Hewlett-Packard Limited
Retirement Benefits Plan
Hymans Robertson LLP
45 Church Street
Birmingham
B3 2RT

June 2011

Dear Member

Summary funding statement for the Digital Section of the Hewlett Packard Limited Retirement Benefits Plan (the Plan)

Welcome to this year's update on the funding of the Plan. Last May we sent you a funding statement which set out the results of the annual funding assessment at 30 September 2009. In that statement we mentioned that we had changed the financial year-end of the Plan to 31 October and that the Trustees were carrying out a formal valuation as at 31 October 2009. The formal valuation has now been completed and this update sets out the results of the valuation. The Scheme Actuary has also carried out a funding assessment as at the anniversary of the valuation and the results of that assessment are also set out in this update.

This statement includes background information to help you understand the Plan's funding. If you want to contact the Trustees, please write to us using the address at the top of the page or e-mail us at **hpplantrustees@hymans.co.uk**.

Please make sure that you inform the Plan administrator, Xafinity Paymaster, if your address, bank account or other personal details change. This can be done by calling them on 01293 604844 or by e-mailing **digital@xafinitypaymaster.com** quoting your pension ID.

Yours faithfully

JC Lord.

Jonathan Lord
Chairman of the Trustees
Hewlett-Packard Limited Retirement Benefits Plan

Your summary funding statement

Introduction

This statement explains the funding that supports your benefits in the Digital Section of the Hewlett-Packard Limited Retirement Benefits Plan (the Plan). It tells you about the longer-term outlook for the Plan and the substantial financial support Hewlett-Packard Limited (the Company) provides.

Funding the Plan

Under the Pensions Act 2004 we are responsible for setting a funding target for the Plan and agreeing it with the Company. The Plan's funding is the money it has to support the benefits. The Scheme Actuary helps us to consider our funding target in detail, check the Plan's progress against it and take action to deal with any shortfall or surplus. Long-term, the aim of the requirements is to make sure that plans like ours are building up enough money to pay for the benefits due to members.

How the Plan operates

The Company pays contributions to the Plan so that the Plan can pay benefits to Plan members. Contributions are also paid by or on behalf of active members.

The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

What is a valuation?

The aim of a valuation is to suggest:

>> how much money the Plan needs to cover the benefits members have already earned; and

>> what contributions the Plan needs for benefits building up in future.

No-one can predict what will happen in future with certainty, but by choosing sensible assumptions, it is possible to estimate how much money is needed now to provide benefits in future. As Trustees, we then use our judgement to decide on an appropriate funding plan. It is a legal requirement that we discuss and agree with the Company the assumptions to be used and the funding plan to be adopted. The Trustees also seek the advice of the Scheme Actuary, one of our professional advisers, before making any decisions.

In the valuation, the Scheme Actuary compares:

>> the assets the Plan is building up through its investments, in its bank balances and any money owed to the Plan; with

>> the liabilities the Plan has to pay, including administrative expenses and benefits for members and their families, based on the assumptions chosen.

Key terms

This statement is based on the scheme-specific funding requirements set out in the Pensions Act 2004. Here are some key terms and what they mean:

Statutory funding objective

The statutory funding objective is that any plan should hold assets whose value is no less than its 'technical provisions'.

Technical provisions

This is the amount that the Trustees determine the Plan will need to pay members' benefits for service up to the valuation date.

Funding level

The Scheme Actuary compares the technical provisions with the market value of the assets to derive the funding level which is expressed as a percentage. A funding level of 100% means that the value of assets exactly equals the technical provisions.

Statement of funding principles

This is a document that sets out the Trustees' policy for meeting the statutory funding objective. It covers:

>> the method and assumptions to use;

>> how the Scheme Actuary works out Company contributions; and

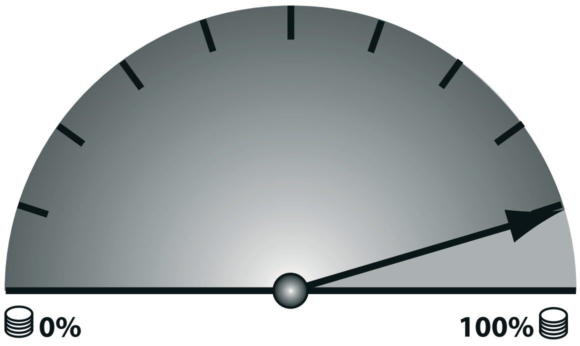
>> how quickly the Trustees and the Company aim to make up any shortfall.

Recovery plan

If the value of assets is less than the technical provisions (i.e. there is a funding shortfall), the Trustees and Company must agree steps to be taken – usually involving additional company contributions – to eliminate the shortfall. These steps are recorded in a document known as a recovery plan.

The results of the formal valuation as at 31 October 2009

At the formal valuation, the Scheme Actuary calculated the Plan's funding target as £976.4 million. The value of the assets at the same date was £891.3 million, giving the Plan a shortfall of £85.1 million and a funding level of 91%.

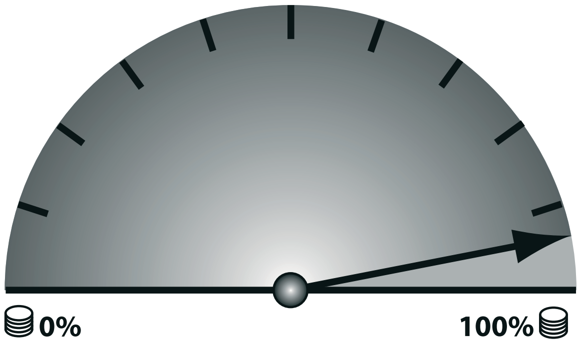


If the Plan is 100% funded it has the full amount it needs to provide benefits under its technical provisions, which is	**£976.4 million**
The value of the Plan's assets	**£891.3 million**
The shortfall in the funding	**£85.1 million**

In the previous statement, we informed you that the funding level as at 30 September 2009 was 94%. As part of the valuation it was agreed that there would be no major changes to the funding target. However, the value of Plan assets fell during October 2009 and so the funding level as at 31 October 2009 had reduced slightly.

The results of the funding assessment as at 31 October 2010

The Scheme Actuary carried out an updated funding assessment as at 31 October 2010. This showed that the Plan's funding target was £1,028.4 million, whilst the value of the assets was £971.3 million, giving the Plan a shortfall of £58.1 million and a funding level of 94%.



If the Plan is 100% funded it has the full amount it needs to provide benefits under its technical provisions, which is	**£1,028.4 million**
The value of the Plan's assets	**£971.3 million**
The shortfall in the funding	**£57.1 million**

Changes in the funding level over the year

The funding level increased over the year from 91% to 94%. The main reason for this is the increase in the Plan's assets from £891.3 million to £971.3 million. The substantial increase in the Plan's assets was a result of good investment performance since 31 October 2009.

Recovery Plan

Although there was a shortfall in the funding of the Plan as at 31 October 2010, the Company is not required to pay any additional contributions into the Plan this year to make good the shortfall. This is because in the past the Company has paid higher contributions into the Plan than were required. This was on the basis that if additional contributions were needed in future, credit would be given to the Company for these higher contributions. Credit has therefore been given to the Company this year.

The security of your benefits

We check the money available to support the Plan regularly but the Plan relies on the Company and its financial support to:

>> make contributions to fund the cost of the benefits building up, over and above the amount members contribute;

>> make extra contributions when there is a shortfall; and

>> pay the future expenses of running the Plan each year (including payments to the Pension Protection Fund).

There have not been any payments to the Company from the assets of the Plan since the date of the last statement.

The Pensions Regulator can change the Plan, give directions about working out its technical provisions or impose a schedule of contributions. The Regulator has not however needed to use any of these powers for the Plan.

What if the Plan started to wind up?

As part of the valuation, the Scheme Actuary must also look at the Plan's solvency if it started to wind up (come to an end). This does not however mean that the Company is thinking of winding up the Plan.

The Scheme Actuary looks at whether the Plan had enough money as at the valuation date to buy insurance policies to provide members' benefits. Since insurance companies have to invest in 'low risk' assets, which are likely to give low returns, and their policy prices will include administration charges and a profit margin, the cost of purchasing such policies tends to be very high. This means that even if the Plan was to have a funding level of 100% against its technical provisions, it is unlikely that there would be enough money to buy out all benefits in full unless additional money was provided by the Company.

At the valuation as at 31 October 2009 the solvency estimate for the Plan was 57%, corresponding to a shortfall of £663.8 million compared with the amount the Plan would need to ensure benefits were paid in full by an insurance company. The solvency estimate had risen to 60% as at 31 October 2010, corresponding to a shortfall of £655.5 million.

The Pension Protection Fund

If the Plan starts to wind up before you retire, the Company has to pay whatever the Plan needs to buy the insurance policies for members. If the Company becomes insolvent, the Pension Protection Fund (the PPF) may step in and pay some compensation to members.

There are more details on the PPF's website at www.pensionprotectionfund.org.uk. Or you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

What is the Plan invested in?

The Trustees regularly review the Plan's investments and the investment strategy was last updated in March 2011. The Trustees' current target is to invest 35% of the investments in company shares, 40% in bonds and other assets that closely match the liabilities of the Plan, 10% in property, 10% in hedge funds and 5% in emerging market debt. At any one time, the Plan will hold small amounts of cash for cashflow purposes.

Additional documents available on request

You are entitled to request a number of Plan documents including the following:

>> The Annual Report and Accounts

>> The full report by the Scheme Actuary on the valuation as at 31 October 2009

>> The Scheme Actuary's report assessing the funding level as at 31 October 2010

>> The Statement of Funding Principles

>> The Statement of Investment Principles

>> The Schedule of Contributions

>> The Recovery Plan

>> The Member's booklet (which you should have received when you joined the Plan)

If you would like a copy of any of the above please contact the Trustees by writing to the address on the front page or by e-mailing **hpplantrustees@hymans.co.uk**

By law, we cannot give you advice about your pension arrangements. If you are thinking about making any changes, you may want to obtain independent financial advice. The Financial Services Authority has useful information about finding financial advice. You can visit their website at www.fsa.gov.uk or phone their consumer helpline on 0845 606 1234.

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