

## Policy Statement

HP has a firmly established policy of conducting its affairs in strict compliance with the letter and spirit of the law and adhering to the highest principles of business ethics. These Standards of Business Conduct are intended to inform all employees of their legal and ethical obligations to HP, its customers, competitors and suppliers.

HP's reputation for excellent products and high ethical standards can only be maintained by fair and honest dealing in every transaction. Every HP employee shall comply with these standards. Failure to do so may result in termination of employment.

Each supervisor and manager is responsible for ensuring employee understanding and compliance with these standards. Every action necessary should be taken to ensure accomplishment of these objectives. As these standards may be periodically supplemented or modified to meet changing business needs, all employees must review the Standards of Business Conduct at least annually.

Employees should discuss any questions or difficulties with their immediate supervisors. It is the supervisor's responsibility to see that the matter is resolved promptly. Any employee may bring problems to the attention of higher management for review.

To help in resolving a matter, HP's attorneys may be consulted.

Let me emphasize HP's expectation that each individual will carry out corporate and individual job objectives in a manner consistent with these standards.



*John Young*

# Contents

## Policy Statement

## Conduct Involving HP

Conflicts of Interest .....	1
General Policy .....	1
Outside Employment or Other Ventures .....	1
Outside Directorships .....	1
Financial Interests in Other Business .....	1
Conduct of HP Business .....	2
Reporting Potential Conflicts .....	2
Payments From Third Parties .....	2
Handling Company Information .....	3
General Policy .....	3
Confidential Information Guidelines .....	3
Proprietary Product or Process Information .....	3
Use and Disclosure of Inside Information .....	4
HP's Disclosure Obligations .....	4
Records Management .....	5
Legal Disputes .....	5
Payment Practices .....	5
Business and Accounting Practices .....	5
Political Contributions .....	6
Gratuities to Third Parties .....	6
Foreign Sales Representatives, Agents and Consultants .....	6

## Conduct Involving Customers

Trade Practices .....	7
General .....	7
Prospective Customers .....	7
Resale Price Maintenance .....	7
Other Restrictions on Resale .....	7
Boycotts .....	7
Exclusive Dealing .....	7
Tying Agreements .....	8
Reciprocal Deals .....	8
Terminating Relationships .....	8
Price Discrimination .....	8
General .....	8
Terms of Sale .....	9
Services or Facilities .....	9

Unfair Methods of Competition .....	9
Government Procurement.....	10
Regulations .....	10
Gratuities and Entertainment.....	10
Reporting .....	10
Confidential or Proprietary Information .....	10

## **Conduct Involving Competitors**

Competitor Relations .....	11
General .....	11
Price Fixing Between Competitors .....	11
Agreements Not to Compete .....	11
Boycotts .....	11
Contacts with Competitors .....	11
Trade Associations .....	11
Obtaining Competitive Information .....	12
Methods .....	12
Confidential Material .....	12
Commenting About Competitors .....	12
General Rule .....	12
Advertising .....	12
Specific Practices .....	13

## **Conduct Involving Suppliers**

General .....	14
Obtaining Suppliers .....	14
Bids and Prices .....	15

# Conduct Involving HP

## Conflicts of Interest

**General Policy:** Although HP employees are generally free to engage in personal financial and business transactions, this freedom is not unlimited. All employees have an affirmative duty to avoid situations where their loyalties may be divided between HP's interests and their own interests. In this regard, all employees should avoid even the appearance of impropriety. While it is not possible to list all situations constituting unacceptable conflicts, some typical situations are described below.

**Outside Employment or Other Ventures:** No employee may accept employment with or become directly or indirectly involved as an independent contractor, consultant or otherwise with any HP competitor.

No employee may accept employment with or become directly or indirectly involved as an independent contractor, consultant or otherwise with any HP customer or supplier without the prior written approval of the employee's General Manager.

Unless otherwise permitted by HP, no employee may:

- (a) sell his or her own services or products, or those of another person or firm, if HP offers similar services or products; or
- (b) engage in activities which enhance the marketability of or otherwise support a competitor's products or services.

No employee may accept a position with another company if the time demands of the position will impair the employee's ability to fulfill obligations to HP.

**Outside Directorships:** No employee may accept a position as a director of an HP competitor.

No employee may accept a position as a director of any HP customer or supplier, or a company which enhances the marketability of or otherwise supports a competitor's products or services, without the prior approval of HP's Executive Committee.

HP employees may not receive separate compensation for service on the board of directors of a company if the service is at HP's request or in connection with an HP investment in, or relationship with, that company.

**Financial Interests in Other Business:** HP employees may not own a financial interest in any HP customer, supplier or competitor that might cause divided loyalty or even the appearance of divided loyalty. Whether there is a financial conflict of interest depends upon many factors, including: (a) the employee's ability to influence HP decisions that might affect personal financial interest; (b) the size of the investment in relation to the employee's income, investments and financial needs; and (c) the nature and extent of the competition or the relationship between HP and the other business.

**Conduct of HP Business:** No employee may conduct HP business with a member of his or her family, or with an individual or a business organization with which the employee or the employee's family has an association, without first obtaining written approval from his or her General Manager

An HP employee may neither personally take advantage of a business opportunity rightfully belonging to HP nor derive personal profit, gain or advantage (other than compensation from HP) as a result of any transaction undertaken on behalf of HP. For example, a sales representative may not accept anything of value from a Value Added Business (VAB) in return for promoting the VAB's product.

**Reporting Potential Conflicts:** Each employee must promptly disclose in writing actual or potential conflicts of interest to the employee's General Manager. The General Manager will review the matter and communicate HP's position in writing. Approval will not be given unless the relationship will neither interfere with the employee's HP duties nor damage HP or its reputation.

The General Manager's response will indicate either (a) that HP has no present objection to the relationship, but the decision is subject to future review, or (b) the steps to be taken to resolve the conflict to HP's satisfaction. Copies of the response and the employee's disclosure will be kept in the employee's personnel file.

**Payments From Third Parties:** HP employees and members of their immediate families may not accept any gift, payment, loan, or other favor from an HP customer, supplier or competitor.

Employees may accept inexpensive advertising novelties. Care should be exercised in the acceptance of business meals and entertainment. Such activities should be infrequent, consistent with accepted business practices, and for the express purpose of enhancing a business relationship. Some HP departments may adopt more restrictive rules in these matters as dictated by the nature of the relationship involved.

In rare circumstances local custom may call for an exchange of gifts having more than nominal value as part of a business relationship with a foreign company. In these situations gifts may be accepted but only on behalf of HP and with the approval of the employee's General Manager. Any such gifts shall be turned over to HP for appropriate disposition such as HP internal use, general employee benefit or donation to charity. In all cases the exchange must be such that there is no appearance of impropriety.



## Handling Company Information

**General Policy:** HP documents are company property which may not be disclosed outside HP unless properly released for publication. All employees must exercise care to ensure that confidential or proprietary information is appropriately safeguarded against external disclosure as well as unauthorized disclosure within HP.

**Confidential Information Guidelines:** HP has established specific guidelines for marking and handling sensitive information. These guidelines establish four classes of sensitive information. No other legends or designations should be used within HP. (For a more detailed discussion of how to handle confidential and proprietary HP information, employees should consult HP publications addressing protection of trade secrets.)

1. The designation "Company Private" is used for documents generated solely for the use of management in making major decisions and which must not be disclosed outside HP. Documents marked "Company Private" must be numbered and delivered in a specific manner and may not be reproduced without permission from the originator. Examples include non-public consolidated financial information, significant technical product data, R&D proposals and certain product marketing strategies.
2. The designation "Company Confidential" is used for documents whose disclosure would damage HP's interests. Examples include product proposals, bids, sales forecasts, shipment expenses, R&D targets and customer lists.
3. The designation "For Internal Use Only" is used for documents that will have broad distribution, but are considered sensitive.
4. The designation "HP Proprietary" is used for documents containing proprietary information to be made available to vendors, contractors and other HP suppliers.

**Proprietary Product or Process Information:** Disclosure of HP information regarding existing, new, or proposed products or processes can substantially impair HP's competitive position and jeopardize R&D efforts. Within HP, distribution of such information must be limited to employees with a business-related "need to know." Under no circumstances may such information be removed from HP premises or disclosed to third parties without prior approval from the responsible department manager. Where such information is to be disclosed outside HP, appropriate confidential disclosure agreements must be executed prior to disclosure. Equal care must be devoted to the release of prototypes or models.

**Use and Disclosure of Inside Information:** No employee should discuss HP affairs with others unless the information has been subject to full public disclosure or the subject matter is within the employee's assignment, and then only within the limits of confidentiality imposed upon the particular transaction. These limits on disclosure of HP information apply to discussions with other HP personnel as well as with outside parties.

Employees possessing material inside information about HP cannot legally trade in HP stock or recommend the purchase or sale of HP securities. Employees learning material inside information about another company while performing their HP duties, may be considered insiders of that company also and be subject to the same trading restriction. Anyone violating insider trading statutes may be subject to civil and criminal penalties, including fines of up to \$1 million, plus the forfeiture of up to three times the value of any profits resulting from trades made while in possession of material inside information. These laws apply to all employees, Board members and consultants, not just officers and other executives. In the past few years, the U.S. Securities and Exchange Commission has become more aggressive in monitoring and prosecuting insider trading violations at all levels.

Information is "material" if it would influence a reasonable person to buy or sell stock. Examples include: undisclosed order or earnings data; trends in orders, sales or profitability; impending announcements of major new products, acquisitions or equity investments; and, important project or product developments.

Employees possessing material inside information must wait to trade HP stock until a reasonable time, usually 24 hours, after public disclosure of that information. Partial release of certain material information does not clear insiders to trade if other material information remains undisclosed. For example, if a major product announcement is scheduled for the week after a quarterly earnings announcement, employees with knowledge of the product release should wait to trade HP stock until dissemination of the product announcement. Employees considering a stock transaction who believe they may have a problem with "material" inside information should check with HP's Legal Department or Treasurer.

**HP's Disclosure Obligations:** Both HP and individual employees may be liable to investors who buy or sell HP stock in reliance on misleading or incomplete company statements. All public statements, oral or written, must be accurate with no material omissions. A summary of the facts should be given while avoiding ambiguous general statements.

HP's policy is to release publicly important data at the earliest appropriate time consistent with the need both to maintain the confidentiality of information before final decisions are made and to avoid endangering HP's business or providing information helpful to a competitor. Information that could reasonably be expected to have an impact on the market for HP securities may be released only through the Treasurer's office or the Public Relations Department in accordance with HP's guidelines. All inquiries from security or financial analysts should be directed to the Treasurer. All inquiries from media representatives or financial consultants should be directed to the Public Relations Department.

**Records Management:** It is HP's policy to establish and maintain formal records management programs at each entity to provide for the retention, protection and disposition of company records. Retention and disposition of company records should be carried out in the normal course of business in accordance with established retention schedules. It is expected that all employees will comply with HP's records management programs.

**Legal Disputes:** Employees involved with a lawsuit or other legal dispute, need to refrain from discussing it with either outsiders or other HP employees without the prior approval of HP's Legal Department. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and result in the loss of confidential information.

## **Payment Practices**

**Business and Accounting Practices:** HP employees shall comply with the legal requirements of each country in which HP conducts business and shall employ the highest ethical standards. Use of HP assets for any unlawful or improper purpose is strictly prohibited.

No undisclosed or unrecorded HP fund or asset shall be established for any purpose.

No false or misleading entries shall be made in HP's books or records for any reason.

No payment regardless of form shall be made on HP's behalf without adequate supporting documentation or for any purpose other than as described in the documents.

HP employees shall comply with generally accepted accounting rules as well as the following business control practices:

1. Transactions shall be executed in accordance with HP policies and procedures.
2. Only authorized persons shall have access to company assets.



**Political Contributions:** No HP funds or assets shall be used for U.S. federal political campaign contributions. No HP funds or assets may be used for U.S. state or local political contributions without the prior written approval of HP's Executive Committee.

No HP funds or assets may be used for political contributions outside the U.S., even where permitted by applicable local law, without prior written approval of HP's Executive Committee.

The above prohibitions are not intended to discourage employees from making personal contributions to candidates, parties or political committees of their choice. However, HP will not reimburse employees in any way for personal contributions.

**Gratuities To Third Parties:** Unless pursuant to a publicly announced incentive program approved by a Vice President or his designee, HP strictly forbids paying commissions or other compensation to employees of customers, including those reselling HP products, or suppliers (or their family members or associates) or providing items for their personal use.

Advertising novelties, favors, or entertainment may only be given to customers and suppliers at HP expense if: (a) they are consistent with accepted business practice; (b) they are of limited value and cannot be construed as a bribe or payoff; (c) they do not violate any law, government regulation or generally accepted ethical standards; and (d) public disclosure of the facts will not embarrass HP.

**Foreign Sales Representatives, Agents and Consultants:**

Commission or fee arrangements shall be made only under written agreement with firms or persons serving as bona fide commercial sales representatives, agents or consultants. Any commission or fee for assistance in securing orders or for services must be reasonable and consistent with normal practice for the industry, the products involved, and the services to be rendered. Such arrangements shall not be entered into with any firm in which a government official or employee has an interest unless permitted by law and with the prior written approval of HP's General Counsel. Payments shall not be made in cash.

# Conduct Involving Customers

## Trade Practices

**General:** Restrictive agreements or understandings with distributors, dealers, Value Added Resellers, Original Equipment Manufacturers or others may be illegal, particularly if the customer resells HP products. HP may never deprive a customer of its right to determine its own resale prices; and HP may impose non-price restrictions on a customer's resale business only in limited, well-defined circumstances.

**Prospective Customers:** Numerous retail and wholesale customers ask to establish some type of Value Added Business relationship with HP. HP has established procedures to follow to enter into agreements with these firms. Within the U.S., HP generally may be selective in choosing its customers. If HP decides not to do business with a customer, the customer should be informed in writing that HP has made a business decision not to deal with it. HP need not offer any other explanation for such a decision and it is best not to do so.

**Resale Price Maintenance:** Once HP sells its products, it must leave the customer free to set any resale prices. HP will not engage in any effort to influence resale prices, other than merely suggesting resale prices. Furthermore, HP will not enter into any understanding with a customer as to the terms upon which HP will deal with another customer. Communications from one customer about a second customer's resale prices must be handled so that it is clear that HP will not try to affect the second customer's conduct.

**Other Restrictions on Resale:** Under limited circumstances, HP may establish non-price-related rules for resale channels, such as value-added requirements or territorial restrictions. Any proposal to impose such must be approved by the Legal Department prior to implementation.

**Boycotts:** Having an agreement or understanding with an HP competitor or customer not to deal with a second customer, supplier, or service organization may be illegal. Therefore, extreme caution must be exercised before discussing one customer's competitive practices with another customer and it is best to avoid such discussions. A unilateral decision not to sell to a prospective customer is usually legal in the U.S., but an unlawful agreement might be inferred if the decision follows a discussion with another customer.

**Exclusive Dealing:** HP may not require its customers to agree either to buy products or services exclusively from HP or to refrain from purchasing the goods of a competitor where the probable effect is to substantially lessen competition.

**Tying Agreements:** A tying agreement is a refusal to sell a unique or highly desirable product or service unless a second product or service is also purchased. Such agreements are generally illegal since they force customers to buy a product or service they do not want in order to get one they do want. A “package” price is not a tying agreement if the components are separately available on reasonable terms.

**Reciprocal Deals:** Reciprocal deals are understandings that one firm will buy another firm’s products or services only if the favor is returned. Attempts to coerce a customer into reciprocal deals are usually illegal, and certainly unethical.

**Terminating Relationships:** Terminating relationships with customers can lead to litigation. It is therefore important that the decision to terminate be made carefully and for valid business reasons. HP’s Legal Department should be consulted before terminating any such relationship without the customer’s consent. Possible termination of one customer’s contract should not be discussed with any other customer.

## Price Discrimination

**General:** U.S. law prohibits discrimination in price or services between competing purchasers of commodities of like grade and quality where the effect of the discrimination may be substantially to injure or prevent competition between either HP and its competitors or between purchasers.

However, defensible price differentials may result when justified by cost savings resulting from different methods or quantities in which HP products are manufactured, sold or delivered. A price discrimination claim may also be defended by showing that HP provided the lower price in good faith to meet a competitor’s equally low price. This latter “meeting competition” defense is available only if HP lowers its price to equal the competitor’s price; not if the HP price is intentionally reduced below the competitor’s. HP’s formal pricing review system must be followed for each pricing decision.

HP may also have entered into contracts that forbid price discrimination against certain commercial customers where the law would otherwise permit it. Sales to government customers may be exempt from price discrimination rules, unless the government is the customer discriminated against. Because of the complexity of these laws, all exceptions to HP’s published prices must be documented as to their computation and purpose. HP’s Legal Department should be consulted if there is any doubt about a pricing situation.

## Unfair Methods of Competition

**Terms of Sale:** U.S. law also prohibits indirect discrimination in price where the effect may be to injure or lessen competition. Differing terms or conditions of sale (such as rebates, credits, allowances or services) that lower the price to certain customers but are not made available to competing customers may constitute indirect discrimination. Generally, HP's standard terms and conditions must not be altered without prior approval from those authorized to negotiate sales agreements.

**Services or Facilities:** It is illegal for HP to furnish one customer who resells HP products with services or facilities (such as advertising, displays, demonstrators, special packaging, and the like) unless they, or their equivalent, are made available to competing customers on proportionately equal terms. Services or facilities must be provided pursuant to a written plan reviewed by HP's Legal Department.

U.S. law prohibits unfair methods of competition and unfair or deceptive acts or practices. The following is a partial list of such prohibited acts or practices:

1. Failing to disclose a change in the composition or nature of a product;
2. Failing to warn the user of dangers which may result from the use of the product;
3. Selling a foreign-made product without disclosing its country of origin;
4. Selling a used product in such a way that the purchaser is led to believe that it is new;
5. Misrepresenting ability to fill orders;
6. Misrepresenting durability by using words such as "lifetime" or "permanent";
7. Making false or deceptive comparisons with other products;
8. Misrepresenting patent, copyright or trademark rights;
9. Inducing breach of contract between competitors and their customers or suppliers; or
10. Acquiring competitor's trade secrets by improper means.

## Government Procurement

**Regulations:** The U.S. government and many state and local governments have adopted detailed regulations concerning procurement. These regulations apply to direct sales as well as sales to private parties that in turn supply products to the government. Examples of areas covered by these regulations are the necessity to disclose certain pricing and product information, restrictions on the use of consultants, and proscriptions on improperly receiving or using confidential procurement information. HP expects every employee to adhere to these regulations.

**Gratuities and Entertainment:** HP's policy forbids direct or indirect payment of HP or private funds to government agencies, officials or employees to further HP business. Many government agencies have regulations restricting employees' receipt of gifts, meals, or entertainment and these regulations often extend to employees of private contractors working on public contracts. Therefore, nothing of value should be offered or provided to any such employee unless specifically permitted by the applicable regulations.

**Reporting:** HP's relationship with all government agencies and their employees shall be such that full public disclosure of the relationship will not damage HP's reputation. Employees having concerns about HP's adherence to the above policies and regulations may use the Open Door Policy to raise their concerns to the appropriate level of management.

## Confidential or Proprietary Information

Confidential or proprietary information will not be accepted from or released to a customer unless a written agreement regarding restrictions on use or disclosure has been executed. HP has prepared standard forms for this purpose as the customer's agreement will seldom be acceptable to HP. In the event the standard form requires modification, HP's Legal Department should be consulted.

# Conduct Involving Competitors

## Competitor Relations

**General:** The greatest exposure to serious trade regulation violations stems from contacts with competitors. An agreement or understanding with a competitor concerning prices, terms of sale, production volume, or allocation of product markets is illegal. HP will not enter into any such agreement or understanding, whether formal or informal, oral or written, express or implied. It makes no difference that the agreement may seem to have a reasonable business purpose such as preventing overproduction.

**Price Fixing Between Competitors:** Any agreement or understanding with a competitor regarding prices is illegal. This includes any agreement or understanding that affects prices or any other conditions of sale (such as credit, discounts or trade-in allowances). Thus, HP will not seek to establish maximum or minimum prices, to stabilize prices or to exchange future price information.

**Agreements Not to Compete:** Allocations of customers, territories or product markets among competitors are illegal. It is also illegal for competitors to agree to limit or suppress the quality of goods by restricting the development or production of new products.

**Boycotts:** Any agreement or understanding with a competitor not to deal with a particular customer or supplier is illegal.

**Contacts with Competitors:** In all contacts with competitors, HP personnel should avoid discussing such matters as price or other terms of sale, costs, inventories, product plans, market surveys or any other confidential or proprietary information. Customers purchasing and reselling HP products in competition with HP are also competitors; therefore, contacts with these customers should be limited to those matters relating to purchases from HP.

**Trade Associations:** Trade associations and professional committees can perform useful and legitimate functions in facilitating the exchange of information on such industry matters as technological developments or government regulations. However, there is always the risk that the member companies will be charged with having used the association to reach unlawful agreements. If a competitor begins to discuss prices, terms of sale, markets or other prohibited topics, the HP representative must refuse to participate; if such discussion is not stopped, the HP representative must leave the meeting immediately.



## Obtaining Competitive Information

**Methods:** HP must be well informed of competitive developments and is entitled to review all pertinent public information concerning competitive products (e.g., published specifications and prices and trade journal articles). However, HP may not attempt through improper means to acquire a competitor's trade secrets or other proprietary or confidential information, including information as to facilities, manufacturing capacity, technical developments or customers. Improper means include industrial espionage, inducing a competitor's present or former personnel to disclose confidential information, and any other means that are not open and aboveboard. HP must not use consultants to acquire information by improper methods.

**Confidential Material:** HP employees should not receive or examine any information about competitive proposals or products submitted on a closed bid basis or under other circumstances indicating the information should be kept confidential.

HP employees must be especially alert to the risks of receiving confidential information from customers who are competitors with other HP product lines. Confidential disclosure agreements with competitors may not be signed without first consulting with HP's Legal Department.

## Commenting About Competitors

**General Rule:** It is HP's policy to emphasize the quality of its products and to abstain from making disparaging comments or casting doubt on competitors or their products. If statements (oral or written) are made concerning a competitor or its products, they must be fair, factual and complete.

**Advertising:** All HP advertising must comply with HP's Advertising and Sales Promotion Policies and Guidelines. Any comparisons with competitive products must be substantiated with current factual data before the comparison is published. In certain countries outside the U.S., comparative advertising may be unlawful.

**Specific Practices:** HP employees should comply with the following rules when communicating about a competitor or its products:

1. Do not comment about a competitor's character or business practices. For example, do not tell a customer a competitor's sales representative is immoral or untrustworthy.
2. Sell on the basis of HP's capabilities, know-how and benefits to the customer and not on the basis of a competitor's deficiencies.
3. Avoid references to a competitor's troubles or weak points. For example, do not mention financial difficulties, pending lawsuits or government investigations involving the competitor.
4. Do not make any statement about the specifications, quality, utility or value of a competitor's product unless the statement is based on the competitor's current published information or other factual data. Even statements based on factual data must be complete. In some countries, such statements also must relate the positive aspects of the competitive product.
5. Do not make unsubstantiated claims that HP originated a product or one of its features.

## Conduct Involving Suppliers

### General:

1. HP employees dealing with suppliers must use common sense, good judgment and the highest standards of integrity.
2. Suppliers are expected to obey all laws in the country of manufacture or sale relating to equal employment opportunity and affirmative action. Suppliers may be required to provide a certificate of compliance with such laws.
3. HP will not ordinarily restrict a supplier from selling its products or services to HP's competitors or other parties unless such products or services are proprietary to HP. Agreements providing such an exclusive right should be reviewed by HP's Legal Department.
4. HP will neither suggest nor imply that a supplier must buy HP products in return for HP's purchases. Of course, HP may separately attempt to sell HP products to its suppliers as it would with any other customer.
5. HP employees should not relate the problems or weaknesses of a supplier to another supplier or person outside HP.
6. Confidential or proprietary information will not be accepted from or released to a supplier unless a written agreement regarding any restrictions on use or disclosure has been signed. HP has developed standard forms for this purpose; in the event that the standard form requires modification, HP's Legal Department should be consulted. HP will not disclose one supplier's confidential information to another supplier or person outside HP.
7. Consultants should be engaged only pursuant to a written agreement clearly outlining the duties expected and stating that they must be carried out in conformance with HP policies.

### Obtaining Suppliers:

1. When HP procures new materials or services, or additional suppliers for current materials or services, a sufficient number of responsible suppliers should be solicited to obtain competitive prices and the requisite levels of quality and support.
2. Before HP makes any purchase commitment for materials critical to an HP product or process, they shall be evaluated for their ability to meet technical specifications and quality and reliability expectations. Likewise, the supplier's ability to provide a continuous flow of qualified materials shall also be evaluated.
3. Small, minority-owned and woman-owned suppliers should be actively encouraged to qualify and submit bids. These suppliers should be selected when the supplier and its product or service meets HP's requirements and its prices are equal to or lower than those of other qualified sources.

**Bids and Prices:**

1. If suppliers are asked to submit formal bids, HP's technical and business requirements will be fully and fairly communicated, and participating suppliers will be informed of any clarifications, additions or other changes. If one supplier's bid or quotation is inconsistent with other bids or quotations or with prevailing market prices, HP may enter into individual discussions to clarify HP's requirements. Should these discussions lead to changes in HP's requirements, all participating suppliers will be allowed to requote against the new requirements.
2. HP will not encourage a supplier to grant, and HP will not knowingly accept, any unlawful discount or a price which does not represent a fair market value for goods or services of similar quality and quantity.
3. Purchasing decisions will be based upon total long-term cost to HP—recognizing the indirect costs associated with imperfect goods and services as well as the value of a long-term business relationship with HP's suppliers.