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HEWLETT PACKARD CO
Form 425
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Subject Company: Compaq Computer Corporation
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This filing relates to a planned merger (the "Merger") between Hewlett-Packard Company ("HP") and Compaq Computer Corporation ("Compaq") pursuant to the terms of an Agreement and Plan of Reorganization, dated as of September 4, 2001 (the "Merger Agreement"), by and among HP, Heloise Merger Corporation and Compaq. The Merger Agreement is on file with the Securities and Exchange Commission as an exhibit to the Current Report on Form 8-K, as amended, filed by Hewlett-Packard Company on September 4, 2001, and is incorporated by reference into this filing.

The following is a message to HP employees from Carleton S. Fiorina, HP's Chairman of the Board and Chief Executive Officer. This message is posted on HP's internal web site.

SECURING THE FUTURE

CARLY TELLS EMPLOYEES HP HAS NO INTENTION OF GIVING UP ON COMPAQ MERGER.

I'm sure you are aware that the Packard Foundation, which holds about 10.4 percent of HP's shares outstanding, announced a preliminary decision last week to vote its shares against our proposed issuance of shares in connection with a merger with Compaq. While this was a disappointment, it does not lessen our desire as a company to proceed full speed ahead with the merger.

Our board of directors and our management team believe it is our responsibility to protect and secure this company's future. In our thinking, the best way to do this is to build healthy, sustainable businesses that lead the changes in our industry -- rather than sitting back and allowing ourselves to be shaped by these changes. Achieving this goal requires bold actions, and the merger with Compaq is a bold action that is fully consistent with our Internet-driven strategy -- in fact, if successful, it would significantly accelerate our strategy.

While we respect the interests of the family foundations, a high-tech company competing in a rapidly changing market has different requirements. In addition to taking a long-term approach, it is also our responsibility to represent the interests of all of our shareowners -- many of whom judge us on market leadership, value creation and continued growth.

Despite the decision by the Packard Foundation and the earlier actions by Walter Hewlett and David Woodley Packard, we intend to stay the course and pursue a successful shareowner vote. The family foundations, trusts and their individual holdings account for only about 18 percent of the shares outstanding. We only need a simple majority of shares voted for the deal to be approved by our shareowners -- which include holdings by many large institutional firms --and we believe this is achievable. This is a long process and we are only in the early stages.

I realize that these recent events can be unsettling and distracting for all of us, and I expect the storm to intensify over the weeks and months ahead. Still,

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the most positive action each of us can take is to do everything we can to deliver a solid performance for the first quarter of FY02. Delivering consistent results will silence some of our critics while we redouble our efforts to communicate the benefits of the merger to our shareowners and to you.

I personally appreciate your support during a difficult -- but often exhilarating -- time in the history of Hewlett-Packard. No one ever achieved greatness by giving up when the critics on the sidelines voice their concerns. Rest assured that we do not intend to give up, and we will continue our efforts to return this company to greatness. Every one of you can help -- by staying positive about the merger, educating yourself about its benefits and by delivering strong first quarter results. Thank you.

Carly

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that involve risks, uncertainties and assumptions. If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, the results of HP and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any projections of earnings, revenues, synergies, accretion or other financial items; any statements of the plans, strategies, and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings, approvals and closings relating to the Compaq transaction or other planned acquisitions; any statements concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; any statements of belief and any statements of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include the ability of HP to retain and motivate key employees; the timely development, production and acceptance of products and services and their feature sets; the challenge of managing asset levels, including inventory; the flow of products into third-party distribution channels; the difficulty of keeping expense growth at modest levels while increasing revenues; the challenges of integration and restructuring associated with the Compaq transaction or other planned acquisitions and the challenges of achieving anticipated synergies; the possibility that the Compaq transaction or other planned acquisitions may not close or that HP, Compaq or other parties to planned acquisitions may be required to modify some aspects of the acquisition transactions in order to obtain regulatory approvals; the assumption of maintaining revenues on a combined company basis following the close of the Compaq transaction or other planned acquisitions; and other risks that are described from time to time in HP's Securities and Exchange Commission reports, including but not limited to the annual report on Form 10-K for the year ended Oct. 31, 2000, and subsequently filed reports. HP assumes no obligation and does not intend to update these forward-looking statements.

ADDITIONAL INFORMATION ABOUT THE MERGER AND WHERE TO FIND IT

On November 15, 2001, HP filed a Registration Statement with the SEC containing a preliminary joint proxy statement/prospectus regarding the Merger. Investors and security holders of HP and Compaq are urged to read the preliminary joint proxy statement/prospectus filed with the SEC on November 15, 2001 and the definitive joint proxy statement/prospectus when it becomes available and any other relevant materials filed by HP or Compaq with

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the SEC because they contain, or will contain, important information about HP, Compaq and the Merger. The definitive joint proxy statement/prospectus will be sent to the security holders of HP and Compaq seeking their approval of the proposed transaction. The preliminary joint proxy statement/prospectus filed with the SEC on November 15, 2001, the definitive joint proxy statement/prospectus and other relevant materials (when they become available), and any other documents filed by HP or Compaq with the SEC, may be obtained free of charge at the SEC's web site at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by HP by contacting HP Investor Relations, 3000 Hanover Street, Palo Alto, California 94304, 650-857-1501. Investors and security holders may obtain free copies of the documents filed with the SEC by Compaq by contacting Compaq Investor Relations, P.O. Box 692000, Houston, Texas 77269-2000, 800-433-2391. Investors and security holders are urged to read the definitive joint proxy statement/prospectus and the other relevant materials when they become available before making any voting or investment decision with respect to the Merger.

HP, Carleton S. Fiorina, HP's Chairman of the Board and Chief Executive Officer, Robert P. Wayman, HP's Executive Vice President, Finance and

Administration and Chief Financial Officer, and certain of HP's other executive officers and directors may be deemed to be participants in the solicitation of proxies from the stockholders of HP and Compaq in favor of the Merger. The other executive officers and directors of HP who may be participants in the solicitation of proxies in connection with the Merger have not been determined as of the date of this filing. A description of the interests of Ms. Fiorina, Mr. Wayman and HP's other executive officers and directors in HP is set forth in the proxy statement for HP's 2001 Annual Meeting of Stockholders, which was filed with the SEC on January 25, 2001. Investors and security holders may obtain more detailed information regarding the direct and indirect interests of Ms. Fiorina, Mr. Wayman and HP's other executive officers and directors in the Merger by reading the preliminary joint proxy statement/prospectus filed with the SEC on November 15, 2001 and the definitive joint proxy statement/prospectus when it becomes available.

Compaq and Michael D. Capellas, Compaq's Chairman and Chief Executive Officer, and certain of Compaq's other executive officers and directors may be deemed to be participants in the solicitation of proxies from the stockholders of Compaq and HP in favor of the Merger. The other executive officers and directors of Compaq who may be participants in the solicitation of proxies in connection with the Merger have not been determined as of the date of this filing. A description of the interests of Mr. Capellas and Compaq's other executive officers and directors in Compaq is set forth in the proxy statement for Compaq's 2001 Annual Meeting of Stockholders, which was filed with the SEC on March 12, 2001. Investors and security holders may obtain more detailed information regarding the direct and indirect interests of Mr. Capellas and Compaq's other executive officers and directors in the Merger by reading the preliminary joint proxy statement/prospectus filed with the SEC on November 15, 2001 and the definitive joint proxy statement/prospectus when it becomes available.

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