# HP Cash Account Pension Plan Summary Plan Description

**Important! Please note:**
The *HP Cash Account Pension Plan Summary Plan Description* (SPD) provides important information about the Hewlett-Packard Company Cash Account Pension Plan (CAPP), including benefit features, resources, and summaries of what happens when you experience certain changes in your life.

This *HP Cash Account Pension Plan SPD* applies to eligible HP employees, former employees, and beneficiaries with vested benefits that have not been fully paid.

- You may have a benefit in CAPP if you were in an eligible position and were hired or rehired by HP between January 1, 2003 and December 31, 2005.

- You may also have a benefit under CAPP if you were formerly employed by Digital Equipment Corporation, including benefits earned under the Digital Pension Plan prior to March 1, 1996. **Important benefit differences for employees who left Digital before March 1, 1996 are summarized in Appendix A**, including differences in how benefits are expressed and paid.

CAPP was closed to new participants on January 1, 2006. Eligibility to earn Pay Credits ended at varying dates through December 31, 2007, depending on your circumstances. No future Pay Credits are provided to any participant starting January 1, 2008, although Interest Credits continue to accrue on existing CAPP accounts.

This *HP Cash Account Pension Plan SPD* represents your summary plan description under the Employee Retirement Income Security Act of 1974, as amended (ERISA). As a summary, this information does not contain all of the details about the plan. The complete terms of the plan are contained in the plan documents. In the event of a conflict or inconsistency between this summary and the terms of the plan, the terms of the plan will control.

This SPD has been updated to reflect changes effective January 1, 2008. Please note, however, that benefits may be changed from time to time. Updates about benefit changes will be provided to you as they occur, or otherwise as required by ERISA.

## Contents

## Overview

The HP Cash Account Pension Plan (CAPP) provides pension benefits for eligible HP employees hired or rehired by HP between January 1, 2003 and December 31, 2005, and for certain employees who formerly worked for Digital Equipment Corporation. You also may be a participant if you continue to have vested benefits that have not been fully paid because you are a former employee or a beneficiary of a deceased participant.

If you worked for Digital Equipment Corporation before March 1, 1996, please note that your CAPP benefit includes any benefits you earned under the Digital Pension Plan. **See Appendix A for important benefit differences that apply to employees who left Digital before March 1, 1996,** including information about your distribution options and benefit reductions that apply if you receive benefits before age 65.

**Pay Credits no longer provided under CAPP**

CAPP was "frozen" effective December 31, 2007, with no additional Pay Credits provided to any participant after that date. However, your eligibility to earn Pay Credits may have ended earlier, as follows:

- If you were an eligible HP employee hired or rehired between January 1, 2003 and December 31, 2005, and your combined age and years of qualifying service was less than 62 as of December 31, 2005, you stopped earning Pay Credits on that date. For this purpose, qualifying years of service included full and partial years calculated using your "service date" on the HP Global HRMS System (the same date used to determine vacation accrual rates). The combination of your age and service is called "points."

- If you were employed by Digital Equipment Corporation in an eligible status on or after March 1, 1996, you stopped earning Pay Credits on December 31, 2002 (when eligibility for the HP Retirement Plan began) or on December 31, 1998 or March 31, 2001 if you elected to stop earning Pay Credits as part of the SAVE/CAPP choice offered in 1998.

Regardless of when you stopped earning Pay Credits, you will continue to receive Interest Credits on the balance in your CAPP account, and your vested benefit will be payable at retirement or termination of employment.

Vested benefits under CAPP are paid in the form of a monthly annuity or a single lump-sum payment after you terminate employment or retire. The cost of the plan is paid entirely by HP. You are not required or permitted to make contributions of your own.

## Benefits resources and phone numbers

The chart below provides a handy reference of resources and phone numbers for the HP Cash Account Pension Plan.

| Benefit program | Whom to contact | Web resources | Phone resources |
|---|---|---|---|
| **HP Cash Account Pension Plan** | HP Retirement Services Center at Fidelity<br>• General questions<br>• Program details<br>• Applying for benefits<br>• Retirement benefit modeling<br>• Beneficiary designations or changes<br>• Changes to mailing address (for former employees, beneficiaries, alternate payees, and employees being paid on a non-U.S. payroll)<br>• Changes to direct deposit or tax withholdings (for participants receiving monthly annuity payments) | www.netbenefits.com | 1-800-457-4015<br><br>Outside the U.S., call 1-800-457-4015 after dialing the AT&T direct access number for the specific country (log on to www.att.com/traveler for AT&T direct access numbers). If you are in a country that does not have the AT&T Direct Toll Free Service, call collect at 508-787-9902.<br><br>1-888-343-0860<br>(TDD number for the hearing- or speech-impaired) |

### Fidelity NetBenefits®

You can use Fidelity NetBenefits (the online site for your plan information) to access information about your CAPP benefit, as well as any benefits you may have under the HP 401(k) Plan. You can access the site through the Internet at www.netbenefits.com.

The first time you access NetBenefits®, you'll be asked to create a personal identification number (PIN). You'll also have the option of creating a "Customer ID" to use in place of your Social Security number when you access the site. You'll use your Social Security number/Customer ID and your PIN for future online interactions with NetBenefits and whenever you call the HP Retirement Services Center. Your PIN and Customer ID provide an important security measure and represent your electronic signature for certain types of transactions. Be sure to keep this information secure at all times.

If you forget or lose your PIN, you can log on to NetBenefits and reset your PIN. Your new PIN will be updated immediately. Here's a sample of some of the services Fidelity NetBenefits provides:

- Check current pension benefit amounts;
- Model future benefits;
- Designate or update beneficiaries; and
- Apply for benefit payment.

### HP Retirement Services Center at Fidelity

The HP Retirement Services Center at Fidelity is a full-service retirement programs service center that can help with your HP Cash Account Pension Plan needs, as well as any balance you may have in the HP 401(k) Plan.

The HP Retirement Services Center can provide retirement planning tools and help with beneficiary designations or filing a claim for benefits, or if you just have general questions about your HP retirement benefits.

To reach the HP Retirement Services Center, call the phone numbers listed earlier in this SPD under "Benefits resources and phone numbers."

## Eligibility

The HP Cash Account Pension Plan (CAPP) is closed to new participants. Participation was open to regular full-time, regular part-time, and limited-term employees (as determined by HP) who were hired or rehired between January 1, 2003 and December 31, 2005 and paid from HP's U.S. payroll. Participation began immediately upon being hired into an eligible classification.

Individuals classified by HP as interns, independent contractors, agency contractors, consultants, temporary employees, leased employees, or other similar classifications were not eligible for plan participation.

**Special note for former Digital Equipment Corporation employees**
If you are a former Digital Equipment Corporation employee who had a CAPP balance and was employed by HP on December 31, 2002, you will continue to receive Interest Credits on your CAPP balance until it is distributed following your retirement or termination of employment. However, after December 31, 2002 (or earlier, if you elected to stop earning Pay Credits as part of the SAVE/CAPP choice offered in 1998), you were not eligible for additional Pay Credits unless you were hired or rehired by HP between January 1, 2003 and December 31, 2005, and you satisfied the eligibility criteria described in this section. No CAPP participant is eligible to receive Pay Credits in 2008 and later.

If you are a former Digital Equipment Corporation employee who terminated employment before March 1, 1996, your benefits are expressed as an annuity rather than an account balance. You continue to be a participant in the plan until benefits are paid to you. See Appendix A for information regarding payment options and other benefit differences that apply to employees who left Digital before March 1, 1996.

## Vesting

"Vesting" refers to ownership rights in your CAPP benefit and whether your benefit will be payable to you following termination of employment.

- If you are a current HP employee, you become100% vested when any of the following occurs:

  — You complete five years of "vesting service" (described on the following page);
  — You turn age 65 (if you are still employed on that date); or
  — You die while actively employed at HP.

- If you are a former employee, the vested portion of your benefit was determined at the time of termination of employment from Digital, Compaq, or HP (as applicable) based on plan rules then in effect. If part or all of your benefit was not yet vested at the time you terminated employment, the nonvested portion was forfeited and can generally be restored only if you return to work within five years of when you terminated employment (different rules may apply depending on when you terminated employment).

**Years of vesting service for current HP employees**

Vesting service is earned while you work at HP or any of its subsidiaries. Vesting service is also earned during approved leaves of absence and periods of approved disability (up to your termination date).

- Your vesting service is generally the length of time you've worked continuously for HP, regardless of your full-time or part-time status. Prior service with Digital Equipment Corporation is also counted for vesting, and service with Compaq is counted if you were employed by Compaq on May 3, 2002, the date of its merger with HP.

- You earn one month of service for each month in which you are employed at least one day. For example, if you were hired on October 20, 2003 and worked continuously for HP, you would earn 60 months (5 years) of vesting service on September 1, 2008. The plan would count both October 2003 and September 2008 as full months, since you worked at least one day in each month.

- Vesting service is also credited during breaks in service of less than 12 months (as if you never left) and during approved leaves of absence and periods of approved disability, as long as you return to work within 12 months. If you take a leave of absence or have an approved disability and do not return to work within 12 months, service is credited for up to one year or until your termination date, whichever is earlier.

- For employees who joined HP as part of an acquisition, merger, or outsourcing arrangement, service with your prior employer is credited under CAPP for vesting purposes only if such credit was specifically granted under the terms of the transaction agreement.

If you leave HP after you have become 100% vested, you will remain 100% vested even if you later return to HP.

If you leave HP before you are 100% vested and your period of absence is more than 12 months, your prior service will be restored to you upon rehire only if your total period of absence is less than five years. If your period of absence is more than five years, your prior service does not count for vesting during your subsequent period of employment.

Employees who were rehired on or after January 1, 2003 receive vesting credit for any prior HP service that was credited under the HP Retirement Plan and completed before January 1, 2003. HP service completed on or after January 1, 2003 is credited under the CAPP vesting rules described on the previous pages. In addition:

- For former Compaq employees, "prior HP service" includes pre-merger Compaq service only if the rehired employee was a Compaq employee on the HP/Compaq merger date of May 3, 2002.

- Prior Compaq, Digital, or Tandem service for employees who left those organizations before the HP/Compaq merger date generally does not count for any purpose, except if you were a Digital employee and were vested in the plan when you left.

- If you were previously employed as an HP intern, "prior HP service" includes your service as an intern.

If you are a former Digital employee, please note that if you left and returned to work before March 1, 1996, different rules apply in determining whether your previous vesting service was restored at the time you returned to work.

## Amount of benefits

Benefits under the plan are generally expressed as an account balance, which is determined based on your eligible pay while you were eligible to earn Pay Credits. Your vested account balance represents the single lump-sum payment amount available to you under the plan, and continues to earn daily interest credits at the plan's specified rate until it is paid.

**See Appendix A for important benefit differences that apply to employees who left Digital before March 1, 1996,** including information on how your benefit amount was determined and benefit reductions that apply if you receive benefits prior to age 65.

### Benefit formula for current HP employees

As an eligible HP employee, you could earn benefits in CAPP in two ways:

- Pay Credits*

- Interest Credits

* Eligibility to earn Pay Credits ended at varying dates through December 31, 2007, as described on the next page. However, participants continue to earn Interest Credits on existing CAPP accounts until they are paid.

### *Pay Credits*
Eligibility to earn Pay Credits ended on December 31, 2007, with no additional Pay Credits provided to any participant after that date. However, eligibility to earn Pay Credits may have ended earlier, as follows:

- If you were an eligible HP employee hired or rehired between January 1, 2003 and December 31, 2005, and your combined age and years of qualifying service was less than 62 as of December 31, 2005, you stopped earning Pay Credits on that date. For this purpose, qualifying years of service included full and partial years calculated using your "service date" on the HP Global HRMS System (the same date used to determine vacation accrual rates). The combination of your age and service is called "points."

- If you were employed by Digital Equipment Corporation in an eligible status on or after March 1, 1996, you stopped earning Pay Credits on December 31, 2002 (when eligibility for the HP Retirement Plan began) or on December 31, 1998 or March 31, 2001 if you elected to stop earning Pay Credits as part of the SAVE/CAPP choice offered in 1998.

Pay Credits were credited to your CAPP account on a quarterly basis, and were equal to 4% of eligible pay received during the quarter. Pay Credits were added to your account on January 31, April 30, July 31, and October 31 of each year that you remained employed with HP in an eligible position. Eligible pay included base pay plus sales commissions. Other forms of pay such as shift differentials, overtime, bonuses, and incentives were not eligible.

Pay Credits continued during a period of approved Short-Term Disability (if you were eligible to receive them) and during certain paid leaves of absence, but ended if you were approved for Long-Term Disability benefits or an unpaid leave of absence.

### *Interest Credits*
All participants with service on or after March 1, 1996 who had a CAPP account continue to receive Interest Credits, even after ceasing to earn Pay Credits. Your CAPP account is credited with Interest Credits at a predetermined rate that's adjusted annually. The annualized rate (as compounded daily) is equal to the average yield corresponding to a one-year Treasury security, plus 1%.

The interest rate is adjusted each November 1 based on the average rates in effect for the August 1 through July 31 preceding November 1.

### *How benefits may be limited*

Benefits under CAPP are subject to certain limits imposed by the Internal Revenue Code, including the amount of compensation that can be taken into account in calculating your benefits and the amount that can be paid as an annual benefit. If these limits apply to you, you may receive a portion of your benefits under the nonqualified Cash Account Pension Restoration Plan.

### *If you continue to work after age 65*

If you continue to work past age 65, you will continue to earn Interest Credits on your account. Benefits will not be paid to you until you retire, unless you are still working when you reach age 70½. When you reach age 70½, you can choose to begin receiving benefits while you are still employed, or you can wait to receive all benefits until after you retire.

### If you leave HP and are rehired

If you previously participated in CAPP and are rehired, the plan's rules in effect at the time you terminated employment determine whether past benefits or service will be restored to you. The following chart describes the current rules for rehired employees.

| Your vested status when you left | What happens when you return |
|---|---|
| **You were 100% vested in your pension benefit** | You remain 100% vested in your benefits under CAPP. You are not eligible for future Pay Credits after December 31, 2007 (or such earlier date as may apply based on your circumstances), but you continue to earn Interest Credits on any CAPP account that has not been paid to you.<br><br>If you terminated from Digital before March 1, 1996 and you were hired by HP in 2006 or later, your pension benefit will not be converted into an account balance (and will not be credited with Interest Credits), but will remain payable according to the plan terms in effect at the time you terminated from Digital. |
| **You were not vested in your pension benefit** | If you return to work within five years of the time you left, your nonvested benefit and prior service will be restored to you at the time of your rehire. You are not eligible for future Pay Credits after December 31, 2007 (or such earlier date as may apply based on your circumstances), but you continue to earn Interest Credits on any CAPP account that has not been paid to you.<br><br>If you return to work more than five years after you left, you will not receive credit for prior vesting service or reinstatement of any benefits. |

Benefits from CAPP generally cannot be paid to you while you are actively employed by HP or its affiliates. However, if you are receiving monthly payments under an annuity payment option, these payments will continue when you are rehired. In this case, future benefits will be provided through a separate CAPP account (if you were rehired between January 1, 2003 and December 31, 2005), and you will be eligible to choose a separate payment option for the new account at the time you subsequently terminate employment.

## When benefits are payable

Benefits under CAPP are generally payable following termination of employment or retirement. If you are vested in CAPP when you leave HP, your CAPP account is payable at any time and is not reduced because you leave or retire before age 65. You can request payment shortly after you leave HP, or defer payment until as late as your "required beginning date" (April 1 of the calendar year following the calendar year in which you reach age 70½). However, if the lump-sum value of your benefit is $5,000 or less, you do not have the option to defer payment. **See Appendix A for important benefit differences that apply to employees who left Digital before March 1, 1996,** including information on when benefits are payable.

Although your CAPP account is not reduced because you leave or retire before age 65, keep in mind that the longer you wait to receive your benefit, the more your account will grow through Interest Credits. In addition, if you elect to receive benefits as a lifetime annuity payment, the amount you receive each month will depend on several factors, including your age. In general, you will receive a smaller monthly benefit if payment starts when you are younger (because you will be receiving payments over a longer time frame). The amount of your monthly benefit is also affected by interest rates and life expectancy factors used to convert your account balance to an annuity amount. Interest rates and life expectancy factors may change each year, effective November 1.

## How benefits are paid

CAPP offers a number of payment options for vested benefits. If your benefit is more than $5,000 at the time you terminate employment, you can select from among the payment options discussed on the following pages in "Normal forms of payment" and "Optional forms of payment" (subject to obtaining any required spousal consent, if you are married). However, if your benefit is $5,000 or less, your benefit is only payable in the form of a lump sum. See "If your benefit is $5,000 or less" later in this SPD.

For information on how to apply for payment of your benefit, see "Applying for benefits" later in this SPD. **See Appendix A for important benefit differences that apply to employees who left Digital before March 1, 1996,** including information on how benefits are paid.

## Normal forms of payment

If your CAPP benefit is more than $5,000, there are two normal forms of payment—one for individuals who are single when payments start, and one for married individuals. If you want to receive benefits in a different form than the normal form of payment, you must make an election and obtain any necessary spousal consent.

| **Your marital status when payments begin** | **Normal form of payment for CAPP benefits** |
|---|---|
| **Single** | The normal form of benefit payment for single individuals is a single life annuity. A single life annuity pays you a monthly benefit for your lifetime. When you die, all benefits stop.<br><br>The monthly amount of your single life annuity is determined based on your CAPP account balance and applicable plan conversion factors (your age and mortality tables and interest rates used by the plan at the time payments begin). When you choose a single life annuity, your CAPP account is reduced to zero, and benefits are provided on a monthly basis for your lifetime. The total amount paid over your lifetime may be more or less than the lump-sum equivalent amount calculated at the time you began receiving benefit payments. |
| **Married** | The normal form of benefit payment for married individuals is a joint with 50% survivor income annuity with your spouse as joint annuitant. This annuity pays you a monthly benefit for your lifetime.<br><br>• If you die after payments begin, your surviving spouse receives 50% of your monthly benefit for his or her lifetime.<br><br>• If your spouse dies before you do, you continue to receive the same monthly amount for the remainder of your life. You cannot elect another joint annuitant or change your payment option at that time.<br><br>Because this option includes survivor benefits, your own benefit is reduced during your lifetime from the amount you would receive as a single life annuity.<br><br>The monthly amount of your joint with 50% survivor income annuity is determined based on your CAPP account balance and applicable plan conversion factors (your age, your spouse's age, and mortality tables and interest rates used by the plan at the time payments begin). When you choose a joint with 50% survivor income annuity, your CAPP account is reduced to zero, and benefits are provided on a monthly basis for your and your spouse's lifetimes. The total amount paid over your lifetimes may be more or less than the lump-sum equivalent amount calculated at the time you began receiving benefit payments. |

### Optional forms of payment

If you do not wish to receive payment of your vested benefits in the "normal" form of a lifetime annuity, you may elect one of the optional forms of payment. If you're married at the time payments begin, you must obtain your spouse's consent (see "Spousal consent requirements" later in this SPD). The optional payment forms are as follows:

| Payment option | How it works |
|---|---|
| **Single life annuity** | You receive a fixed monthly benefit payable during your lifetime, but no further benefit payments are made to your beneficiary(ies) after your death. This option provides the largest monthly pension amount. |
| **Single life annuity with full cash refund** | You receive a reduced monthly benefit payable during your lifetime. If the total benefit paid before you die is less than your account balance when payments began, the difference is paid in a single lump sum to your beneficiary(ies). Because this option may pay a lump-sum benefit after your death, the monthly payment amount is reduced while you are living. If your beneficiary dies before you, you can name a new beneficiary at that time. |
| **Joint with survivor income annuity** | You receive a reduced monthly benefit for your lifetime. When you die, a percentage of your benefit (50%, 75%, or 100%, depending on your election) is continued for the lifetime of the joint annuitant you selected at the time you claimed your benefit for payment. Because this benefit may continue beyond your lifetime, your monthly payment amount is reduced based on the percentage option you choose and on the ages of you and your joint annuitant.<br><br>You can select the annuity percentage and name anyone as your joint annuitant under this form of payment. However, keep in mind that naming a person a great deal younger than you as a joint annuitant will result in a significant reduction in the amount of your monthly payments. Also, certain restrictions apply to this option if you choose a joint annuitant other than your spouse who is more than 10 years younger than you.<br><br>Under the joint with survivor income annuity option, your choice of joint annuitant cannot be changed at any time after your first monthly payment has been processed. If your joint annuitant dies before you, you are not permitted to name a different joint annuitant or change your payment option at that time, and no further benefits will be payable following your death. |

| Payment option | How it works |
|---|---|
| **Lump-sum distribution** | You receive your entire benefit amount as a one-time cash payment. Once you receive a lump sum, no additional pension payments are made to you or your beneficiary in the event of your death.<br><br>If you choose a lump-sum distribution, you have several choices for how to receive your payment. Your choice will affect the amount of tax you owe, if any. (See "Taxes and your pension" later in this SPD for more information.)<br><br>• **Direct rollover.** A direct rollover is a tax-deferred payment of your plan benefits directly to an individual retirement account (IRA) or another eligible employer retirement plan (for example, another employer's 401(k) plan). The check is made payable to the custodian of your IRA or the trustee of your eligible employer retirement plan and mailed to your address on file. It is your responsibility to send the check to your new plan or IRA to complete the rollover. If you intend to roll over your benefits to a new employer's retirement plan, you should check with your new employer to determine whether the plan accepts rollovers before requesting a distribution.<br><br>• **Direct rollover to your Hewlett-Packard Company 401(k) Plan account.** This tax-deferred payment of your plan benefits is made directly to your HP 401(k) Plan account. This option is only available if you have an existing HP 401(k) Plan balance at the time of payment. The rollover will automatically be handled by the HP Retirement Services Center, and you will not receive a check.<br><br>• **Direct payment to you.** Under this option, the check is made payable to you and mailed to your address on file, with mandatory federal and any state taxes withheld. You may still be eligible to roll over your payment to an IRA or another eligible employer retirement plan (and defer taxes on your payment) if you do so within 60 days of receiving payment. Mandatory tax withholding will still apply, so you will need to make up the amount withheld for taxes, or else you will be subject to tax on any portion of your distribution that you do not roll over.<br><br>• **Partial direct rollover.** This option combines certain of the lump-sum payment options described above. With this option, you elect to have a portion of your lump-sum distribution directly rolled over on a tax-deferred basis, and a portion paid directly to you on a taxable basis. |

### Spousal consent requirements

If you are married at the time you claim your benefits and you want to elect a payment form other than a joint and 50% (or greater) survivor annuity with your spouse, federal law requires your spouse to consent in writing to your election. This spousal consent must be notarized and must be given within 180 days of when your benefits are to begin or are to be paid in full. By providing written consent, your spouse waives the right to receive pension benefits after your death.

**Changing your form of payment**
You may change your form of payment or name a different joint annuitant at any time **before** benefit payments have been processed. Any change is subject to the spousal consent rules described on the previous page.

If your spouse or joint annuitant under a joint with survivor income annuity form of payment dies **before** payments are scheduled to begin, your benefit will be paid as a single life annuity, unless you choose a different form.

No changes to your payment option or joint annuitant can be made after your payment election has been processed.

**Payment option example**
Let's look at a sample employee to see how your payment options can affect the amount you receive. Assume the employee is retiring from HP at age 65 in 2008. The employee's beneficiary is also age 65, and the employee's vested account balance is $50,000 at the time payments begin. The employee can choose to take payments in any of these forms (subject to spousal consent, as applicable):

| Form of payment | Approximate monthly benefit | Approximate monthly benefit to joint annuitant or beneficiary after death |
|---|---|---|
| Single Life Annuity | $383 | $0 |
| Single Life Annuity With Full Cash Refund | $356 | Any remaining balance of account at death |
| Joint With 50% Survivor Income Annuity | $352 | $176 |
| Joint With 75% Survivor Income Annuity | $339 | $254 |
| Joint With 100% Survivor Income Annuity | $327 | $327 |
| Lump-Sum Distribution | $50,000 (one time) | $0 |

These examples are based on mortality tables and interest rates used by the plan, which change from time to time. The interest rate used in the examples is 6%. The examples, including all assumptions regarding interest rates and other factors, are for illustrative purposes only and are not a guarantee of actual benefit values.

**Considerations when deferring payment**

If the lump-sum value of your CAPP benefit is more than $5,000, here are some important points to keep in mind as you consider whether to defer payment:

- If you elect to receive your benefit as a lump-sum distribution, the longer you wait to receive your benefit, the more your account will grow through Interest Credits. You'll want to consider how CAPP Interest Credits compare to investment results you might achieve on your own outside the plan (for example, if you roll over your CAPP benefit to an IRA or another eligible employer retirement plan).

- If you elect to receive benefits as a lifetime annuity payment, the amount you receive each month will depend on several factors, including your age. In general, you will receive a larger monthly benefit if payment starts when you are older (because you will be receiving payments over a shorter time frame). However, the amount of your monthly benefit is also affected by interest rates and life expectancy factors. Interest rates and life expectancy factors may change each year, effective November 1.

- If you defer payment and die before starting to receive your benefit, your beneficiary will receive the entire vested value of your account.

**Using the retirement modeling tool to project your future benefits**

In addition to the information provided in this SPD, participants who have not yet commenced payment of benefits can access a retirement modeling tool to project future retirement benefits **using your own assumptions**, including interest rates and when you'd like to begin receiving your benefit. The tool provides benefit estimates based on your assumptions. You can access the tool on Fidelity NetBenefits at www.netbenefits.com.

The modeling tool takes into account the benefit changes that were effective through December 31, 2007, so that active HP participants are able to obtain pension estimates based on their account balance as of December 31, 2007, using different interest crediting rates, retirement dates, and other factors.

When using the modeling tool, keep in mind that the data you receive is only an estimate based on the assumptions you enter and your salary and service data provided to Fidelity by HP at the time the estimate is provided. **It is not a guarantee of actual benefits**. Actual benefits are determined based on the terms of the plan, as well as your personal data and other relevant factors in effect at the time benefits are calculated for payment.

### If your benefit is $5,000 or less

If your vested CAPP benefit is $5,000 or less when you leave HP, your benefit will automatically be paid to you in a lump sum, and you cannot choose an annuity payment option. Benefits will be paid in one of two ways, depending on the value of your benefit.

<table>
<tr><th>Value of vested benefit</th><th>How benefits are paid</th></tr>
<tr><td>More than $1,000, up to $5,000</td><td>Your benefit will be automatically rolled over as a lump-sum distribution to an IRA in your name at Fidelity Investments, unless you elect another distribution option within 60 days of receiving notice of your upcoming distribution from Fidelity. Different payment elections you can make include a taxable cash distribution or a direct rollover to a different IRA provider or an eligible employer retirement plan.<br><br>If you do not make a different election within 60 days of receiving a notice from Fidelity, your benefit will be transferred to an IRA in your name at Fidelity. No tax withholding will apply on the rollover to the IRA. The funds in the IRA established for you at Fidelity will be invested in Fidelity Cash Reserves until you make a different investment choice. The fund description for Fidelity Cash Reserves is as follows:<br><br>• What it is: A money market mutual fund.<br><br>• Goal: Seeks to provide a stable level of current income as is consistent with the preservation of capital and liquidity.<br><br>• What it invests in: Primarily invests in U.S. dollar-denominated money market securities, including U.S. government securities, and repurchase agreements, and enters into reverse repurchase agreements. The fund invests more than 25% of its assets in the financial services industry. An investment in this portfolio is not guaranteed or insured by the FDIC or any other government agency. Although this money market fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in this fund. Yield will vary.<br><br>• Who may want to invest:<br>— Someone with an aggressive portfolio who wants to help balance his or her overall investment strategy.<br>— Someone who may need to use this portion of his or her money soon (for example, for retirement income) and who is looking for the value of his or her investment to stay stable.<br><br>Once your Fidelity IRA has been established, you can exchange out of Fidelity Cash Reserves into any of the investment options available through Fidelity FundsNetwork, which offers you access to more than 4,500 mutual funds from over 350 of America's most popular fund companies, including Fidelity. More than 1,100 of these funds are available with no transaction fee. You can also take a distribution or roll over your account to another IRA provider.</td></tr>
</table>

| Value of vested benefit | How benefits are paid |
|---|---|
| | No annual fees apply to the Fidelity IRA, but a $50 fee will be applied upon termination of the IRA.<br><br>For more information about the Fidelity Rollover IRA and related fees, contact the HP Retirement Services Center at Fidelity at 1-800-457-4015, Monday through Friday, from 5:30 a.m. to 9:00 p.m. Pacific time (7:30 a.m. to 11:00 p.m. Central time). |
| **$1,000 or less** | Your benefit will be paid as a taxable lump-sum cash distribution, net of withholdings, unless you elect to roll over your benefit. You may elect a direct rollover to an IRA or another eligible employer retirement plan (including the HP 401(k) Plan, if you have a balance) provided you take action within 60 days of receiving notice of your upcoming distribution from Fidelity. |

**Consider the tax implications**
The decision you make about *how* to receive benefits will have significant tax implications. You are advised to consult a tax expert before you make a decision about how to take payment of your CAPP benefit. Also be sure to review the "Special Tax Notice Regarding Plan Payments" and "Participant Distribution Notice" for more detailed information about tax consequences. These notices are available on Fidelity NetBenefits at www.netbenefits.com and from the HP Retirement Services Center at Fidelity.

For additional information, see "Taxes and your pension" below.

## Taxes and your pension

In general, your CAPP benefits will be taxable income in the year you receive them. The plan is required to withhold federal income taxes (and state income taxes, where applicable) from your benefit payments unless you elect a direct rollover, or you elect a monthly payment option and opt out of withholding. Please note that the amount withheld by the plan (if any) may not be enough to meet your tax obligations, including estimated payments.

- *Direct rollovers.* If you choose a direct rollover of a lump-sum distribution, the check will be made payable to your IRA or eligible employer retirement plan, and mailed to your home address on file at Fidelity. No federal or state income taxes will be withheld. Taxes will be due when you subsequently withdraw your funds from the IRA or eligible employer retirement plan.

- *Lump sums.* If you choose to have benefits paid directly to you in a lump sum, the plan is required to withhold federal income tax from your benefit at the rate of 20%; state taxes will also be withheld, where required. At the end of the year, you may be eligible for a refund or owe additional taxes on the distribution, depending on your personal tax situation. You can still defer taxes on your payment if you roll it over to an IRA or an eligible retirement plan within 60 days of when you receive it. You can even roll over the amount withheld for taxes, but you will have to use cash from another source to replace the amount withheld. If you do not choose to roll over your payment, you may be subject to a 10% additional penalty tax if you are under age 59½. State tax penalties also may apply. However, you will not have to pay the 10% federal penalty tax if you reach age 55 before the end of the calendar year in which you leave HP (certain other exceptions may apply as well).

- *Delayed distribution*. If you defer payment until April 1 following the year you turn age 70½ (or April 1 following the year you retire from HP, if later), a portion of your lump-sum distribution will not be eligible for rollover, and so will be paid directly to you, as required by IRS rules. This portion of your distribution will be taxable to you in the year received.

- *Annuities.* If you elect a monthly payment option, you may opt out of federal and state withholding requirements. Please note that this may subject you to estimated tax payment obligations.

In January following the year payment is made to you, you will receive a Form 1099-R indicating how much was paid to you and the amount of any withholdings for federal or state income tax. This information will also be sent to the IRS.

You are responsible for all taxes and penalties, and may be subject to additional penalties if insufficient taxes are deposited.

Special rules may apply for payments made to individuals who live outside the United States.

If you receive a distribution from CAPP as a beneficiary or an alternate payee pursuant to a Qualified Domestic Relations Order, your tax treatment may be different. Contact a tax expert for more information about applicable tax treatment.

As with all tax-related matters, you are encouraged to speak to a tax advisor before you make any decisions. Also be sure to carefully review the "Special Tax Notice Regarding Plan Payments" and "Participant Distribution Notice" for more detailed information about tax consequences. These notices are available on Fidelity NetBenefits at www.netbenefits.com and from the HP Retirement Services Center at Fidelity.

**Special note if you were born before January 1, 1936:** Under current law, your payout may qualify for special tax treatment. As with all tax-related matters, HP cannot give you individual tax advice. You should seek advice from a tax expert before you make any decisions.

## Naming a beneficiary

It's important to designate a beneficiary to receive your vested CAPP benefit in the event you die before you begin receiving your benefits. You can designate a beneficiary if you are a current HP employee or a former employee who terminated employment on or after December 14, 1995 (former employees who left Digital before December 14, 1995 are not eligible to designate a beneficiary until they begin payments; see "If you terminated employment before December 14, 1995" later in this section). You can designate:

- A primary beneficiary (or beneficiaries), who will receive the value of your benefit if you die; and

- A contingent beneficiary (or beneficiaries), who will receive the value of your benefit if your primary beneficiary (or beneficiaries) dies before you.

The designation must be received by the plan before your death in order to be a valid designation.

Who you can name as a beneficiary depends on your marital status:

| Marital status | Your options |
| --- | --- |
| **Single** | You can name any person you wish as your beneficiary. |
| **Married** | Your spouse is automatically your sole primary beneficiary. You can name a different beneficiary, but only if your spouse provides written, notarized consent on the plan's form. If your spouse does not agree in writing to a different designation, the designation will not be valid, and benefits will be paid to your surviving spouse.<br><br>Under federal law, if you name a beneficiary other than your spouse (with your spouse's consent) before age 35, that designation will become invalid at the start of the plan year when you reach age 35, and your spouse will automatically become your sole primary beneficiary. You can designate a new beneficiary or re-designate your prior beneficiary only with your spouse's renewed consent.<br><br>**Note:** For purposes of the plan (including beneficiary designations and benefit payment options), "marriage" and "spouse" refer only to opposite-sex marriages. Same-sex marriages are treated as domestic partnerships for purposes of the plan, even if recognized by state law. |

If you are single or divorced and later marry, your new spouse will automatically become your beneficiary unless your new spouse gives written, notarized consent to a different designation. Please note that if you divorce but previously named your spouse as your beneficiary, your former spouse remains your beneficiary until you make a change or you remarry.

**Important note: Only beneficiary designations made with Fidelity since January 5, 2004 are valid under the plan.** A beneficiary designation made under plan procedures before January 5, 2004, or in other documents, such as a will, trust, or divorce decree, is not valid for plan purposes.

You can make or update a beneficiary designation at any time. If you don't designate a beneficiary, benefits will be paid according to the default beneficiary rules specified by the plan (see the following paragraph for more details).

If you die with no valid beneficiary designation on file with Fidelity, or if all named beneficiaries have died, your vested benefits will be paid as follows:

- First, to your surviving spouse or qualifying domestic partner. If none survives you, then
- Second, to your surviving children (in equal shares). If no children survive you, then
- Third, to your surviving parents (in equal shares). If no parents survive you, then
- Fourth, to your surviving brothers and sisters (in equal shares). If none survive you, then
- Fifth, to your estate.

To designate a beneficiary, access the "Your Profile" tab on Fidelity NetBenefits at www.netbenefits.com. Once you indicate your beneficiary choices online, you can change your beneficiaries at any time. If your beneficiary designation requires your spouse's consent, you must print a spousal consent form. You'll then need to complete the form, have your spouse sign it in the presence of a notary public, and return it to the HP Retirement Services Center at Fidelity in order for your designation to be valid.

If you do not have access to the Internet or you have special circumstances, you can request a Beneficiary Designation Form (which includes the spousal consent form) by calling the HP Retirement Services Center at Fidelity. To reach a Customer Service Representative, call 1-800-457-4015, Monday through Friday (excluding holidays recognized by the New York Stock Exchange), between 5:30 a.m. and 9 p.m. Pacific time (7:30 a.m. and 11 p.m. Central time).

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| **Note:** When you apply for distribution of your benefits, some payment options allow you to designate a beneficiary or joint annuitant for your payment option at that time. You can change your payment option or name a different joint annuitant at any time **before** benefit payments have been processed. No changes to your payment option or joint annuitant can be made after payments begin. See "How benefits are paid" earlier in this SPD. |

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| **If you terminated employment before December 14, 1995**<br>If you are a former employee who left Digital with a vested benefit before December 14, 1995, you are not eligible to designate a beneficiary before the time you begin payments. However, your surviving spouse is automatically eligible for benefits after your death, if you die before benefit payments commence and you are married at the time you die. For more information, see "If you die before payments begin" in Appendix A to this SPD. |

## How certain life events affect your benefits

If you get married, have a baby, become disabled, or otherwise experience a major life event, you should know how your CAPP benefits may be affected. The chart below describes what happens to your benefits when you experience certain life events, depending on your status. **See Appendix A for important benefit differences that apply to employees who left Digital before March 1, 1996,** including information on how certain life events affect your benefits.

| Life event | How benefits are affected |
|---|---|
| **You get married** | Your spouse automatically becomes your sole primary beneficiary, unless you elect a different beneficiary or have already commenced payment of your benefits. You can elect a different beneficiary only with your spouse's written, notarized consent (as required by law). You can designate or change beneficiaries by logging on to Fidelity NetBenefits at www.netbenefits.com. For more information, see the "Naming a beneficiary" section of this SPD.<br><br>If you have already commenced payment of your benefits, your participation continues normally, and any beneficiary (joint annuitant) designation you made under a joint with survivor income option cannot be changed. |
| **You establish a new domestic partnership** | Your participation continues normally. If you have not yet commenced payment of your benefits, you may want to re-evaluate your beneficiary designations. You can designate or change beneficiaries by logging on to Fidelity NetBenefits at www.netbenefits.com. For more information, see the "Naming a beneficiary" section of this SPD.<br><br>If you have already commenced payment of your benefits, any beneficiary (joint annuitant) designation you made under a joint with survivor income option cannot be changed. |

| Life event | How benefits are affected |
|---|---|
| **You give birth or adopt a child** | Your participation continues normally. If you have not yet commenced payment of your benefits, you may want to re-evaluate your beneficiary designations. If you're married, you can elect a primary beneficiary other than your spouse only with your spouse's written, notarized consent (as required by law). You can designate or change beneficiaries by logging on to Fidelity NetBenefits at www.netbenefits.com. For more information, see the "Naming a beneficiary" section of this SPD. |
| **You get divorced** | If you have not yet commenced payment of your benefits, your former spouse is no longer your automatic beneficiary as of the date of divorce, and you can elect another beneficiary. However, any existing beneficiary designations on file (including designation of a former spouse) will remain valid until you make a change or marry again. You can designate or change beneficiaries by logging on to Fidelity NetBenefits at www.netbenefits.com (for more information, see the "Naming a beneficiary" section of this SPD). The plan must honor properly issued Qualified Domestic Relations Orders (QDROs) assigning a portion of your benefit to your former spouse. If you remarry, your new spouse automatically becomes your sole, primary beneficiary.<br><br>If you have already commenced payment of your benefits, any beneficiary (joint annuitant) designation you made under a joint with survivor income option cannot be changed. |
| **You become disabled while employed at HP** | Your participation continues normally. Your account continues to receive Interest Credits until you take a distribution of your account, but your CAPP benefit is not payable before termination of employment or retirement. (See "You leave HP" later in this chart.) |
| **You take an unpaid FMLA or unpaid leave of absence from HP** | If you return to HP immediately following your leave, you will receive vesting service for the entire period of your leave. If you do not return to HP immediately following your leave, or you terminate employment while on leave, you'll receive vesting service up to your termination date, but for no more than one year after the start of your leave. Benefits are not payable before termination of employment or retirement. (See "You leave HP" later in this chart.) |
| **You take a military leave of absence from HP** | You will continue to earn vesting service during a period of paid Military Leave. For periods of unpaid Military Leave, vesting service will only be credited for your period of unpaid leave if you return to work immediately following your leave, as required by law. For an employee who does not return to work following a period of unpaid Military Leave, his or her separation date equals the date that the unpaid Military Leave commenced, with no vesting service earned beyond that date. Benefits are not payable before termination of employment or retirement. (See "You leave HP" later in this chart.) |
| **You transition from intern or another ineligible employment status to an eligible regular employee status at HP** | You are not eligible for CAPP if your transition occurs on or after January 1, 2006, because the plan is closed to new participants. |

| Life event | How benefits are affected |
|---|---|
| **You permanently transfer to an HP subsidiary outside the U.S. and off the U.S. HP payroll** | You will continue to earn vesting service for your service outside the U.S. Benefits are payable only following your retirement or termination of employment from HP and all subsidiaries. For more information about payment options after you leave HP, see the "How benefits are paid" section of this SPD, or call the HP Retirement Services Center at Fidelity at 1-800-457-4015.<br><br>*Be sure to contact the HP Retirement Services Center at Fidelity if you have a change of address. Address changes are not reported by HP if you are being paid on a non-U.S. payroll.* |
| **You leave HP** | You're eligible to begin receiving any benefits you have earned.<br><br>• If your account value is less than $1,000, you will automatically receive a lump-sum payout unless you make a different election.<br><br>• If your account value is between $1,000 and $5,000, your benefit will be automatically rolled over to an IRA with Fidelity, unless you make a different election.<br><br>• If your account value is over $5,000, you can defer payment until as late as April 1 following the year you turn age 70½ (or April 1 following the year you retire from HP, if later), and you will continue to receive Interest Credits on your account for as long as your account remains in the plan.<br><br>For more information, see the "How benefits are paid" section of this SPD, or call the HP Retirement Services Center at Fidelity at 1-800-457-4015. |
| **You leave and are later rehired by HP** | Employees who returned to work on or after January 1, 2006 were not eligible to participate in CAPP, because the plan was closed to new participants. If you have vested benefits from a prior period of HP service that have not been paid from CAPP, these benefits will be payable when you subsequently terminate employment. If you have benefits from a prior period of employment that were not vested, you will continue to earn vesting service unless your prior benefits have been permanently forfeited (benefits are permanently forfeited if they were not vested and you were gone for more than five years).<br><br>Benefits from CAPP cannot be paid to you while you are actively at work. However, if you are currently receiving benefits in the form of a monthly annuity payment, these payments will continue.<br><br>For more information, see "Amount of benefits" and "How benefits are paid" earlier in this SPD. |
| **You die while employed at HP** | Your spouse or designated beneficiary is eligible to receive the full value of your account balance, even if you were not vested at the time of your death. For more information, see the "If you die before payments begin" section of this SPD. |

| Life event | How benefits are affected |
|---|---|
| **You die after leaving HP** | If you have not commenced payment of your benefits, your spouse or designated beneficiary is eligible for the full value of your vested benefits. For more information, see the "If you die before payments begin" section of this SPD.<br><br>If you have already commenced payment of your benefits, any continuing benefit payments will be based on the payment form you elected, and are only available if you elected a joint with survivor income payment option or a single life income with full cash refund payment option. |
| **Your spouse dies after you leave HP** | If you have not commenced payment of your benefit, your spouse is no longer your automatic beneficiary. You can elect another beneficiary by logging on to Fidelity NetBenefits at www.netbenefits.com. If you remarry, your new spouse automatically becomes your sole, primary beneficiary. For more information, see the "Naming a beneficiary" section of this SPD.<br><br>If you have already commenced payment of your benefit, your payments are unaffected. If you are receiving payment under a joint with survivor income option naming your spouse as joint annuitant, your joint annuitant designation cannot be changed. However, if you are receiving payment under a single life annuity with full cash refund option naming your spouse as beneficiary, you can name a new beneficiary by contacting the HP Retirement Services Center at Fidelity. |

## If you die before payments begin

If you die while employed at HP, or after leaving HP in a vested status but before commencing payment of benefits, benefits may be payable to your surviving spouse or beneficiary, as described below. **See Appendix A for important benefit differences that apply to employees who left Digital before March 1, 1996,** including information on what happens if you die before payments begin.

If you die before payment of your benefits has begun, your beneficiary will be entitled to the full value of your vested CAPP account, payable as follows:

- **If the beneficiary is your surviving spouse** and benefits are over $5,000, your spouse can elect either a lump-sum payment or lifetime annuity payments. A lump sum payable to a surviving spouse can also be rolled over to an IRA in your spouse's name.

  For benefits of $5,000 or less, but more than $1,000, unless the surviving spouse makes a different election such as a rollover or a taxable distribution, payment will be made in the form of an automatic transfer to an IRA opened in your spouse's name at Fidelity. Benefits of $1,000 or less will be paid in cash as a taxable distribution unless your surviving spouse makes a different election.

- **If the beneficiary is not your surviving spouse,** benefits over $5,000 will be paid as a lump sum no later than 60 months after the date of death. A lump sum payable to a non-spouse beneficiary can be rolled over to an IRA in your beneficiary's name. Alternatively, if the beneficiary is your qualifying domestic partner and the lump-sum value of benefits is greater than $5,000, your domestic partner can elect a lifetime annuity, with payments to begin no later than 12 months after the date of death.

  For benefits of $5,000 or less, but more than $1,000, unless the beneficiary makes a different election such as a rollover or a taxable distribution, payment will be made in the form of an automatic transfer to an IRA opened in your beneficiary's name at Fidelity. Benefits of $1,000 or less will be paid in cash as a taxable distribution unless your beneficiary makes a different election.

For information on naming a beneficiary and what happens if you do not have a valid beneficiary designation on file, see "Naming a beneficiary" earlier in this SPD.

## Other information

Here is some more information about CAPP.

### Applying for benefits

In order to receive vested benefits under CAPP, you (or your beneficiary, in the event of your death) must complete an application and obtain any spousal consent required. All applications for benefits under CAPP should be directed to the HP Retirement Services Center at Fidelity. There are three ways you can apply for benefits:

| If you want to initiate payment… | Follow these instructions… |
|---|---|
| Online | Access Fidelity NetBenefits at www.netbenefits.com and use the Online Retirement Initiation (ORI) tool. |
| By mail | Call the HP Retirement Services Center at Fidelity (see phone number below) and request a Commencement Kit through a Customer Service Representative. An estimate of benefits and the paperwork necessary to begin the benefit payment process will be mailed to you. Complete the appropriate forms and return them to the HP Retirement Services Center. |
| By phone | Call the HP Retirement Services Center at Fidelity at 1-800-457-4015, Monday through Friday (except New York Stock Exchange holidays), from 5:30 a.m. to 9 p.m. Pacific time (7:30 a.m. to 11 p.m. Central time) to speak with a Customer Service Representative. Outside the U.S., call 1-800-457-4015 after dialing the AT&T direct access number for the specific country (log on to www.att.com/traveler for AT&T direct access numbers). If you are in a country that does not have the AT&T Direct Toll Free Service, call collect at 508-787-9902. |

Benefits will be paid as soon as administratively feasible after receipt of your completed application for payment. Please note that your application must be completed ***and received by*** the HP Retirement Services Center within 180 days of the date it is sent to you. If your completed application is not received within 180 days, a new application must be requested using a later payment date.

If you do not make a request to start your benefits after leaving HP, HP will assume you are waiting until a later date to request payment, unless the lump-sum value of benefits under the plan is $5,000 or less. When you're ready to receive your benefits, please allow 60 to 90 days to process your application.

If you are paid an incorrect benefit amount (for example, if the information used to calculate your benefit was wrong or incomplete), your benefit amount will be adjusted accordingly. If for any reason CAPP has paid a larger benefit amount than you were entitled to receive, you must repay the amount of the overpayment to the plan.

### *Receiving monthly pension checks*

If you elect a monthly payment option, you can receive your monthly payments in two ways. You can have them:

- Directly deposited to your bank account. The amount of your pension payment will be electronically transferred directly into your bank account. No check will be mailed.
- Mailed to your address on file. A check will be mailed to your address on file with the HP Retirement Services Center at Fidelity.

You must indicate your payment election (direct deposit or mail) when you initiate payment of your benefits. You can change your payment or tax-withholding elections at any time by accessing Fidelity NetBenefits at www.netbenefits.com or calling the HP Retirement Services Center at Fidelity.

### *Cash Account Pension Restoration Plan*

If you have benefits payable from the Cash Account Pension Restoration Plan (due to your benefits or eligible pay exceeding certain IRS limits), these benefits are paid to you in the form of a lump sum in the January following the calendar year in which you retire or terminate employment with HP. Tax rules may require a six-month delay in payment to certain employees.

Because the Cash Account Pension Restoration Plan is a nonqualified retirement plan, plan payments are not eligible for rollover to an IRA or another eligible employer retirement plan. For more information, access Fidelity NetBenefits at www.netbenefits.com or call the HP Retirement Services Center at Fidelity at 1-800-457-4015, Monday through Friday, from 5:30 a.m. to 9 p.m. Pacific time (7:30 a.m. to 11 p.m. Central time).

**Other notes regarding benefit payments**
Here are some important notes regarding the benefit application process and CAPP payments.

- Benefits are payable beginning on your "benefit commencement date." Your benefit commencement date is the date benefit payments are assumed to commence when generating your payment application materials. The benefit commencement date is generally the first of a calendar month. If your application materials need to be updated to reflect a new benefit commencement date, your benefit amounts will be subject to change.

- Lump-sum and initial annuity payments are usually processed by the first Friday of the month following your benefit commencement date; ongoing monthly annuity payments are usually processed on the first day of the month.

- In order to receive payment, you must be terminated, all eligible earnings from HP must be received in good order by the HP Retirement Services Center at Fidelity, and all required benefit application forms must be received by the HP Retirement Services Center at least one day before your benefit commencement date.

- With the exception of lump-sum payments you roll over directly to your HP 401(k) Plan account, or that are automatically transferred to an IRA at Fidelity, all benefit checks or direct deposit notices are mailed to you at your address on file with Fidelity, regardless of the payee indicated on the check.

- After you leave HP, it's important to be sure the HP Retirement Services Center at Fidelity has your most current address on file for mailing your monthly pension checks or any required tax forms.

## Making a claim for benefits

If you apply for benefits under the plan and your application is denied, or if you believe there are errors in the amount or type of benefit that plan records show is payable to you, you may file a claim with the plan administrator. You can obtain a claim form by calling the HP Retirement Services Center at Fidelity at 1-800-457-4015. Your claim should include a description of the benefits you believe you are entitled to, and the basis for your claim.

The plan administrator will notify you of its decision no later than 90 days after your claim is received, unless special circumstances require an extension of up to an additional 90 days.

- If your claim is approved, the plan administrator will describe how your claim will be resolved.

- If your claim is wholly or partially denied, the plan administrator will provide you with a written notice that includes information on why your claim was denied, any information that you might be able to submit to complete your claim, and an explanation of the plan's appeal procedures.

**Appealing a denied claim**
If you disagree with the plan administrator's determination, and if there are factual or legal arguments you believe will show that the plan administrator's decision is incorrect, you (or your duly authorized representative) may file an appeal. You have 60 days from the time you receive your claim denial letter to file an appeal. Your appeal must be mailed to the following address:

Hewlett-Packard Cash Account Pension Plan Administrator
Hewlett-Packard Company
Attn: ERISA Legal Counsel, MS 1050
3000 Hanover Street
Palo Alto, CA 94304

Your appeal should include the reasons you are requesting the review and all facts supporting your claim. You may submit written comments, documents, and any other information you believe is relevant to your claim. You may also be requested to submit additional facts, documents, or other material deemed necessary to carry out the review.

Your appeal will be heard at the next quarterly meeting of the reviewing committee, unless your appeal is filed less than 30 days before the date of such meeting, in which case, your appeal may be heard at the subsequent meeting of the committee. The review of your appeal will take into account all comments, documents, records, and other information that you provide in support of your claim, whether or not such information was submitted or considered at the initial claim level. You will receive notice of the decision as soon as possible, but not later than five business days after the decision has been made.

In the case of an adverse determination on your appeal, you will receive a written notice that includes:

- The specific reason(s) for the denial and reference to the plan provisions on which the denial is based;

- A statement that you have the right to receive, upon request and free of charge, reasonable access to, and copies of, documents, records, and other information (other than legally privileged documents, records, or information) relevant to your claim for benefits;

- A statement that no other voluntary appeals procedures are available to you under the plan; and

- A statement that you have the right to bring a civil action in federal court under Section 502(a) of the Employee Retirement Income Security Act of 1974 (ERISA).

### Situations that could affect your right to benefits

There are certain situations that may affect your right to receive a benefit under the plan. The following is a partial list of situations in which benefits could be reduced, lost, or delayed.

- You submit incomplete or improper benefit application information, or you fail to follow proper benefit application procedures.
- You do not submit a benefit application within the time frames allowed under the plan.
- Interest rates, mortality tables, or other similar factors used to calculate benefit payments change according to plan rules or as required by changes in law.
- The plan is modified to reduce or eliminate certain benefits (to the extent permitted by law), or the plan ends.
- You have a change in address and do not notify HP (or the HP Retirement Services Center, if you are a former employee, a beneficiary or alternate payee, or an active employee being paid on a non-U.S. HP payroll).
- You reach Internal Revenue Service benefit maximums or pay limits, or you become subject to nondiscrimination rules.
- A court issues a Qualified Domestic Relations Order with respect to your benefit.
- You fail to initiate payment of benefits before the required beginning date that applies.

Please note that these are only examples of situations that may affect your right to receive a benefit under the plan. Other circumstances may also affect your right to receive benefits.

### Assignment of accounts

Other than as provided under a Qualified Domestic Relations Order or an IRS levy, your CAPP benefit cannot be transferred, assigned, garnished, attached, or used as collateral.

### Qualified Domestic Relations Orders

A Qualified Domestic Relations Order (QDRO) is a domestic relations order (DRO) issued by a court in connection with a divorce or legal separation that is determined by the plan to be qualified. A QDRO may assign a portion of your CAPP benefits to an "alternate payee," who may be your spouse, former spouse, child, or other dependent who is recognized in the DRO as having a right to part or all of your plan benefits.

CAPP is required to comply with the terms of a QDRO. This may require freezing your benefit while the order is reviewed and subsequently distributing a portion of your benefit to the alternate payee. All submissions of DROs should be directed to the plan at the following address:

QDRO Consultants
110 South Huntington Street
Medina, OH 44245

If a QDRO has required CAPP to set aside a portion of your benefit to an alternate payee, you will have no rights to or claim on that portion of your benefit.

Please note that documents such as prenuptial agreements, trust agreements, or divorce decrees that are not determined by the plan administrator to be QDROs will not be honored by the plan in the disposition of benefits.

A $300 processing fee will be applied for all QDROs submitted to the plan. The fee will be adjusted if you have submitted QDROs to more than one HP retirement plan and/or to the HP 401(k) Plan. The fee is generally deducted from your benefit before applying the terms of the QDRO.

**Employer, plan sponsor, and plan administrator**
The employer, plan sponsor, and plan administrator for CAPP is:

Hewlett-Packard Company
3000 Hanover Street
Palo Alto, CA 94304-1112
1-650-857-1501

The plan administrator has the full discretion to interpret the terms of the plan, to determine eligibility, and to decide all matters of fact in granting or denying benefit claims.

The plan administrator may delegate to any other person or organization any of its powers, duties, and responsibilities with respect to the operation and administration of the plan, including, without limitation, the authority to authorize payment of benefits, the review of denied or modified claims, and the discretion to decide matters of fact and interpret plan provisions.

## Plan administrative information

The chart below provides additional information about the HP Cash Account Pension Plan.

| HP Cash Account Pension Plan administrative information | |
|---|---|
| **Plan name** | Hewlett-Packard Company Cash Account Pension Plan, a sub-plan of the Hewlett-Packard Company Pension Plan |
| **Employer identification number (EIN) and plan number** | EIN: 94-1081436<br>Plan number: 003 |
| **Plan type** | Defined benefit pension plan |
| **Plan year** | November 1–October 31 |
| **Funding medium and type of plan administration** | Third-party administration; funded through trust |
| **Plan trustee, service providers, and/or appeals contact** | Address for claims:<br>HP Retirement Services Center<br>P.O. Box 770003<br>Cincinnati, OH 45277-0070<br>1-800-457-4015<br><br>Address for appeals:<br>Hewlett-Packard Company<br>ERISA Counsel; MS 1050<br>3000 Hanover Street<br>Palo Alto, CA 94304-1112<br><br>Administrative services provider:<br>Fidelity Investments<br>P.O. Box 770003<br>Cincinnati, OH 45277-0065<br>1-800-457-4015<br><br>Trustee:<br>State Street Bank and Trust Company<br>State Street Financial Center<br>One Lincoln Street<br>Boston, MA 02111-2900<br>1-617-786-3000 |
| **Source of contributions under the plan** | Hewlett-Packard Company contributions to trust |

**Agent for service of legal process and limitation period for filing legal action**
The plan's agent for service of legal process is:

Hewlett-Packard Company
c/o CT Corporation System
818 West 7th Street
Los Angeles, CA 90017
1-213-627-8252 or 1-800-888-9207

Notice of legal action also may be served on the Trustee, whose name and address appears in the plan administrative information chart on the previous page.

***Limitation period for filing legal action***
Any legal action for benefits under the HP Cash Account Pension Plan must be brought no later than the later of (a) one year after exhausting the administrative claims and appeals procedure that applies to the plan, and (b) two years from the date that the facts giving rise to the claim occurred.

**Pension Benefit Guaranty Corporation**
Your pension benefits under the HP Cash Account Pension Plan are insured, up to certain limits, by the Pension Benefit Guaranty Corporation (PBGC), a quasi-governmental agency. If the plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people will receive all of the pension benefits they would have received under the plan, but some people may lose certain benefits.

The PBGC guarantee generally does not cover (1) benefits greater than the maximum guaranteed amount set by the law for the year in which the plan terminates; (2) some or all of benefit increases and new benefits based on plan provisions that have been in place for less than five years at the time the plan terminates; (3) benefits that are not vested because you have not worked long enough for the company; (4) benefits for which you have not met all of the requirements at the time the plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

For more information about the PBGC and the benefits it guarantees, ask your plan administrator or contact the PBGC's Technical Assistance Division; 1200 K Street N.W., Suite 930; Washington, D.C. 20005-4026, or call 1-202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 1-202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's Web site on the Internet at www.pbgc.gov.

**Your rights under ERISA**

The HP Cash Account Pension Plan is classified as a retirement plan under the Employee Retirement Income Security Act of 1974, as amended (ERISA). As a plan participant in an ERISA-covered plan, you are entitled to the following rights and protections:

- To examine, without charge, at the plan administrator's office, all documents governing the plan, including a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- To obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including copies of the latest annual report (Form 5500 Series) and updated summary plan descriptions. The plan administrator may make a reasonable charge for the copies.

- To receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

- For retirement plans, to obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and, if so, what your benefits would be at normal retirement age if you stop working under the plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The plan must provide the statement free of charge.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce these rights. For instance, if you request materials from the plan (such as a copy of plan documents or the latest annual report) and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the plan administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the party you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if it finds your claim is frivolous).

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries; Employee Benefits Security Administration; U.S. Department of Labor; 200 Constitution Avenue, N.W.; Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

**If the plan changes or ends**

HP expects to continue CAPP, but reserves the right to amend or terminate the plan at any time. If the plan is terminated, all current HP employees will become fully vested in their accrued benefits. These benefits and benefits of all other participants will be payable only to the extent the trust fund has sufficient assets at the time of the termination. No part of the trust fund will revert to HP, except as permitted by law.

**No right to continued employment**

Nothing in this SPD creates a contract of employment between HP and any individual.

## Appendix A: Benefit differences for employees who left Digital before March 1, 1996

This Appendix summarizes benefit provisions that are different for employees who left Digital before March 1, 1996 under the Digital Equipment Corporation Pension Plan, and were not subsequently rehired by Digital, Compaq, or HP. This information also applies if you are the beneficiary or an alternate payee of an employee who left Digital before March 1, 1996.

The amount of your pension benefit, and the determination of whether or not you were vested in your benefit when you left Digital, depends on the terms of the plan in effect at the time you terminated your employment. **It's important to read this information in combination with the remainder of this SPD to fully understand your benefits.** In particular, be sure to review the information provided under "Benefits resources and phone numbers," "Taxes and your pension," "Naming a beneficiary," and "Other information" to find additional important information about your pension benefits.

### Amount of benefits

Your benefit under the plan is expressed as an annuity (or, monthly payment amount) starting on the first of the month following your $65^{th}$ birthday (the plan's "normal retirement age"). This benefit has been determined based on your pay and service while you worked at Digital, under benefit formulas in effect at the time. The specific formulas that applied to you depend on the date you were hired, as shown in the chart below. Benefits were determined as the highest benefit calculated by comparing results from each of the applicable formulas.

| Hire date with Digital | Digital Pension Plan formulas |
|---|---|
| **On or before July 1, 1979** | • The standard formula<br>• The minimum monthly formula<br>• The grandfathered formula |
| **After July 1, 1979** | • The standard formula<br>• The minimum monthly formula |

A summary of each formula is provided in the table on the following page, followed by examples. Please note that under each of the formulas, "benefit service" was defined as the length of time you had been a member of the Digital Pension Plan. You became a member on the first day of the month coinciding with or following your first anniversary of employment, and you earned one month of benefit service for every full or partial month you were employed while a member. Periods with a previous employer (even if acquired by Digital) were generally excluded.

Depending on your circumstances, other factors may have also been considered in determining your benefit amount (for example, if you left Digital under an early retirement program). All benefits were determined based on plan rules that were in effect at the time you were a member.

- **Benefit formulas**

| Formula | How to calculate benefits |
|---|---|
| **Standard formula** | • Determine your base pay for each Digital fiscal year (July 1 to June 30) of benefit service. Your base pay was your regular salary (plus certain sales incentives after July 1, 1993), not including overtime, shift differentials, or any other form of special payment.<br><br>• Multiply the total of all your fiscal year base pay amounts by 1.5% to get your annual pension benefit. Dividing this number by 12 gives your monthly pension benefit under this formula payable beginning at age 65.<br><br>• Depending on when you left Digital, you may have qualified for benefit enhancements that allowed you to replace all prior year fiscal base pay amounts with a recent five-year average base pay. For example, if you left Digital on or after July 1, 1989, you qualified to replace all fiscal year base pay amounts from 1989 and before with the average of your fiscal year base pay amounts for the years 1985 through 1989. Similarly, if you left Digital on or after July 1, 1995, you qualified to replace all fiscal year base pay amounts from 1995 and before with the average of your fiscal year base pay amounts for the years 1990 through 1995. |
| **Minimum monthly formula** | • Determine your total years and months of benefit service.<br><br>• Multiply the number of full and fractional years by $15 to get your monthly pension benefit under this formula payable beginning at age 65. |
| **Grandfathered formula** (for employees hired on or before July 1, 1979) | • **Step 1:** For years of benefit service before July 2, 1989:<br>— Determine your base pay for each Digital fiscal year (July 1 to June 30) of benefit service. Your base pay was your regular salary, not including overtime, shift differentials, or any other form of special payment.<br>— Determine the eligible base pay amounts in excess of $6,600 for each year, and multiply that amount by 1.9%. Separately, calculate 1% of the first $6,600 of eligible base pay for each year. Add these two amounts together to determine your total annual pension benefit for service before July 2, 1989.<br>• **Step 2:** For years of benefit service on and after July 2, 1989:<br>— Determine your base pay for each Digital fiscal year (July 1 to June 30) of benefit service. For years beginning July 1, 1993 or later, certain sales incentives are also included.<br>— Determine the eligible base pay amounts in excess of $10,000 for each year, and multiply that amount by 1.9%. Separately, calculate 1.35% of the first $10,000 of eligible base pay for each year. Add these two amounts together to determine your total annual pension benefit for service on and after July 2, 1989.<br>• **Step 3:** Add your benefits in Steps 1 and 2 together to determine your total annual pension benefit. Dividing this number by 12 gives your monthly pension benefit under this formula payable beginning at age 65. |

For more information about the formula used to calculate your benefit, contact the HP Retirement Services Center at Fidelity. Also see the examples below.

### *Benefit formula examples*

Here are some examples of how benefits are calculated under each of the plan formulas described in this section:

- **Standard formula example.** The employee in this example was hired on June 29, 1971 and became a member of the plan on July 1, 1972. The example calculates benefits earned as of February 29, 1996.

| | |
|---|---|
| Average base pay July 1, 1990 to June 30, 1995 | $35,662 |
| Total years and months of benefit service (July 1, 1972 to February 29, 1996; 23 years and 8 months) | 23.666667 |
| Annual age 65 pension benefit earned as of February 29, 1996 (average pay times benefit service times 1.5%) | $12,660.01 |
| Monthly age 65 pension benefit earned as of February 29, 1996 (annual pension divided by 12) | $1,055.00 |

- **Minimum monthly formula example.** Here's an example of the minimum monthly formula benefit earned as of February 29, 1996, using the same employee as in the standard formula example:

| | |
|---|---|
| Total years and months of benefit service | 23.666667 |
| Monthly age 65 pension ($15 times years of benefit service) | $355.00 |
| Annual age 65 pension (monthly pension times 12) | $4,260.00 |

- **Grandfathered formula example.** Here's an example of the grandfathered formula benefit earned as of February 29, 1996, using the same employee as in the previous examples:

| Year ending June 30 | Actual base pay | Partial benefit | | Additional benefit | Total benefit per year |
|---|---|---|---|---|---|
| 1996 | $26,700 | ($317.30 | + | $135.00) | $452.30 |
| 1995 | $38,510 | ($541.69 | + | $135.00) | $676.69 |
| 1994 | $37,030 | ($513.57 | + | $135.00) | $648.57 |
| 1993 | $35,610 | ($486.59 | + | $135.00) | $621.59 |
| 1992 | $34,240 | ($460.56 | + | $135.00) | $595.56 |
| 1991 | $32,920 | ($435.48 | + | $135.00) | $570.48 |
| 1990 | $31,060 | ($400.14 | + | $135.00) | $535.14 |
| 1989 | $29,585 | ($436.72 | + | $ 66.00) | $502.72 |
| 1988 | $28,170 | ($409.83 | + | $ 66.00) | $475.83 |
| 1987 | $26,830 | ($384.37 | + | $ 66.00) | $450.37 |
| 1986 | $24,840 | ($346.56 | + | $ 66.00) | $412.56 |
| 1985 | $23,000 | ($311.60 | + | $ 66.00) | $377.60 |
| 1984 | $21,300 | ($279.30 | + | $ 66.00) | $345.30 |
| 1983 | $19,720 | ($249.28 | + | $ 66.00) | $315.28 |
| 1982 | $18,260 | ($221.54 | + | $ 66.00) | $287.54 |
| 1981 | $16,910 | ($195.89 | + | $ 66.00) | $261.89 |
| 1980 | $15,650 | ($171.95 | + | $ 66.00) | $237.95 |
| 1979 | $14,490 | ($149.91 | + | $ 66.00) | $215.91 |
| 1978 | $13,420 | ($129.58 | + | $ 66.00) | $195.58 |
| 1977 | $12,430 | ($110.77 | + | $ 66.00) | $176.77 |
| 1976 | $11,510 | ($ 93.29 | + | $ 66.00) | $159.29 |
| 1975 | $10,650 | ($ 76.95 | + | $ 66.00) | $142.95 |
| 1974 | $9,860 | ($ 61.94 | + | $ 66.00) | $127.94 |
| 1973 | $9,130 | ($ 48.07 | + | $ 66.00) | $114.07 |
| | | | | Annual pension benefit: | $8,899.88 |
| | | | | Monthly pension benefit payable for life at age 65: | $741.66 |

### ***How benefits may be limited***

Benefits under the Digital Pension Plan were subject to certain limits imposed by the Internal Revenue Code, including the amount of compensation that could be taken into account in calculating your benefits and the amount that could be paid as an annual benefit.

If these limits applied to you, you may receive a portion of your benefits under the nonqualified Cash Account Pension Restoration Plan.

### Benefit reductions for early commencement

The amount of your benefit determined under the plan formulas is reduced if you elect to receive it before age 65. This reduction is due to the longer period of time over which payments are expected to be received. The plan reduces annuity benefits based on the following schedule:

| Age benefits begin* | Percentage of age 65 benefit available** |
|---|---|
| 64 | 93.33% |
| 63 | 86.67% |
| 62 | 80.00% |
| 61 | 73.33% |
| 60 | 66.67% |
| 59 | 63.33% |
| 58 | 60.00% |
| 57 | 56.67% |
| 56 | 53.33% |
| 55 | 50.00% |

* Only reductions for whole years are shown. Reductions for fractional years are determined on a prorated basis.

** If you left Digital between December 14, 1995 and February 29, 1996, you also have the option to start receiving benefits before age 55. If you elect to receive benefits as a monthly lifetime annuity starting earlier than age 55, benefits will be reduced on an actuarially equivalent basis. If you elect to receive your benefit as a lump-sum payment instead, the lump sum is similarly reduced at ages before age 65. Please note, however, that lump-sum determinations are based on a variety of factors, including your age, your life expectancy, and applicable interest rates. These interest rates are subject to change each November 1, which, apart from the other factors, may cause lump-sum benefit payments to increase or decrease in size from year to year.

### When benefits are payable

Benefits under CAPP are generally payable when you reach retirement age. If you were vested when you left Digital, you can choose a lifetime annuity payment option starting at any time between ages 55 and 65 (subject to the benefit reductions described above if you start payment before age 65). If you wish to elect the lump-sum payment option instead (subject to your spouse's written consent, if you are married), this option is only available at age 65.

As an exception, if you left Digital between December 14, 1995 and February 29, 1996, or you qualified as a retiree when you left Digital, you can choose a lifetime annuity payment option or the lump-sum payment option (subject to your spouse's written consent, if you are married) at any time.

All payments must commence no later than your "required beginning date," which is the first of the month following your 65$^{th}$ birthday.

### How benefits are paid

CAPP offers a number of payment options for vested benefits. If the lump-sum value of your benefit is more than $5,000, you can select from among the payment options discussed below in "Normal forms of payment" and "Optional forms of payment" (subject to obtaining any required spousal consent, if you are married). However, if your benefit is $5,000 or less, your benefit is only payable in the form of a lump sum.

For information on how to apply for payment of your benefit, see "Applying for benefits" earlier in this SPD.

#### *Normal forms of payment*

If the lump-sum value of your benefit is more than $5,000, there are two normal forms of payment—one for individuals who are single when payments start, and one for married individuals. If you want to receive benefits in a different form than the normal form of payment, you must make an election and obtain any necessary spousal consent.

| Your marital status when payments begin | Normal form of payment for CAPP benefits |
|---|---|
| **Single** | The normal form of benefit payment for single individuals is a single life annuity. A single life annuity pays you a monthly benefit for your lifetime. When you die, all benefits stop.<br><br>The monthly amount of your single life annuity is determined based on the pension formula in effect while you were working, along with your eligible pay and service. Benefit amounts are reduced if you are commencing payment before age 65 (see "Benefit reductions for early commencement" earlier in this Appendix). For more information about the formula used to calculate your benefit, see "Amount of benefits" earlier in this Appendix, or contact the HP Retirement Services Center at Fidelity. |

| Your marital status when payments begin | Normal form of payment for CAPP benefits |
|---|---|
| **Married** | The normal form of benefit payment for married individuals is a joint with 50% survivor income annuity with your spouse as joint annuitant. This annuity pays you a monthly benefit for your lifetime.<br><br>• If you die after payments begin, your surviving spouse receives 50% of your monthly benefit for his or her lifetime.<br><br>• If your spouse dies before you do, you continue to receive the same monthly amount for the remainder of your life. You cannot elect another joint annuitant or change your payment option at that time.<br><br>Because this option includes survivor benefits, your own benefit is reduced during your lifetime from the amount you would receive as a single life annuity.<br><br>The monthly amount of your joint with 50% survivor income annuity is determined based on the pension formula in effect while you were working, along with your eligible pay and service. Benefit amounts are reduced if you are commencing payment before age 65 (see "Benefit reductions for early commencement" earlier in this Appendix). Benefits are also reduced based on the age of your spouse and mortality tables and interest rates used by the plan to calculate benefit amounts under joint with survivor income annuity options. For more information about the formula used to calculate your benefit, see "Amount of benefits" earlier in this Appendix, or contact the HP Retirement Services Center at Fidelity. |

### *Optional forms of payment*

If you do not wish to receive payment of your vested benefits in the "normal" form of a lifetime annuity, you may elect one of the optional forms of payment. If you're married at the time payments begin, you must obtain your spouse's consent (see "Spousal consent requirements" later in this Appendix). The optional payment forms are as follows:

| Payment option | How it works |
|---|---|
| **Single life annuity** | You receive a fixed monthly benefit payable during your lifetime, but no further benefit payments are made to your beneficiary(ies) after your death. This option provides the largest monthly pension amount. |
| **Joint with survivor income annuity** | You receive a reduced monthly benefit for your lifetime. When you die, a percentage of your benefit (50%, 75%, or 100%, depending on your election) is continued for the lifetime of the joint annuitant you selected at the time you claimed your benefit for payment. Because this benefit may continue beyond your lifetime, your monthly payment amount is reduced based on the percentage option you choose and on the ages of you and your joint annuitant.<br><br>You can select the annuity percentage and name anyone as your joint annuitant under this form of payment. However, keep in mind that naming a person a great deal younger than you as a joint annuitant will result in a significant reduction in the amount of your monthly payments. Also, certain restrictions apply to this option if you choose a joint annuitant other than your spouse who is more than 10 years younger than you.<br><br>Under the joint with survivor income annuity option, your choice of joint annuitant cannot be changed at any time after your first monthly payment has been processed. If your joint annuitant dies before you, you are not permitted to name a different joint annuitant or change your payment option at that time, and no further benefits will be payable following your death. |

| Payment option | How it works |
| --- | --- |
| **Lump-sum distribution** | You receive your entire benefit amount as a one-time cash payment. Once you receive a lump sum, no additional pension payments are made to you or your beneficiary in the event of your death. **Please note that if you left Digital before December 14, 1995 and did not qualify as a Digital retiree, the lump-sum distribution option is not available until your 65th birthday.**<br><br>If you choose a lump-sum distribution, you have several choices for how to receive your payment. Your choice will affect the amount of tax you owe, if any. (See "Taxes and your pension" earlier in this SPD for more information.)<br><br>• **Direct rollover.** A direct rollover is a tax-deferred payment of your plan benefits directly to an IRA or another eligible employer retirement plan (for example, another employer's 401(k) plan). The check is made payable to the custodian of your IRA or the trustee of your eligible employer retirement plan and mailed to your address on file. It is your responsibility to send the check to your new plan or IRA to complete the rollover. If you intend to roll over your benefits to a new employer's retirement plan, you should check with your new employer to determine whether the plan accepts rollovers before requesting a distribution.<br><br>• **Direct rollover to your Hewlett-Packard Company 401(k) Plan account.** This tax-deferred payment of your plan benefits is made directly to your HP 401(k) Plan account. This option is only available if you have an existing HP 401(k) Plan balance at the time of payment. The rollover will automatically be handled by the HP Retirement Services Center, and you will not receive a check.<br><br>• **Direct payment to you.** Under this option, the check is made payable to you and mailed to your address on file, with mandatory federal and any state taxes withheld. You may still be eligible to roll over your payment to an IRA or another eligible employer retirement plan (and defer taxes on your payment) if you do so within 60 days of receiving payment. Mandatory tax withholding will still apply, so you will need to make up the amount withheld for taxes, or else you will be subject to tax on any portion of your distribution that you do not roll over.<br><br>• **Partial direct rollover.** This option combines certain of the lump-sum payment options described above. With this option, you elect to have a portion of your lump-sum distribution directly rolled over on a tax-deferred basis, and a portion paid directly to you on a taxable basis. |

### *Spousal consent requirements*

If you are married at the time you claim your benefits and you want to elect a payment form other than a joint and 50% (or greater) survivor annuity with your spouse, federal law requires your spouse to consent in writing to your election. This spousal consent must be notarized and must be given within 180 days of when your benefits are to begin or are to be paid in full. By providing written consent, your spouse waives the right to receive pension benefits after your death.

### *Changing your form of payment*

You may change your form of payment or name a different joint annuitant at any time **before** benefit payments have been processed. Any change is subject to the spousal consent rules described on the previous page.

If your spouse or joint annuitant under a joint with survivor income annuity form of payment dies **before** payments are scheduled to begin, your benefit will be paid as a single life annuity, unless you choose a different form.

No changes to your payment option or joint annuitant can be made after your payment election has been processed.

### *Payment option example*

Let's look at a sample participant to see how your payment options can affect the amount you receive. Assume the participant is starting payment of benefits at age 65 in 2008. The participant's beneficiary is also age 65, and the lump-sum value of the participant's benefit is $50,000 at the time payments begin. The participant's approximate monthly benefit under the Single Life Annuity form of payment is $383. However, the participant can choose to take payments in any of the forms of payment shown below (subject to spousal consent, as applicable):

| Form of payment | Approximate monthly benefit | Approximate monthly benefit to joint annuitant or beneficiary after death |
|---|---|---|
| Single Life Annuity | $383 | $0 |
| Joint With 50% Survivor Income Annuity | $352 | $176 |
| Joint With 75% Survivor Income Annuity | $339 | $254 |
| Joint With 100% Survivor Income Annuity | $327 | $327 |
| Lump-Sum Distribution | $50,000 (one time) | $0 |

These examples are based on mortality tables and interest rates used by the plan, which change from time to time. The interest rate used in the examples is 6%. The examples, including all assumptions regarding interest rates and other factors, are for illustrative purposes only and are not a guarantee of actual benefit values.

### *Considerations when deferring payment*

As described under "When benefits are payable" earlier in this Appendix, you generally are not eligible to begin receiving your benefit until age 55, and you must wait until age 65 if you would like to request a lump-sum distribution. The only exceptions are if you left Digital between December 14, 1995 and February 29, 1996, or if you qualified as a retiree when you left Digital (in these cases, you can begin payment at any time, including the lump-sum distribution option). Here are some important points to keep in mind as you consider whether to defer payment beyond your earliest available starting date:

- If you elect to receive benefits as a lifetime annuity payment, the amount you receive each month will depend on your age. You will generally receive a larger monthly benefit if payment starts when you are older (because you will be receiving payments over a shorter time frame). For more information, see "Benefit reductions for early commencement" earlier in this Appendix.

- If you elect to receive benefits as a lump-sum distribution instead, the size of your distribution will depend on several factors, including your age. In general, you will receive a larger payment if you wait until you are older. However, the amount of your distribution is also affected by interest rates and life expectancy factors. Interest rates and life expectancy factors may change each year, effective November 1.

- If you defer payment and die before you begin receiving your benefits, benefits are forfeited unless you are married at the time of your death. If you are married, your spouse will receive 50% of the value of your benefit calculated as of the day before your death. As an exception, if you left Digital between December 14, 1995 and February 29, 1996, your beneficiary will receive the entire vested value of your benefit, even if you are not married. For more information, see "How certain life events affect your benefits" later in this Appendix.

**Consider the tax implications**

The decision you make about *how* to receive benefits will have significant tax implications. You are advised to consult a tax expert before you make a decision about how to take payment of your CAPP benefit. Also be sure to review the "Special Tax Notice Regarding Plan Payments" and "Participant Distribution Notice" for more detailed information about tax consequences. These notices are available on Fidelity NetBenefits at www.netbenefits.com and from the HP Retirement Services Center at Fidelity.

For additional information, see "Taxes and your pension" earlier in this SPD.

### How certain life events affect your benefits

If you get married, have a baby, or otherwise experience a major life event, you should know how your CAPP benefits may be affected. The chart below describes what happens to your benefits when you experience certain life events.

| Life event | How benefits are affected |
|---|---|
| **You get married** | If you have not commenced payment of your benefit, a lifetime annuity benefit becomes available to your new spouse in the event you die before payments start. Your future choice of payment options will also be subject to your spouse's written, notarized consent, unless you elect a joint with survivor income monthly payment option, naming your spouse as beneficiary (joint annuitant).<br><br>If you have already commenced payment of your benefits, benefits are unaffected, and any beneficiary (joint annuitant) designation you made under a joint with survivor income option cannot be changed.<br><br>**Important exception:** If you left Digital between December 14, 1995 and February 29, 1996, benefits are affected in the same manner as employees who terminated employment on or after March 1, 1996. See "How certain life events affect your benefits" earlier in this SPD for details. |
| **You establish a new domestic partnership** | There is generally no impact on your benefits. If you have already commenced payment of your benefits, any beneficiary (joint annuitant) designation you made under a joint with survivor income option cannot be changed.<br><br>If you left Digital between December 14, 1995 and February 29, 1996, and have not yet commenced payment of your benefit, you may want to re-evaluate your beneficiary designations. You can designate or change beneficiaries by logging on to Fidelity NetBenefits at www.netbenefits.com. For more information, see the "Naming a beneficiary" section of this SPD. |
| **You give birth or adopt a child** | There is generally no impact on your benefits. However, if you left Digital between December 14, 1995 and February 29, 1996, and have not yet commenced payment of your benefit, you may want to re-evaluate your beneficiary designations. You can designate or change beneficiaries by logging on to Fidelity NetBenefits at www.netbenefits.com. For more information, see the "Naming a beneficiary" section of this SPD. |

| Life event | How benefits are affected |
|---|---|
| **You get divorced** | If you have not commenced payment of your benefit, you are no longer eligible for survivor benefits to be paid in the event you die before starting payments. The plan must honor properly issued Qualified Domestic Relations Orders (QDROs) assigning a portion of your benefit to your former spouse. Your future payment choices will not be subject to your former spouse's consent.<br><br>If you have already commenced payment of your benefits, any beneficiary (joint annuitant) designation you made under a joint with survivor income option cannot be changed.<br><br>**Important exception:** If you left Digital between December 14, 1995 and February 29, 1996, benefits are affected in the same manner as employees who terminated employment on or after March 1, 1996. See "How certain life events affect your benefits" earlier in this SPD for details. |
| **You became disabled while employed at Digital** | If you became disabled before terminating employment, you stopped earning additional benefits at the time your employment was terminated. |
| **You are rehired by HP** | Employees who return to work on or after January 1, 2006 are not eligible to participate in CAPP, because the plan is closed to new participants. If you have vested benefits from a prior period of service that have not been paid from CAPP, these benefits will not be payable until you subsequently terminate employment. If you have benefits from a prior period of employment that were not vested, you will continue to earn vesting service unless your prior benefits have been permanently forfeited (benefits are permanently forfeited if they were not vested and you were gone for more than five years).<br><br>Benefits from CAPP cannot be paid to you while you are actively at work. However, if you are currently receiving benefits in the form of a monthly annuity payment, these payments will continue.<br><br>For more information, see "If you leave HP and are rehired" earlier in this SPD, and "How benefits are paid" earlier in this Appendix. |

| Life event | How benefits are affected |
| --- | --- |
| **You die after leaving Digital** | If you have not commenced payment of your benefits, vested benefits are payable only to a surviving spouse (if you are married at the time of your death) as a lifetime annuity equal to half the vested benefit amount you would have received had you elected a 50% joint with survivor income benefit starting at the time of your death. Benefits are payable to your spouse in the form of monthly lifetime payments or can be elected as a single lump sum. (**Note:** Lump sums are only available when you would have reached age 65, unless you qualified as a retiree when you terminated employment.)<br><br>If you are not married at the time of your death, benefits are forfeited and no benefits are payable under the plan to you or your estate.<br><br>If you have already commenced payment of your benefits, no further benefits are payable other than as may be available to your beneficiary under a joint with survivor income payment option.<br><br>**Important exception:** If you left Digital between December 14, 1995 and February 29, 1996, benefits are affected in the same manner as employees who terminated employment on or after March 1, 1996. See "How certain life events affect your benefits" earlier in this SPD for details. |
| **Your spouse dies after you leave Digital** | If you have not commenced payment of your benefit, you are no longer eligible for survivor benefits to be paid in the event you die before starting payments.<br><br>If you have already commenced payment of your benefit, your payments are unaffected. If you are receiving payment under a joint with survivor income option naming your spouse as joint annuitant, your joint annuitant designation cannot be changed.<br><br>**Important exception:** If you left Digital between December 14, 1995 and February 29, 1996, benefits are affected in the same manner as employees who terminated employment on or after March 1, 1996. See "How certain life events affect your benefits" earlier in this SPD for details. |