**Hewlett-Packard Limited
Retirement Benefits Plan
Hymans Robertson LLP
6th Floor 120 Edmund Street
Birmingham
B3 2ED**

May 2010

Dear Member

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

Welcome to this year's update on the funding of the Plan as at 30 September 2009. This statement sets out the results of the Scheme Actuary's report assessing the funding of the Plan carried out as at the anniversary of the valuation of the Plan.

The last valuation of the Plan looked at the position as at 30 September 2007. The Scheme Actuary also carried out a funding assessment as at 30 September 2008. The results of these were set out in the summary funding statement dated February 2009 sent to you last year.

As the Trustees have agreed to change the financial year-end of the Plan from 30 September to 31 October, the next formal valuation has been brought forward to 31 October 2009 and is currently being carried out in accordance with the funding requirements of the Pensions Act 2004.

Under these requirements, we are responsible for setting a funding target for the Plan and agreeing it with Hewlett-Packard Limited (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.

The Trustees are currently in discussion with the Company about the valuation as at 31 October 2009. We will update you on the outcome and funding levels in future communications.

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 **HP@xafinitypaymaster.co.uk** quoting your Pension ID.

Yours sincerely

J C 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 Hewlett-Packard 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 the Company provides.

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

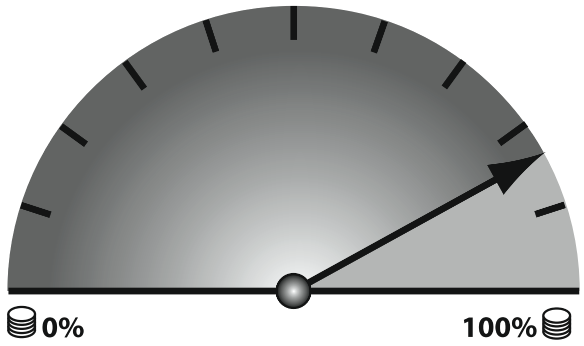
>> how quickly the Trustees and the Company aim to make up any shortfall.

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 funding assessment as at 30 September 2009

As at the date of the latest funding assessment, the Scheme Actuary calculated the Plan's funding target as £720.3 million. The value of the assets as at the same date was £602.0 million, giving the Plan a shortfall of £118.3 million and a funding level of 84%.



If the Plan is 100% funded it has the full amount it needs to provide benefits under its technical provisions, which is	**£720.3 million**
The value of the Plan's assets	**£602.0 million**
The shortfall in the funding	**£118.3 million**

Changes in the funding level over the year

As at 30 September 2008 the Plan's funding target was £542.3 million. The value of the assets as at the same date was £570.9 million. Therefore the surplus in the Plan was £28.6 million, equal to a funding level of 105%.

The funding level has therefore fallen over the year from 105% to 84%. The main reason for this is the increase in the funding target from £542.3 million to £720.3 million. The increase in the funding target is as a result of the return available on bonds issued by companies falling by about 1.3% p.a. This means that we have had to increase the amount of money we need to put aside to meet our technical provisions by approximately 30%.

In addition, because there was a surplus in the Plan as at 30 September 2008, part of this surplus was being used to pay for the accrual of new benefits in the Plan, so the funding level was expected to decrease slightly over the year.

Finally, although the Plan's assets increased over the year achieving a return of 6.5%, this was slightly lower than the expected return of 7.65%. This also contributed to the funding level falling over the year.

Company contributions and estimated position as at 31 March 2010

Because there was a shortfall in the funding of the Plan as at 30 September 2009, the Company was required to pay a minimum of £73.0 million into the Plan by 30 April 2010. This contribution on its own is not expected to pay off all of the shortfall, but as part of the valuation as at 31 October 2009 the Trustees will be discussing with the Company how the remaining shortfall can be made good.

The Company paid the £73.0 million into the Plan in late March. This payment, together with good investment returns since 30 September 2009, has meant that the funding level was estimated to have improved to 96% as at 31 March 2010 giving a shortfall in funding of £27 million.

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 previous valuation as at 30 September 2007 the solvency estimate for the Plan was 74%, which was a shortfall of £252.3 million. It has fallen to 46% as at 30 September 2009, which is a shortfall of £694.7 million compared with the amount the Plan would need at that date to ensure benefits were paid in full by an insurance company.

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?

Over the year the Trustees have reviewed the Plan's investments in detail and changes were made to the allocation of investments at the end of 2009. The Trustees' current target is to invest 55% of the investments in company shares, 25% in bonds and other assets that closely match the liabilities of the Plan, 10% in property and 10% in hedge funds. In addition the Plan holds 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 30 September 2007

>> The Scheme Actuary's report assessing the funding level as at 30 September 2009

>> The Statement of Funding Principles

>> The Statement of Investment Principles

>> The Schedule of Contributions

>> 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.moneymadeclear.fsa.gov.uk or phone their consumer helpline on 0845 606 1234.

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