

HEWLETT PACKARD CO

Form DFAN14A

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HEWLETT-PACKARD COMPANY

(Name of Registrant as Specified In Its Charter)

WALTER B. HEWLETT, EDWIN E. VAN BRONKHORST AND THE WILLIAM R. HEWLETT REVOCABLE TRUST

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FIELD

RESEARCH

FOUNDED IN 1945 BY MERVIN FIELD

CORPORATION

FOR RELEASE MONDAY, MARCH 4, 2002

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**Like HP's Corvallis and Boise Employees, HP's Fort Collins
Employees Strongly Oppose the Company's Proposed
Merger with Compaq**

A just completed survey of Hewlett-Packard employees living in the Fort Collins, Colorado area finds them to be as strongly opposed to the company's proposed merger with Compaq Corporation as HP's Corvallis, Oregon and Boise, Idaho employees. The latest survey, completed over a seven-day period ending Sunday, March 3, shows Fort Collins-area HP employees opposing the merger by 65% to 26%. This greater than two to one margin of opposition is very similar to sentiments found among HP's Corvallis employees (63% opposed vs. 31% in favor) and HP's Boise employees (63% opposed vs. 26% in favor) surveyed over the past two and one half weeks.

A separate survey of former employees of HP living in the Fort Collins area, also finds very little support for the proposed merger with opponents outnumbering proponents nearly nine to one (71% to 8%). There is nearly universal opposition to the proposed merger among former HP employees in the Fort Collins area who currently work for Agilent (the company that was spun off from HP in 1999), with 87% opposed to the proposed merger and only 4% in favor.

The Fort Collins, Boise, and Corvallis surveys were completed by Field Research Corporation on behalf of David W. Packard in an attempt to assess HP employee views toward the proposed HP- Compaq merger. Employees were surveyed by telephone at their place of residence and promised anonymity.

The Fort Collins survey included the same questions as those asked of Boise and Corvallis employees. The survey collected information about employees' degree of satisfaction working for HP, whether they believed HP was a better or worse place to work now than when they first started, their opinions about the company's overall direction, employee attentiveness to news about the merger, and their overall opinion of the plan. Those supporting or opposing the merger were also asked to volunteer their reasons for the views that they held.

A newspaper ad appeared in local Corvallis newspapers prior to the survey in that area. It was sponsored by David W. Packard, urging all HP employees to participate in the survey regardless of how they felt about the proposed merger. No such ads preceded the employee survey in either the Fort Collins or Boise areas. The vast majority of current HP employees identified and reached in the Corvallis (89%), Boise (86%) and Fort Collins (86%) areas agreed to participate in the survey.

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As with HP employees in the Corvallis and Boise areas, the main volunteered reasons offered by the 65% of current HP employees in the Fort Collins area opposed to the proposed merger are that Compaq doesn't add enough value/worried about Compaq's profitability/PCs are a commodity business (38%) and a lack of confidence in HP's top management, CEO Carly Fiorina, the HP Board (31%). Other frequently cited reasons for employee opposition to the plan include: fear there will be layoffs/risks my job, the job of others (21%), would like to see HP go in another direction/merger is bad for HP (21%), and merger costs too much, too risky/adds too much debt/will hurt HP's profitability (20%).

Greater than half (53%) of the 26% of Fort Collins employees favoring the proposed merger gave the following reason for this: it would make HP stronger, bigger, more competitive/adds to long-term success. Other frequently cited arguments made by merger supporters are: it moves the company ahead/HP shouldn't stand still/an ambitious move (27%) and HP needs new products/needs the added market share/will make HP #1 in several new areas (18%).

Greater than two-to-one opposition to the merger among HP employees in Fort Collins

About two in three (65%) Fort Collins-area HP employees say they oppose the proposed HP-Compaq merger, whereas only 26% favor the plan; another 9% of workers in the Fort Collins area have no opinion. This compares with 63% of Boise and Corvallis-area HP employees who oppose the proposed HP-Compaq merger. When employee answers across all three sites are combined and each site given equal weight, opposition to the merger is greater than two to one with 64% of HP employees against the proposed merger and 28% in favor.

Table 1
Current HP employees' opinion of the proposed HP-Compaq merger
(among current HP employees in Fort Collins, Boise and Corvallis)

	Total	Fort Collins	Boise	Corvallis
Oppose strongly	39%	39%	39%	38%
Oppose somewhat	25	26	24	25
	} 64%	} 65%	} 63%	} 63%
Favor somewhat	18	16	17	20
Favor strongly	10	10	9	11
	} 28%	} 26%	} 26%	} 31%
No opinion/no comment	8	9	11	6

Question asked: What is your own personal opinion of the proposed HP-Compaq merger?

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Greater than eight-to-one opposition to the proposed merger among former HP employees in Fort Collins area

Among former HP employees living in the Fort Collins area, 71% opposed the proposed HP- Compaq merger, whereas only 8% favored the plan; 21% expressed no opinion. *Among former HP employees in the Fort Collins area who currently work for Agilent, the test instruments company recently spun off from HP, opposition is even more one-sided, with 87% opposed to the proposed merger and only 4% in favor of the plan; 9% expressed no opinion.*

When the opinions of former HP employees across the Fort Collins, Boise and Corvallis areas are aggregated, opponents to the merger exceed supporters by a four-to-one margin, with 63% of former HP employees against the merger and 16% in favor.

	Total		Fort Collins		Boise		Corvallis	
Oppose strongly	39%	} 63%	48%	} 71%	35%	} 57%	33%	} 59%
Oppose somewhat	24		23		22		26	
Favor somewhat	12	} 16%	7	} 8%	15	} 18%	13	} 20%
Favor strongly	4		1		3		7	
No opinion/no comment	21		21		25		21	

Question asked: What is your own personal opinion of the proposed HP-Compaq merger?

Employee opposition broad-based

Across the three company sites, opposition to the proposed merger among current HP employees is broad-based, with majorities of all worker subgroups opposed including 58% of HP managers. The employee subgroups displaying the strongest opposition to the plan are long-time HP employees, men, those who have technical jobs, and those who are following the proposed merger very closely.

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Table 3
Current HP employees' opinion of the proposed HP-Compaq merger by subgroup
across all three company sites (Fort Collins, Boise, and Corvallis)

	Oppose Strongly	Oppose Somewhat	Favor Somewhat	Favor Strongly	No Opinion
Current employees in Fort Collins, Boise, and Corvallis (aggregated)	39%	25	18	10	8
Tenure with HP					
10 years or less	32%	28	21	10	9
More than 10 years	47%	22	14	10	7
Job category at HP					
Management	36%	22	13	22	7
Technical	41%	27	17	7	8
Production	35%	22	28	4	11
Other	35%	22	22	9	12
Attentiveness to merger					
Following very closely	54%	16	12	13	5
Following somewhat closely	22%	39	27	6	6
Not following closely	6%	32	22	2	38
Gender					
Male	41%	26	18	9	6
Female	34%	22	18	11	15
Age					
Under 40	30%	32	20	11	7
40 or older	44%	21	17	9	9

Question asked: What is your own personal opinion of the proposed HP-Compaq merger?

Volunteered reasons for opposing the merger

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HP employees who said they opposed or favored the proposed merger were asked to state in their own words their reasons for holding the opinions that they did. Answers were recorded verbatim during the interview and later coded into general categories of response.

The reasons most frequently cited by the 65% of current employees in the Fort Collins area opposing the merger are - Compaq doesn't add enough value/worried about Compaq's profitability/ PCs are a commodity business (38%), a lack of confidence in HP's top management, CEO Carly Fiorina, the HP Board (31%), fear there will be layoffs/risks my job, the jobs of others (21%), would like to see HP go in another direction/merger is bad for HP

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(21%), and the merger costs too much, too risky/adds too much debt/ will hurt HP's profitability (20%).

Table 4 provides the full range of responses given by employees opposed to the proposed merger.

Table 4
Reasons current employees give for opposing the proposed merger
(among employees opposing the merger in Fort Collins, Boise and Corvallis)

	Total	Fort Collins	Boise	Corvallis
Compaq doesn't add enough value/worried about Compaq's profitability/PCs are a commodity business	36%	38%	38%	31%
Lack of confidence in HP's top management, CEO Carly Fiorina, the HP Board	28	31	30	23
Would like to see HP go in another direction/merger is bad for HP	21	21	22	19
I fear there will be layoffs/it risks my job, the jobs of others	20	21	22	16
Merger costs too much, too risky/adds too much debt/will hurt HP's profitability	18	20	17	17
Mergers of this size don't usually work/HP won't realize the benefits that management is saying	13	11	15	14
The merger runs counter to the HP way/ignores HP's history/not the way Hewlett and Packard ran things	11	9	10	13
HP should place more emphasis on its core strengths, innovation, printing, imaging, other technologies	8	9	6	9
It's not necessary/HP doesn't need this merger	7	4	8	8
The Packard and Hewlett families are against it/I respect their opinions/don't like the personal attacks being made against them	6	7	5	5
Don't like the large retention bonuses to top management	4	5	3	5
HP needs to solve its own problems within the PC division, not take on the problems of others	3	4	2	4
Other mentions	7	7	8	7
No comment/I'd rather not say/No answer	2	2	1	3

Adds to more than 100% due to multiple mentions

Question asked: What are some of the reasons why you oppose the merger? Any other reasons?

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Volunteered reasons for favoring the proposed merger

As with HP employees in the Corvallis and Boise areas, the most frequently volunteered reason among the 26% of Fort Collins employees favoring the proposed merger is that it would make HP stronger, bigger, more competitive/adds to long-term success (53%). Other frequently cited arguments made by merger supporters are it moves the company ahead/HP shouldn't stand still/an ambitious move (27%) and HP needs new products/needs the added market share/will make HP #1 in several new areas (18%).

Table 5 provides the major categories of responses given by employees in favor of the proposed merger.

Table 5
Reasons current employees give for favoring the proposed merger
(among employees favoring the merger in Fort Collins, Boise and Corvallis)

	Total	Fort Collins	Boise	Corvallis
It would make HP stronger, bigger, more competitive/ adds to long-term success	43%	53%	44%	34%
Moves the company ahead/HP shouldn't stand still/ an ambitious move	25	27	34	17
HP needs new products/needs the added market share/will make HP #1 in several new areas	15	18	15	13
Have confidence, trust in management, CEO Carly Fiorina, the HP Board	12	9	10	15
It will make HP more diversified, provide more systems solutions for customers	8	7	8	9
Compaq is a good company/makes good PCs, good products	6	2	5	10
It would mean HP could bundle more printers if it sells more PCs	3	2	2	7
Other comments	16	16	16	15
No comment/I'd rather not say/No answer	5	3	2	10

Adds to more than 100% due to multiple mentions

Question asked: What are some of the reasons why you favor the merger? Any other reasons?

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Like Corvallis and Boise area employees, most of Fort Collins employees are satisfied working for HP

Eight in ten (80%) current HP employees in the Fort Collins area say they are very satisfied (46%) or somewhat satisfied (34%) working for HP. This compares with 84% of Boise area HP employees and 82% of Corvallis area HP employees who are very or somewhat satisfied with their job. Fewer than one in five HP employees in each of the three areas is very or somewhat dissatisfied working for HP (17% in the Fort Collins area, 15% in the Boise area, and 17% in the Corvallis area). Across the three company sites, 82% of current HP employees are very or somewhat satisfied working for HP, with only 16% very or somewhat dissatisfied working for HP.

Table 6
Overall employee satisfaction working for HP

	Total	Fort Collins	Boise	Corvallis
Very satisfied	45%	46%	41%	47%
Somewhat satisfied	37	34	43	35
Somewhat dissatisfied	12	12	12	11
Very dissatisfied	4	5	3	6
No opinion	2	3	1	1

Question asked: Overall, how satisfied are you working for HP?

HP's Fort Collins, Boise, and Corvallis employees not as positive about HP as they once were

Despite their high job satisfaction, current HP workers in all three areas generally describe the company as being a worse place to work now than when they first started. Two in three (66%) of HP employees in the Fort Collins area take this position, while just 11% feel it is now a better place to work. This compares with 71% of HP employees in the Boise area and 65% in the Corvallis area who describe the company as being a worse place to work; 9% of HP employees in the Boise area and 12% in the Corvallis area feel it is now a better place to work. Across the three company sites, 67% of current HP employees generally describe the company as being a worse place to work now than when they first started, while just 11% describe it as a better place to work.

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Table 7
Is HP a better or worse place to work
since you first started working there?

	Total	Fort Collins	Boise	Corvallis
Worse	67%	66%	71%	65%
Better	11	11	9	12
No change (volunteered)	17	16	15	19
No opinion	5	7	5	4

Question asked: In your opinion, is HP now a better place to work compared to when you first started or a worse place to work?

More HP employees in Fort Collins, Boise, and Corvallis believe HP is moving off on the wrong track than moving in the right direction