

HEWLETT PACKARD CO

Form DFAN14A

January 30, 2002

SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive

Proxy

Statement

Confidential, for

Use of the

Commission Only

(as permitted by

Rule 14a-6(e)(2))

Definitive

Additional

Materials

Soliciting

Material Pursuant

to Rule 14a-12

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

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

Fee not required.

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computed on

table below per

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and 0-11.

(1) Title of each

class of securities

to which

transaction

applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount

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(2) Form,
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Statement No.:

(3) Filing Party:

(4) Date Filed:

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- ¹ Share price performance relative to Goldman Sachs comparable company index from the day prior to transaction announcement to three years later for Compaq (Tandem and Digital) and relative to Dow Jones Industrial Average for Burroughs/Sperry.
 - ² Share price performance relative to Goldman Sachs comparable company index from the day prior to transaction announcement to January 28, 2002 for Compaq (Tandem and Digital) and relative to Dow Jones Industrial Average for Burroughs/Sperry.
 - ³ Based on First Call Consensus estimates, day prior to announcement of \$1.47 and \$1.77 for Compaq/Tandem and Compaq/Digital, respectively and Burroughs management estimate of \$2.66-\$3.00 for Burroughs/Sperry. Accretion/Dilution based on Compaq EPS of \$0.47 and \$0.32 for FY1998 and FY1999, respectively and Unisys EPS of \$2.93 for FY1987.
 - ⁴ Based on First Call Consensus estimates, day prior to announcement of \$1.47 and \$1.77 for Compaq/Tandem and Compaq/Digital, respectively and Burroughs management estimate of \$2.66-\$3.00 for Burroughs/Sperry. Accretion/Dilution based on Compaq EPS of \$0.97 and \$0.15 in 2000 and 2001, respectively, as per First Call. Not meaningful for Unisys due to loss of \$(4.71) per share in FY1989, excluding non-recurring and extraordinary items.
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COMPAQ TANDEM

Logo Logo

FOR IMMEDIATE RELEASE

Compaq To Acquire Tandem

Positions the Combined Company as the Leader in Enterprise Computing Solutions

NEW YORK, June 23, 1997 -

Compaq Computer Corporation (NYSE: CPQ) and Tandem Computers Incorporated (NYSE: TDM) today announced the completion of a definitive merger agreement in a stock-for-stock transaction. In the transaction, Compaq will issue approximately 29 million shares of Compaq common stock, based on an exchange ratio of .21 shares of Compaq common stock for each share of Tandem common stock. Based on the June 20, 1997 closing price of Compaq common stock as reported by the New York Stock Exchange, the transaction is valued at approximately \$3.0 billion. Under the terms of the agreement, Tandem will become a wholly owned subsidiary of Compaq Computer Corporation.

The combined companies will provide significant economic value growth for our shareholders, said Earl Mason, Chief Financial Officer of Compaq. The tax-free combination will be immediately accretive, meeting all of Compaq's economic tests. Because the transaction will be a pooling of interests, the Compaq board of directors has rescinded its previously announced systematic share repurchase program to accomplish the transaction.

As the number one server supplier in the world, the Compaq/Tandem combination will have a strengthened focus on the customer and offer the broadest range of reliable, scalable solutions across the entire spectrum of business-critical enterprise computing. Our total addressable market has been doubled to approximately \$650 billion(1). This offers opportunity for significant revenue growth, said Eckhard Pfeiffer, President and CEO, Compaq. We will truly offer complete solutions, from handhelds and portables, to networked desktops and workstations, all the way to Windows NT servers and the Himalaya range of massively parallel commercial systems, Pfeiffer said.

(1) Source: IDC estimates.

This acquisition underscores Compaq's commitment to the highest quality standards-based enterprise computing and creates a world-class business partner for customers. As a result of the acquisition, Compaq's field resources will more than double, each person focused on building enduring customer relationships, Pfeiffer continued. They will perfectly complement the strong reseller channel and field support professionals currently in place to serve Compaq customers. Compaq resellers, moreover, will benefit from the increased growth in volume of world-class products offered by the combined companies, Pfeiffer concluded. These resources include individuals dedicated to pre-sales and sales account management, professional and consulting services, and global service and support.

Compaq and Tandem will have an unprecedented focus to ensure customer success and address customer needs for powerful, reliable products, while at the same time driving even greater price/performance and lower total cost of ownership. The phenomenal rate of change in the IT industry demands a new business model, one that depends on strategic partnering to stay competitive and to be a market maker, said Roel Pieper, CEO of Tandem. This merger is based on this concept and will provide the added benefit of creating a broader range of open customer solutions to the market. At Tandem we had been in the process of extending our enterprise lineup to offer reliable and scalable Windows NT solutions to our customers. This combination with Compaq will turbocharge this strategy. The NonStop computing capabilities of Tandem's Himalaya systems will represent a technology foundry to fuel growth and adoption of enterprise NT. Furthermore, we will continue our drive to make ServerNet and NonStop Software open standards in the industry, he said.

As the leaders in reliable standards-based enterprise computing, these companies combined will expand their technology leadership to further embrace server clustering, OLTP(2) and electronic commerce, messaging technology, security encryption, databases and SmartCards.

(2) On-line transaction processing.

The PC revolution was led by innovators like Compaq. If you want to know where the future of enterprise computing is going, look to where the leader of the PC revolution is taking it, declared Ben Rose, Chairman of the Board, Compaq.

As a founding member of the Tandem company, I can envision no better future for the shareholders, customers and employees of Tandem, said Tom Perkins, Chairman of the Board, Tandem. Tandem was formed in 1974 on a basic concept, the need for NonStop computing. This merger ensures that the Tandem fundamentals will endure. To take advantage of his industry expertise, Perkins has been invited to join the Compaq board of directors.

In addition to his role as CEO of the Tandem subsidiary, Roel Pieper will become a senior vice president of Compaq, reporting directly to Eckhard Pfeiffer. Enrico Pesatori will continue as President and Chief Operating Officer of Tandem.

Subject to approval of Tandem's shareholders as well as clearance under the anti-trust laws and other customary closing conditions, the transaction is expected to be consummated in the third quarter of 1997.

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NEWS RELEASE

[Logo of Compaq Computer Corporation appears here]

FOR IMMEDIATE RELEASE

Compaq to Acquire Digital for \$9.6 Billion Creates the Second Largest Computing Company in the World

Largest acquisition in the history of the computer industry will deliver Global services and support, best of breed partnerships, and unique leadership products for enterprise customers

NEW YORK, January 26, 1998 Compaq Computer Corporation (NYSE: CPQ) and Digital Equipment Corporation (NYSE: DEC) today announced the completion of a definitive merger agreement. As Compaq continues its drive to become the global leader in enterprise computing solutions, this latest acquisition greatly accelerates its momentum and strengthens its value proposition to customers.

We put tremendous value on the customer relationships Digital has cultivated over the past 40 years. We are committed to supporting these key customer relationships by investing in Digital's strategic assets, particularly its worldwide service organization, as well as its 64-bit leadership with Alpha microprocessors, OpenVMS, Digital UNIX and Windows NT enterprise systems, open storage and software products, said Eckhard Pfeiffer, president and CEO, Compaq.

Digital's focused enterprise strategy coupled with demonstrable improvements in operational performance make this a timely choice for us, Pfeiffer said. In Digital's recently reported second quarter, profits doubled and the company experienced tremendous growth in its target markets.

The transaction will be the largest acquisition in the history of the computer industry, valued at \$9.6 billion based on the January 23, 1998 closing price of Compaq common stock. Under the terms of the transaction, shareholders of Digital will receive \$30 in cash and approximately 0.945 shares of Compaq common stock for each share of Digital stock. Compaq will issue approximately 150 million shares of Compaq common stock and \$4.8 billion of cash. Under the terms of the agreement, Digital will become a wholly owned subsidiary of Compaq.

The combined companies will provide significant economic value growth for our shareholders, said Earl Mason, chief financial officer of Compaq. In addition, the combination will be accretive within a year, meeting all of Compaq's economic tests.

This merger gives Digital tremendous reach and credibility in the marketplace, said Digital Chairman Robert B. Palmer. It gives us the scale and resources to make continued investments in our key technologies and services. Customers will benefit from the very complementary strengths of both companies. For example, together we will offer customers the greatest concentration of enterprise Windows NT products and lifecycle services available in the market today.

Pfeiffer said the combination achieves Compaq's stated goal of becoming one of the top three global IT companies. More importantly, it creates a new breed of enterprise leader; one committed to delivering high customer value through standards-based, partner-leveraged computing that features world class lifecycle services and support, market-segment focused solutions, particularly communications, manufacturing and finance, and enterprise technology excellence.

The combined company will create the largest channel network in the world delivering over 80 percent of its products and solutions to customers. Compaq's field resources will continue to complement the strong reseller channel, focusing on building enduring customer relationships worldwide. These resources include individuals dedicated to pre-sales and sales account management, professional and consulting services and global service and support.

The acquisition of Tandem Computers in 1997 extended the company's addressable market with high-end, mission-critical solutions and doubled the sales and service field resources. In 1998, the Compaq/Digital/Tandem combination further strengthens the focus on creating competitive advantage for enterprise customers by delivering the widest range of technology based solutions from hand-helds, notebooks, desktop computers, workstations, servers; high-end servers based on the 64-bit Alpha architecture and highly available and scalable NonStop systems.

Subject to the approval of Digital's shareholders as well as clearance under antitrust laws and other customary closing conditions, the transaction is expected to be completed in the second quarter of 1998.

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HEWLETT-PACKARD AND COMPAQ AGREE TO MERGE, CREATING \$87 BILLION GLOBAL TECHNOLOGY LEADER

WILL OFFER BUSINESSES AND CONSUMERS MOST COMPLETE SET OF PRODUCTS AND SERVICES, WITH COMMITMENT TO OPEN SYSTEMS AND ARCHITECTURES
WILL HAVE #1 WORLDWIDE POSITIONS IN SERVERS, PCS AND HAND-HELDS, AND IMAGING AND PRINTING; LEADING POSITIONS IN IT SERVICES, STORAGE, MANAGEMENT SOFTWARE
COMPANIES EXPECT ANNUAL COST SYNERGIES OF APPROXIMATELY \$2.5 BILLION;
TRANSACTION EXPECTED TO BE SUBSTANTIALLY ACCRETIVE IN YEAR ONE

PALO ALTO, CA AND HOUSTON, TX, SEPTEMBER 3, 2001 Hewlett-Packard Company (NYSE: HWP) and Compaq Computer Corporation (NYSE: CPQ) announced today a definitive merger agreement to create an \$87 billion global technology leader. The new HP will offer the industry's most complete set of IT products and services for both businesses and consumers, with a commitment to serving customers with open systems and architectures. The combined company will have #1 worldwide revenue positions in servers, access devices (PCs and hand-helds) and imaging and printing, as well as leading revenue positions in IT services, storage and management software.

The merger is expected to generate cost synergies reaching approximately \$2.5 billion annually and drive a significantly improved cost structure. Based on both companies' last four reported fiscal quarters, the new HP would have approximate pro forma assets of \$56.4 billion, annual revenues of \$87.4 billion and annual operating earnings of \$3.9 billion. It would also have operations in more than 160 countries and over 145,000 employees.

Carly Fiorina, chairman and chief executive officer of HP, will be chairman and CEO of the new HP. Michael Capellas, chairman and chief executive officer of Compaq, will be president. Capellas and four other members of Compaq's current Board of Directors will join HP's Board upon closing.

This is a decisive move that accelerates our strategy and positions us to win by offering even greater value to our customers and partners, said Fiorina. In addition to the clear strategic benefits of combining two highly complementary organizations and product families, we can create substantial shareholder value through significant cost structure improvements and access to new growth opportunities. At a particularly challenging time for the IT industry, this combination vaults us into a leadership role with customers and partners — together we will shape the industry for years to come.

Capellas said, We are creating a new kind of industry leader — one founded on customer success, world-class engineering, and best of breed products and services. In sharp contrast to our competitors, we are committed to leading the industry to open, market-unifying architectures and interoperability, which reduce complexity and cost for our customers. With this move, we will change the basis of competition in the industry.

Under the terms of the agreement, unanimously approved by both Boards of Directors, Compaq shareholders will receive 0.6325 of a newly issued HP share for each share of Compaq, giving the merger a current value of approximately \$25 billion. HP shareholders will own approximately 64% and Compaq shareholders 36% of the merged company. The transaction, which is expected to be tax-free to shareholders of both companies for U.S. federal income tax purposes, will be accounted for as a purchase.

The transaction is expected to be substantially accretive to HP's pro forma earnings per share in the first full year of combined operations based on achieving planned cost synergies. Cost synergies of approximately \$2.0 billion are expected in fiscal 2003, the first full year of combined operations. Fully realized synergies are expected to reach a run rate of approximately \$2.5 billion by mid-fiscal 2004. These anticipated synergies result from product rationalization; efficiencies in administration, procurement, manufacturing and marketing; and savings from improved direct distribution of PCs and servers. Subject to regulatory and shareholder approvals and customary closing conditions, the transaction is expected to close in the first half of 2002. In connection with the transaction, both companies have adopted shareholder rights plans; information on these plans will be filed today with the Securities and Exchange Commission.

The merged entity will be headquartered in Palo Alto and retain a significant presence in Houston, which will be a key strategic center of engineering excellence and product development.

The new HP will be structured around four operating units that build on the companies' similar go-to-market and product development structures to provide clear customer and competitive focus. Leadership and estimated revenues (calculated by combining the two companies' trailing four reported fiscal quarters) are as follows:

A \$20 billion Imaging and Printing franchise to be led by Vyomesh Joshi, currently president, Imaging and Printing Systems, of HP.

A \$29 billion Access Devices business to be led by Duane Zitzner, currently president, Computing Systems, of HP.

A \$23 billion IT Infrastructure business, encompassing servers, storage and software, to be led by Peter Blackmore, currently executive vice president, Sales and Services, of Compaq.

A \$15 billion Services business with approximately 65,000 employees in consulting, support and outsourcing to be led by Ann Livermore, currently president, HP Services.

The chief financial officer of the combined entity will be Robert Wayman, chief financial officer of HP. The integration team will be led by Webb McKinney, currently president of HP's Business Customer Organization, and Jeff Clarke, chief financial officer of Compaq.

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Fiorina concluded, Clearly, the potential of this combination is compelling, but we understand the magnitude of the challenge and the need for discipline and speed. We're helped by the fact that both companies have been pursuing similar organizational structures and sales force models, and there is immense talent resident in both organizations. We have done comprehensive integration planning and have clear metrics to drive our success. We are committed to achieving the synergies we have identified while maintaining our competitive position and momentum in the marketplace.

