations

*Manufacturing*
Campinas, Brazil
Grenoble, France
Böblingen and Waldbronn, Federal Republic of Germany
Tokyo, Japan
Penang, Malaysia
Guadalajara, Mexico
South Queensferry, Scotland
Singapore

*Marketing*
Regional Headquarters:
Palo Alto, California
Geneva, Switzerland
HP Sales and Support Offices and Distributorships:
Approximately 200 in 70 countries*

**A directory of sales and support locations may be obtained from Corporate Public Relations, Hewlett-Packard Company, 3000 Hanover Street, Palo Alto, California 94304.*

HEWLETT
PACKARD