

For Immediate Release
Tuesday, March 13, 2007

Contacts: Cheryl Kelly (AFSCME), 202-429-1145
Robyn Belek (State of CT), 860-702-3013
Sara Lang (NC Pension), 919-807-3132

Public Funds Call for Support of Landmark Shareholder Access to the Proxy at Hewlett-Packard

Washington, D.C. — A group of the nation's largest public pension funds today called on shareholders to support a landmark proposal at Hewlett-Packard's ("HP") annual shareholder meeting on March 14, in Santa Clara, Calif., seeking access to the proxy allowing shareholder-nominated candidates to run for seats on HP's board of directors.

The AFSCME Employees Pension Plan, the New York State Common Retirement Fund, the Connecticut Retirement Plans and Trust Funds and the North Carolina Retirement Systems filed the proposal. These pension funds, which are concerned with the HP board's handling of an investigation into an information leak and its potential negative impact on shareholder value, collectively own more than 17 million HP shares with a market value of \$700 million. The HP proposal is the first proxy access to ever come before shareholders for a vote.

If passed, the proposal would amend the company's by-laws to allow shareholders future access to Hewlett-Packard's proxy materials to nominate individuals to the company's board of directors. The new by-laws would require Hewlett-Packard to include the names and other information on one to two candidates nominated by shareholders who own 3 percent or more of the company's stock for at least two years.

Currently, shareholders are shut out of the system of nominating directors. Only candidates that are nominated by an incumbent board of directors are included on the proxy. If shareholders want to nominate a candidate, companies are not required to mention the nominee or to include that candidate's name on the ballot. Shareholders seeking to elect their own nominees must bear the significant expense of printing, distributing and collecting their own ballots, and other information. Corporate boards are free to spend unlimited funds to defeat such initiatives.

The effect of the possibility of shareholder nominations would increase the incentives for directors and nominating committees to instead focus on shareholder value. With a system of access in place, the possibility of shareholder nominations would play a beneficial role in assuring improved board accountability for better corporate governance and enhanced shareholder value.

"Hewlett-Packard deserves to be the first company in U.S. history to face a binding proxy access proposal because of its board's dysfunction so evident from the Compaq merger, Carly Fiorina's troubled tenure, and now the pre-texting scandal," said AFSCME President Gerald W. McEntee.

“The March 14 vote is nothing short of a shareholder referendum on failed boards,” said Connecticut State Treasurer Denise L. Nappier. “This proposal, if adopted, will give shareholders the necessary tools to seek direct representation on corporate boards where appropriate, like at HP. As an investor in HP, I only hope that HP takes the vote seriously and is responsive to shareholders.”

“This proposal is a major step forward for shareholders across the country and for corporate governance,” said North Carolina State Treasurer Richard Moore. “Shareholders – the owners of Hewlett-Packard – have the opportunity to improve the board, which has been riddled with scandal. Simultaneously, they can send an important message to all shareholders: ‘You have access to the companies you own.’”

Hewlett-Packard’s board has exemplified dysfunction, from the controversial merger with Compaq, widely reported board divisions resulting in the resignation of Walter Hewlett, excessive CEO pay unrelated to performance and large severance payout to Carly Fiorina, noted leaks to the press, the \$20 - million “golden hello” given to Mark Hurd, and now the aftermath of the pre-texting scandal. Current Chairman and CEO Hurd had knowledge of the leak investigation being conducted by former HP Chairman Patricia Dunn, and an option exercise made by Hurd days before the pre-texting scandal became public is reportedly being reviewed by the SEC’s Enforcement Division.

#