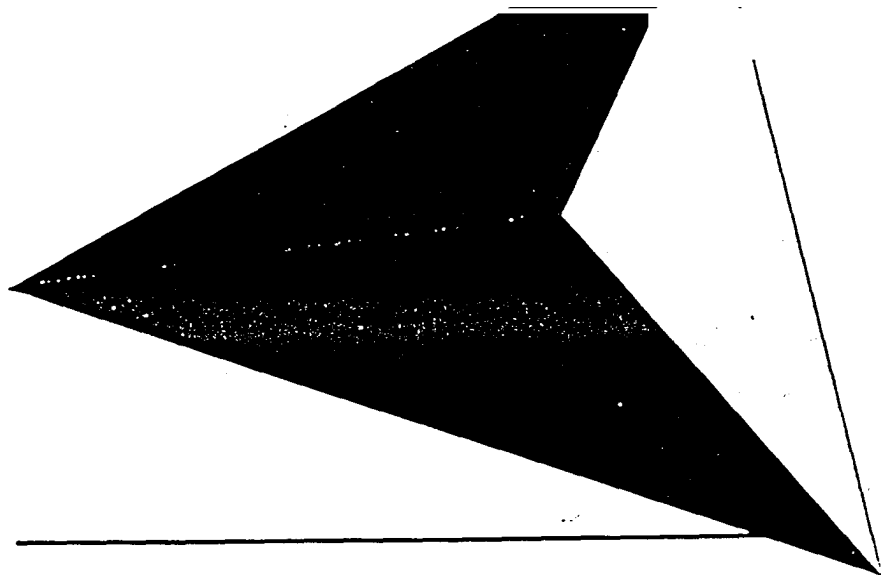


HEWLETT

PACKARD

The HP way



Organizational values

HP's values are a set of deeply held beliefs that govern and guide our behavior in meeting our objectives and in dealing with each other, our customers, shareholders and others.

"The principles Of the HP way are still the basis for how we operate."

John Young, 1988

□ We have trust and **respect for individuals**. We approach each situation with the understanding that people want to do a good job and will do so, given the proper tools, and support. We attract highly capable, innovative people and recognize their efforts and contributions to the company. HP people contribute enthusiastically and share in the success that they make possible.

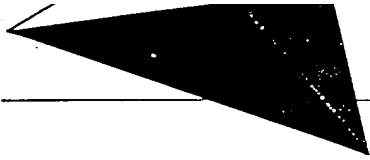
□ We focus on a high level of **achievement and contribution**. Our customers expect HP products and services to be of the highest quality and to provide lasting value. To achieve this all HP people, but especially managers, must be leaders who generate enthusiasm and respond with extra effort to meet customer needs. Techniques and management practices which are effective today may be outdated in the future. For us to remain at the forefront in all our activities, people should always be looking for new and better ways to do their work.

□ We conduct our business with uncompromising integrity. We expect HP people to be open and honest in their dealings to earn the trust and loyalty of others. People at every level are expected to adhere to the highest standards of business ethics and must understand that anything less is total].\, unacceptable- As a prac

tical matter, ethical conduct cannot be assured by written HP policies and codes; it must be an integral part of the organization, a deeply ingrained tradition that is passed from one generation of employees to another.

□. We achieve our common objectives through teamwork. We recognize that it is only through effective cooperation within and among organizations that we can achieve our goals. Our commitment is to work as a worldwide team to fulfill the expectations of our customers, shareholders and others who depend upon us. The benefits and obligations of doing business are shared among all HP people.

□ **We encourage flexibility and innovation**. We create a work environment which supports the diversity of our people and their ideas. We strive for overall objectives which are clearly stated and agreed upon, and allow people flexibility in working toward goals in ways which they help determine are best for the organization. HP people should personally accept responsibility and be encouraged to upgrade their skills and capabilities through ongoing training and development. This is especially important in a technical business where the rate of progress is rapid and where people are expected to adapt to change.



Enduring values through changing times

The evolution of the HP way began in the early years of HP. Bill Hewlett and Dave Packard, two Stanford engineers, combined their product ideas and unique management style, and formed a working partnership.

After many successful products and amidst a rapidly expanding organization, they met in 1957 with their key managers to formalize a set of corporate objectives. These objectives, along with underlying corporate values which shape how the objectives would be met, remain as the foundation for something special—the HP way of doing business.

Since our company's founding in 1939, customer expectations have increased, market conditions have varied and HP people have responded with advanced tools and processes to meet these needs. New laws and changes in societal expectations have led HP people to formulate new approaches and to anticipate the needs of the future. Each of these changes have challenged HP people to supply quality products and services in the HP way.

HP's organizational values and our commitment to meeting our corporate objectives shape our strategies and practices. Today, our traditional practices of Management by Wandering Around, Management by Objective and the Open Door Policy are supported by others including a Ten-Step Business Planning process, Total Quality Control and Hoshin Kanri. Tomorrow, these practices will be supplemented by others which will further help us manage the changing environment in which we operate.

Together, HP's organizational values, objectives and practices, the HP way, will endure through changing times.



Corporate objectives

HP's corporate objectives are guiding principles for all decision-making by HP people

Profit To achieve sufficient profit to finance our company growth and to provide the resources we need to achieve our other corporate objectives.

Customers To provide products and services of the highest quality and the greatest possible value to our customers, thereby gaining and holding their respect and loyalty.

Fields of Interest To participate in those fields of interest that build upon our technology and customer base, that offer opportunities for continuing growth, and that enable us to make a needed and profitable contribution.

Growth To let our growth be limited only by our profits and our ability to develop and produce innovative products that satisfy real customer needs.

Our People To help HP people share in the company's success which they make possible; to provide employment security based on their performance; to ensure them a safe and pleasant work environment; to recognize their individual achievements; and to help them gain a sense of satisfaction and accomplishment from their work.

Management To foster initiative and creativity by allowing the individual great freedom of action in attaining well-defined objectives.

Citizenship To honor our obligations to society by being an economic, intellectual and social asset to each nation and each community in which we operate.

"Improvement is accomplished by better methods, better techniques, better machinery and equipment and by people continually finding better ways to do their jobs and to work together as a team. I will ill never see the day when there is not yet room for improvement."

Dave Packard, 1957

Strategies and practices

HP's values and objectives guide us in forming our strategies and practices and in managing a dynamic business in a changing world.

Management by Wandering

Around An informal HP practice which involves keeping up to date with individuals and activities around the entity through informal or structured communication. Trust and respect for individuals are apparent when MBWA is used to recognize employees' contributions and to listen to employees' concerns and ideas.

- coordinated and complementary efforts, and cross-organizational integration.

- shared plans and objectives.

Open Door Policy

The assurance that no adverse consequences should result from responsibly raising issues with management or personnel. Truth and integrity are important parts of the Open Door Policy.

MBWA might look like:

- a manager consistently reserving time to walk through the department or to be available for impromptu discussions.

- individuals networking across the organization.

- coffee talks, communication lunches, hallway conversations.

Open Door may be used:

- to share feelings and frustrations in a constructive manner.

- gain clearer understanding of alternatives.

- to discuss career options, business conduct, communication breakdowns.

"The HP way, when you really come down to it, is respecting the integrity of the individual."

Bill Hewlett, 1987

Management by Objective HP's practice of participative management. Individuals at each level contribute to company goals by developing objectives which are integrated with their manager's and those of other parts of HP. Flexibility and innovation in recognizing that alternative approaches to meeting objectives provide effective means of meeting customer needs.

MBO is reflected in:

- written plans which can be traced through the organization.

Total Quality Control

A management philosophy and operating methodology to improve quality and achieve customer satisfaction. TQC efforts to offer the best possible products and services to our customers are supported by our value of achievement and contribution.

TQC encourages:

- continuous process improvement using scientific methods.

- universal participation in quality and customer satisfaction.

- meeting or exceeding internal and external customer expectations.