



2015 Trustees' Report to Members

Hewlett-Packard Limited Retirement Benefits Plan

HEWLETT PACKARD SECTION

Welcome to the Trustees' Report on the Hewlett-Packard (HP) Section of the Hewlett-Packard Limited Retirement Benefits Plan ('the Plan').

This newsletter is prepared by the Trustees of the Plan and the aim is to provide you with relevant information about how the Plan is run and to keep you updated on matters relating to it.

As Trustees of the Plan we have responsibility for the stewardship of its assets. We are caretakers of the Plan, which Hewlett-Packard Limited ('the Company') has entrusted to us, in order to pay out members' benefits in line with the law and the Plan's Trust Deed and Rules. Stewardship in this context means working towards a financially stronger and safer Plan in order to ensure that it can meet its commitment to pay benefits as they fall due.

The main event of 2014 was the announcement by Hewlett-Packard to separate into two independent publicly-traded companies. The separation is expected to be completed by the end of October 2015 and we have engaged in discussions with the Company to make sure that the proposed split does not materially prejudice the security of members' benefits. We are working with our advisers and with the Company and will update the members' website when further information becomes available.

The Company recently paid the 2014/15 contribution of £119.4m into the Plan and as a result the funding level has increased.

The Government has announced that it is changing the rules on how people can access their retirement savings. Although it mainly affects people with 'defined contribution' benefits, it does have implications for active and deferred members of defined benefit pension funds – like the HP Plan. Active and deferred members can now consider accessing some of the new flexibilities announced by the Government. We have included information with this report to explain these options, but we strongly suggest you consult an independent financial adviser in relation to these flexibilities.

This report includes an investment report and it is pleasing to note that once again the returns for the fund have exceeded the target over the one year, three year and five year periods.

Finally, I would like to draw your attention to the articles on the Notice Board (pages 6 & 7) which include topics you may find of interest including information on Additional Voluntary Contributions (AVCs), factor changes, pension scams and Data Protection.

We hope you find this Report interesting and useful.

For and on behalf of the Trustees of the Plan

Jonathan Lord
Chairman of the Trustees

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Moving online

As part of our communications strategy the Trustees would like to increase the use of electronic communications to members through more use of email and the member website where appropriate. The website provides members of the Plan with access to information and key documents about their pension.

It has recently been updated to provide:

- more information on how the Plan is managed and run
- information on how pensions are calculated at retirement
- a summary of the current benefit structure
- a section on Frequently Asked Questions (FAQs)
- a section on Additional Voluntary Contributions (AVCs)
- My Pension Online includes a modelling tool to enable non-pensioner members to run some calculations and estimate what their benefits might be at certain dates.
- Online access to payslips and P60s for pensioners

Members can visit the website via <http://hp.xpmemberservices.com>

We believe that the updated website is now a much more useful tool for members and will provide the answer to most of your questions. However, if there are topics that members need to raise with the Plan Administrators you can contact them at hp2@Equiniti.com or call the pensions helpline **01293 604844**.

Personal Retirement Planning

Active members receive benefit statements from the Plan annually and are able to use online modelling tools. Deferred members are able to perform their own pension calculations via the website. We hope that these facilities are useful and enable you to assess what proportion of your total retirement income will be provided by the Plan.

Members have differing periods of service in the Plan; those with relatively short service in particular will need to consider all sources of retirement income and decide how any potential shortfall can be made up. The general rule is that the sooner you start saving the better.

The members' website includes a section on AVCs, which active members are eligible to pay in order to top up their retirement funds. Both active and deferred members need to periodically review how their AVCs are invested and consider when changes need to be made to better reflect their circumstances and risk preferences.

For active and deferred members a separate communication is included with the Report which contains information on the new flexibilities at retirement which have been announced by the Government.

Member records

Expression of Wish forms

To ensure that no Inheritance Tax liability arises, the Trustees use their discretion to decide which of members' relatives, dependants or beneficiaries should receive any lump sum benefit payable at the time of death. When the Trustees are making their decision, they will take into account the nominations stated on members Expression of Wish form. It is therefore important that members keep this form up to date. Please complete a new form if personal circumstances change.

An Expression of Wish form can be downloaded from the web site. Once completed, it should be returned to the Administrators, Equiniti Paymaster.

Important personal information

It is important that the Plan Administrators have a record of your most up to date contact details which includes:

- Your current home address
- Your email address
- An Expression of Wish form, which reflects your preferred beneficiaries in the event of your death.

Keeping in touch by email

We know that many of our members find email and web based communications more efficient and convenient and so we will move to new methods of communication in line with our members' needs. We intend to use email to keep in touch with members in the future where members are happy to receive email communications and can access them easily. Hard copies of communications, but not payslips, will still be available to members who would like them.

This will be the last time a hard copy version of the Trustees' Report will be issued to members unless hard copies are specifically requested in writing. In future an email will be sent to members which will include a link to the relevant documents which have been added to the member website. If you do not have an email address or you wish to continue to receive hard copies of Plan documents please write to Equiniti Paymaster, the Plan Administrators. Contact details for Equiniti Paymaster can be found on page 8.

We already hold email addresses for active members, the majority of our pensioners and some deferred members. If you have not already advised us of your email address, please let us know by contacting the Administrators.

Emailupdate@equiniti.com

A separate letter explaining how to notify the Administrators of your email address, or to request hard copy documents is enclosed with this Report.

Who looks after the Plan?

The Trustee Board

As Trustees we have a number of responsibilities. The main ones are to make sure that:

- the right benefits are paid on time to the right people
- the right amount of money is paid into the Plan
- the assets of the Plan and contributions received are properly invested.

Additionally, we make sure that the Plan follows all the complex rules and regulations which govern pensions. In order to carry out our role successfully we hold regular meetings of the full Trustee Board, attend training courses and receive help and assistance from our professional advisers. The Trustees also appoint appropriate sub-committees which meet regularly.

The full Trustee Board met four times during the year to review the ongoing management of the Plan.

The Trustees of the Plan



Standing: Philip Lawman, Gill Manning, Keith Norrington, Mike Jackson, Paul Early. Seated: Andrew Dodd, Jonathan Lord, Philippa Oram.

Company Appointed

*Jonathan Lord – Chairman and Independent Trustee
Andrew Dodd
Gill Manning
Keith Norrington
Philippa Oram*

Member Nominated

*Paul Early
Mike Jackson
Philip Lawman*

Changes to the Trustee Board

There have not been any changes to the Trustee Board since our last Report. The next Member Nominated Trustee selection process will take place in 2016.

Sub-committees

The full Trustee Board is responsible for making all strategic decisions but, to help it operate effectively, it has five major sub-committees which meet regularly. The sub-committees have certain delegated duties and for significant decisions, they act as advisory bodies, making recommendations to the full Trustee Board.

There has been some change in the sub-committee membership. Gill Manning replaced Jonathan Lord as Chair of the Investment Committee in June 2014 and a new sub-committee was created to deal with matters relating to the Plan audit. The Audit Sub-committee meets as required and is responsible for the relationship with the Plan auditors, KPMG. The introduction of the new Statement of Recommended Practice (SORP) will place additional reporting requirements on pension schemes and the Audit sub-committee will help to oversee this process.

The table below provides information of the current membership of each sub-committee. The Chair of each Sub-committee is denoted by an asterisk *

Trustees	Investment	Operations	Funding	Covenant	De-risking	Audit
A Dodd		✓*	✓			✓
P Early		✓				
M Jackson	✓					
P Lawman		✓	✓			✓
J Lord	✓		✓*	✓*	✓	✓*
G Manning	✓*		✓	✓	✓*	✓
K Norrington	✓				✓	
P Oram		✓	✓	✓		

Financial Review

Here we summarise the key information from the Trustees' Annual Report and Accounts, which covers the 12 month period from 1 November 2013 to 31 October 2014.

The Trustees' Annual Report and Accounts has been subject to independent audit and received an unqualified opinion that they represented a true and fair view of the Plan's affairs.

Value of the Plan

The figures below are a summary of the Fund Account and Net Assets Statement.

	Plan year 2013	Plan year 2014
Value of Plan at start	£846.26m	£979.73m
Income	+ £51.11m	+ £32.73m
Outgoings	- £27.12m	- £33.48m
Change in the value of investments	+ £109.48m	+ £119.34m
Value of Plan at end	£979.73m	£1,098.32m

Want to know more?

If you would like more information, this can be found in the full Trustees' Annual Report and Accounts which is available on the Plan's website, or you can request a copy by emailing: hpplantrustees@insidependencies.com

Income analysis:

- During 2014 the Plan's income included £2.99m in regular Company contributions and £650,000 through the active members' salary sacrifice arrangement. The Company also paid £20.1m to help towards the deficit reduction and to cover the Plan's expenses
- The Plan also received £6.9m income from its investments
- The remaining income was received from transfers-in and other sources

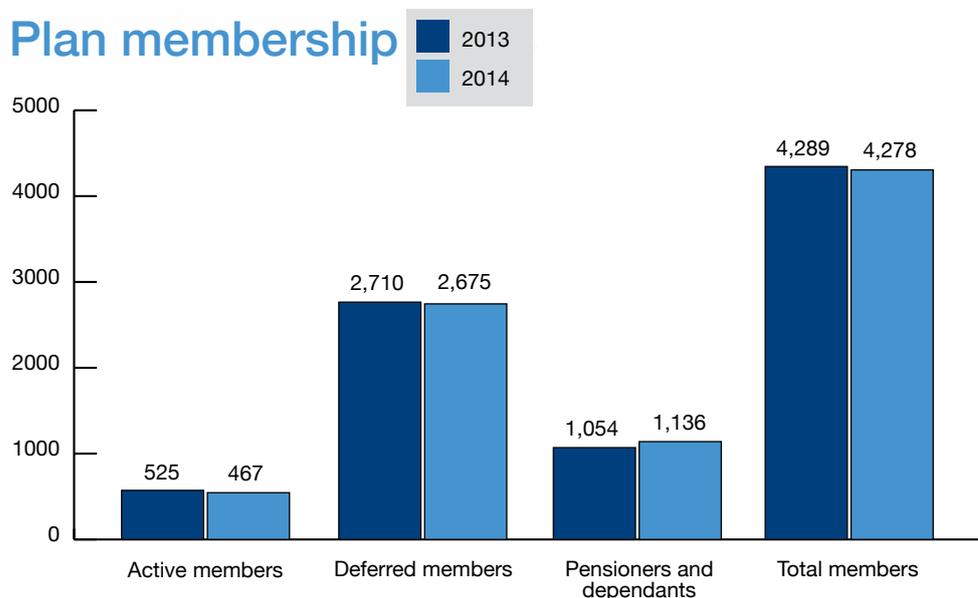
Expenditure analysis:

- The Plan's expenditure included £23.44m in benefits payable to members and £5.18m in transfers on behalf of members leaving the Plan
- The remaining expenditure was made up of administration fees, fees to advisers, and a Pension Protection Fund levy.

Actuarial Valuation

Details of the actuarial position of the Plan can be found in the Summary Funding Statement.

Plan membership



Membership types

Active members

Members who are employed by the Company and pay contributions into the Plan.

Deferred members

Members who no longer contribute to the Plan. Their benefits are held in the Plan until the earlier of their retirement, their death (when dependent pensions may become payable), or if they choose to transfer out.

Pensioner

Members who have retired and are collecting their Plan pension.

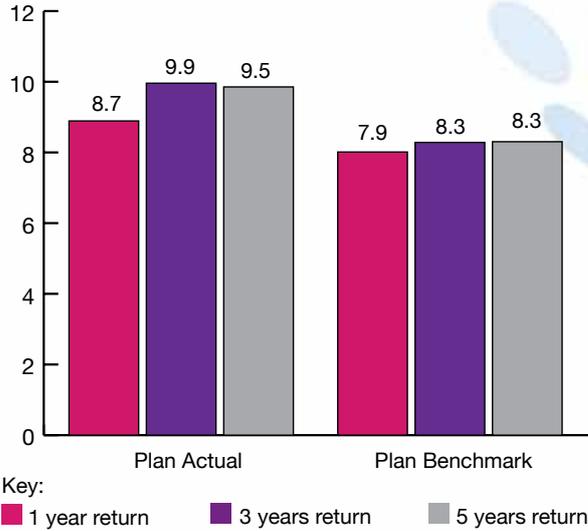
Dependants

Widows, widowers, partners, children and dependants of deceased members.

Investment report

Investment performance

The chart below shows the investment performance for the 1, 3 and 5 year periods to 31 October 2014. Over the one period from 1 November 2013 to 31 October 2014, the HP Section returned 8.7% and the benchmark was 7.9%, giving an outperformance of 0.8% (net of fees). The investment returns also exceeded benchmark over 3 and 5 years.



What is the Benchmark?

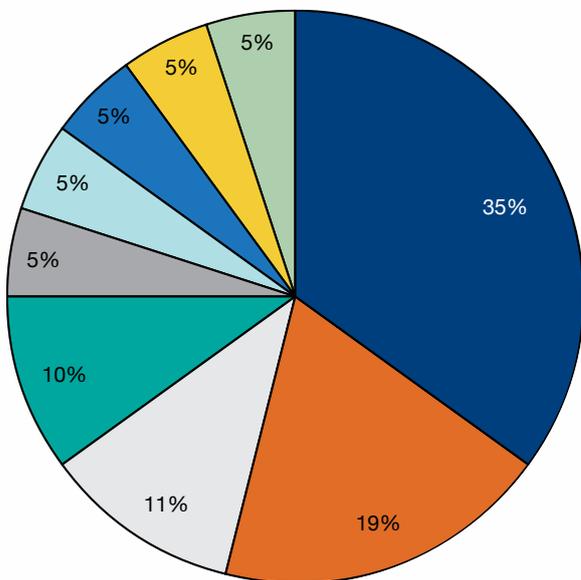
The measure against which fund performance is judged. For example, we might measure the performance of a fund by comparing it with the total returns of the top 100 leading company shares as measured by the FTSE100 index.

Where are the funds invested?

The Trustees and the Trustee Investment Sub-Committee (TISC) must balance the need to maintain the security of members' benefits with the aim of achieving the investment returns on the assets of the Plan, within an agreed level of risk. We therefore work with our investment advisers to agree which asset types are likely to generate the appropriate returns. The Trustees review the Plan's investments regularly with their investment advisers and managers and continue to take a long term view, bearing in mind that payments from the Plan to members will continue for a long time into the future.

The Plan's Investment (%)

At 31 October 2014 the HP Section's funds were invested in the asset classes indicated in the chart below.



Description of each asset class

UK Equity	Shares in public companies traded on the UK stock market.
International Equity	Shares in public companies traded on other stock markets around the world.
Non-Government Fixed Interest Bonds	Investments issued by companies who wish to borrow money and in return promise to pay interest and eventually repay the face value of the loan on a specified date in the future.
Fund of Hedge funds	A fund of funds investment holds a portfolio of other investment funds rather than investing directly in shares, bonds or other securities. A fund of hedge funds invests in a portfolio of different hedge funds to provide broad exposure to the hedge fund industry and to diversify the risks associated with a single hedge fund.
Property	This is an investment in a range of commercial property (e.g. shopping centres). There is generally little, if any, exposure to residential property.
Liability driven investments	A form of investing in which the main goal is to match the asset proceeds to the payments that will need to be made to members, both current and future. As a result, the performance of the investments and therefore the value of the investments are more closely matched to the movements in the expected cost of paying the pensions than other asset classes.
Emerging Market Debt	Emerging Market Debt is a term used to encompass bonds issued by less developed countries.
Global Aggregate Bonds	Bonds issued by overseas governments and companies.
Multi Asset Credit	Investment across a broad credit spectrum, including high yield debt, secured loans and a range of other credit instruments.

Notice Board

Additional Voluntary Contributions (AVCs)

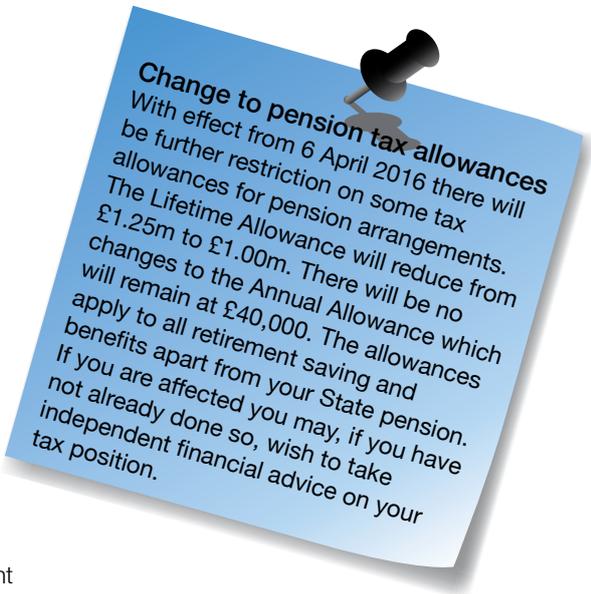
Many members are already paying, or have paid AVCs while they were active members in the Plan. There are number of updates regarding AVCs which may affect you.

Equitable Life

If you are paying, or have paid AVCs to Equitable Life, you should have received a letter from them outlining a number of important developments regarding your policy.

In summary these changes are:

- From April 2015 you will have much greater flexibility in choosing what to do with your Equitable Life savings. If you are over 55, you will be able to take all of your retirement savings as cash, with 25% normally being tax free.
- Equitable Life propose to transfer their unit-linked business back from Halifax Life Limited. From then on Equitable Life will be entirely responsible for managing their unit-linked business.
- The Equitable Members Action Group (EMAG) is campaigning for additional Government compensation and more information can be found on the EMAG website.



Change to pension tax allowances
With effect from 6 April 2016 there will be further restriction on some tax allowances for pension arrangements. The Lifetime Allowance will reduce from £1.25m to £1.00m. There will be no changes to the Annual Allowance which will remain at £40,000. The allowances apply to all retirement saving and benefits apart from your State pension. If you are affected you may, if you have not already done so, wish to take independent financial advice on your tax position.

AVC transfer from Clerical Medical to Legal & General

Due to major changes in the investment landscape over the last few years, the Trustees decided to undertake a detailed strategic review of the investment options for members paying AVCs. With the help of their professional advisers the Trustees undertook the review and agreed that members' AVC funds invested with Clerical Medical should be moved to Legal & General. Members with Clerical Medical AVCs were notified of the transfer at the beginning of December 2014 and the actual transfer took place in mid-February 2015.

Paying AVCs

If you are currently employed by HP and would like to pay AVCs into the Plan they are available with Legal & General. Information on what is involved can be found on the HP member website: hp.xpmemberservices.com. An AVC Application form can be found on the Forms section for Active members on the website.

If you would like information on the fund choices available for members of the Plan, Investment Choices Factsheets can be found on the Legal & General section of the website.

Watch out for pension scams

Last year's Trustees' report warned active and deferred members of the Plan to watch out for rogue companies that are targeting pension savers. These rogue companies operate by offering to help members release money from their pension funds before they are legally able to (i.e., before age 55). These companies may either promise you tax-free cash or offer you a loan based on your pension fund. The practice, also known as 'pensions liberation', can be illegal and, if something goes wrong, you may be liable for a tax charge and there is no guarantee you will get your money back. If the offer made to you by a pensions company appears too good to be true, it probably is. You can find out more on this website: <http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx>

Data Protection

The Trustees, the Company and some of the Plan's professional advisers are 'Data Controllers' of the Plan for the purposes of the UK Data Protection Act 1998. They hold and process personal data relating to you and your dependants (such as date of birth and salary) to help them administer the Plan. The use of this data is regulated under the Data Protection Act, which places certain responsibilities on the Data Controllers.

The Trustees may disclose personal information about you and your dependants to professional advisors (such as the Scheme Actuary), service providers, administrators (i.e. Equiniti Paymaster), Hewlett-Packard Limited (as the sponsoring employer of the Plan) and its advisors and members of its group of companies, and insurance companies as may be necessary or desirable to administer the Plan. This may require the personal information to be sent to, and stored or processed in, a country outside of the European Economic Area. Where the country to which the personal information is transferred may not offer an equivalent level of protection for personal information to the laws in the UK, we will take reasonable steps to ensure that the personal information is treated securely by the parties described above in accordance with the Data Protection Act. If you have any queries on data protection, please contact the Plan Secretary.

Changes in actuarial factors - Please read this if you are an active or deferred member

If you have already retired, you do not need to read this section as it is not relevant to you. However, if you are yet to retire, we would like to remind you that you have various options open to you. Such options include:

- Transferring the value of your benefit in the Plan, known as a Cash Equivalent Transfer Value, to another pension arrangement
- Retiring early before your Normal Pension Date, although you must be at least 55 before you can retire early if you are not retiring early due to ill-health
- Delaying retirement until after your Normal Pension Date, commonly known as late retirement, although you must retire by your 75th birthday
- Converting some of your pension at retirement to a tax free lump sum, commonly known as commutation

Some of these options are automatically available, whereas some are only made available if the Trustees and/or Hewlett-Packard agree. Further details of all the options available to you are set out in the Rules.

The actuarial factors used to calculate the benefits available to you under the various options are reviewed at appropriate intervals. The reviews consider changes to financial markets and changes in life expectancy; actuarial factors are therefore subject to change from time to time. Recently, commutation factors were updated with the changes increasing the amount of lump sum received for each pound of pension exchanged for a tax free lump sum. These changes were beneficial to members, however this may not always be the case.

The fact that actuarial factors may change from time to time is important to know if you receive a statement from the administrators with details of options available to you. If you decide not to take up the option based on the actuarial factors in force at that time, different actuarial factors may be in use by the next time you receive a statement.

Upcoming changes to late retirement factors

As part of a recent review, the Trustees were advised by the Scheme Actuary that the late retirement factors needed to be updated. It has therefore been agreed that the late retirement factors will be updated later this year, resulting in a lower initial pension for most members retiring after their Normal Pension Date. However, the actuarial factors will not change before 1 November 2015 at the earliest. If you are thinking of late retirement in the coming months you may wish to request details of how the changes are likely to affect you.

Options available to you

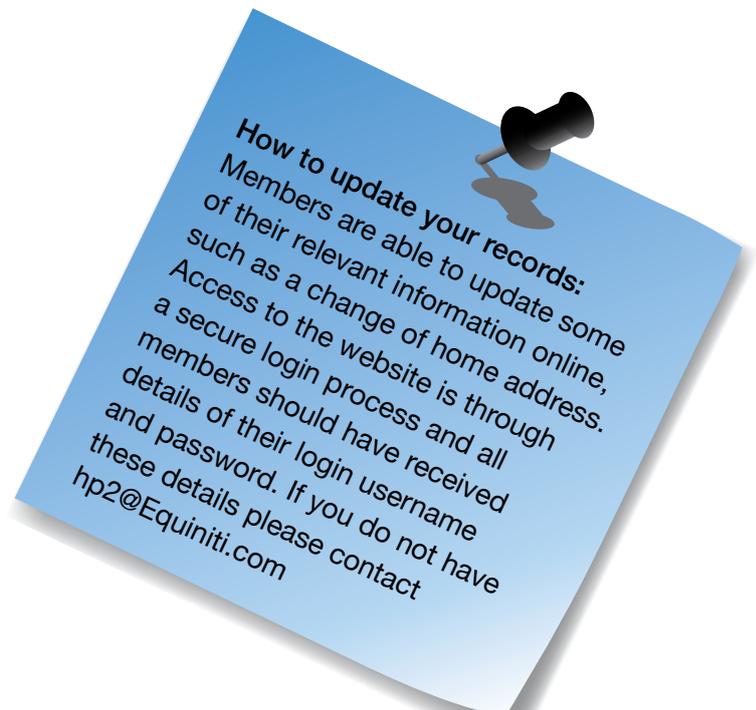
Everyone's circumstances are different and by law, the Trustees cannot give you advice about your pension arrangements. If you are considering the options available to you, you may want to obtain independent financial advice. The Money Advice Service has useful information about finding financial advice. You can visit their website at www.moneyadviceservice.org.uk or phone their consumer helpline on 0300 500 5000.

Changes for those reaching State Pension Age (SPA) after 5 April 2016

With effect from 6 April 2016, the State Pension system is changing. Those people who reach State Pension Age (SPA) from 6 April 2016 onwards will receive their State Pension under a new State Pension system. For information, please go to <https://www.gov.uk/state-pension-statement>.

The State currently "tops up" the increases pension schemes provide to Guaranteed Minimum Pensions (GMPs) in payment to full CPI inflation through the additional state pension. Individuals with GMPs who reach state pension age from 6 April 2016 will no longer receive these state-funded increases on GMPs.

This issue relates to State Pension payments and, therefore, falls outside the Trustee's control.



Plan information

Advisers and Investment Managers

The Plan Trustees have appointed the following advisers and investment managers to assist them in carrying out their duties and responsibilities:

Plan Actuary	David Eteen FIA, Aon Hewitt Limited
Administrator	Equiniti Paymaster
Independent Auditors	KPMG LLP
Banker	Lloyds Bank Plc.
Solicitor	Linklaters LLP
Plan Secretary	Inside Pensions Limited
Investment Managers	Legal and General Investment Management CQS PIMCo Europe Limited Wellington Management International Limited Morgan Stanley Investment Management Limited Threadneedle Asset Management Lothbury Investment Management Mesirow Financial Product Group Stone Harbor Investment Partners LP Shoreline Investment Management Company Insight Investment Management (Global) Limited State Street Associates UBS Global Asset Management
Investment Advisers	Mercer Limited
AVC providers	Equitable Life Assurance Society Legal & General Assurance Society Limited Clerical Medical Investment Group Limited MGM Assurance Standard Life Assurance Limited
Custodian	State Street Bank Europe Limited
Covenant Review Adviser	Lincoln International Pensions Advisory Limited

General information

General information and announcements can be accessed through the member website. Current HP employees can access this information via the pensions section of the HP portal. Equiniti Paymaster, the Plan Administrator, can provide member specific information and benefit quotations (for retirement at different ages). You can contact the Plan Administrators by telephone or in writing to update your records. The contact details are shown below:

Contact Details

Administrators



Email:
hp2@Equiniti.com



Call the pensions helpline on:
01293 604844



Write to:
The Administrators of the Hewlett-Packard
Limited Retirement Benefits Plan
Equiniti Paymaster
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

Visit the member website at:
<http://hp.xpmemberservices.com>

Trustees



Email:
hpplantrustees@insidepensions.com



Telephone:
01727 733150



Write to:
Lynn Wilkinson, Secretary to the Trustees
Hewlett-Packard Limited Retirement Benefits Plan
Inside Pensions, 3rd Floor, 54-56 Victoria Street
St Albans, AL1 3HZ

HP HR

For members who have left HP the following website provides information to allow ex-employees to stay connected with HPHR. Visit the member website at:
<http://www.hp.com/go/UKandI-HRSupport>

Tell us what you think

Please let us have any feedback about the Report by emailing us at hpplantrustees@insidepensions.com so that we can make sure that it continues to be helpful and informative. If there is a particular topic you are interested in, we would be very happy to hear from you.