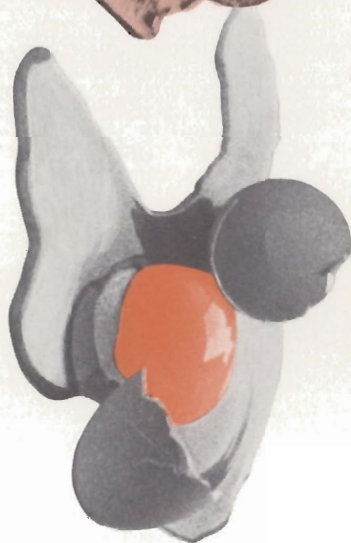


Insurance:



It's not always the "other guy"

pages 7-9

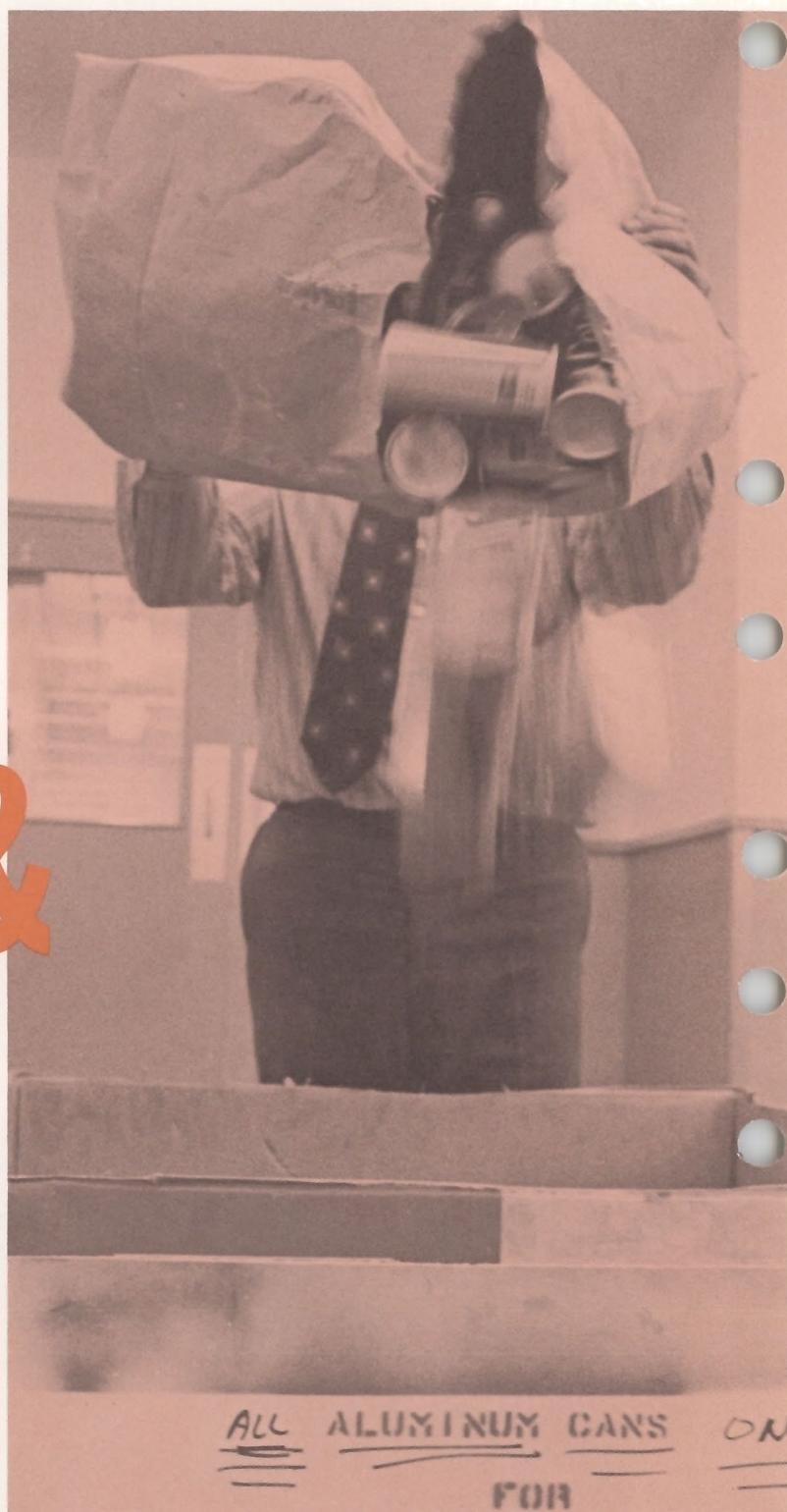
Measure

For the men and women of Hewlett-Packard/SEPT. 1971

CYCLING



&



RECYCLING

Back at the turn of the century, River City found the answer to its Troubles—Troubles with a Capital T—in trombones and tubas. Now the old Music Man is out selling bicycles. And everybody, it seems, is buying. *Life* magazine (July 30) called it “The Bicycle Madness.” Indeed, good old-fashioned cycling appears to be an ideal response to all kinds of contemporary woes and worries: It’s healthful, it’s fun, it can be done in sociable groups or in solitude, the price is right, and it doesn’t contribute to smog or noise.

Then there’s recycling. Its connection to bicycling is more than word based. Because the people who ride bicycles out of regard for the environment very often are numbered among those new millions of people who practice and promote the recycling of waste materials out of a related concern for conservation.

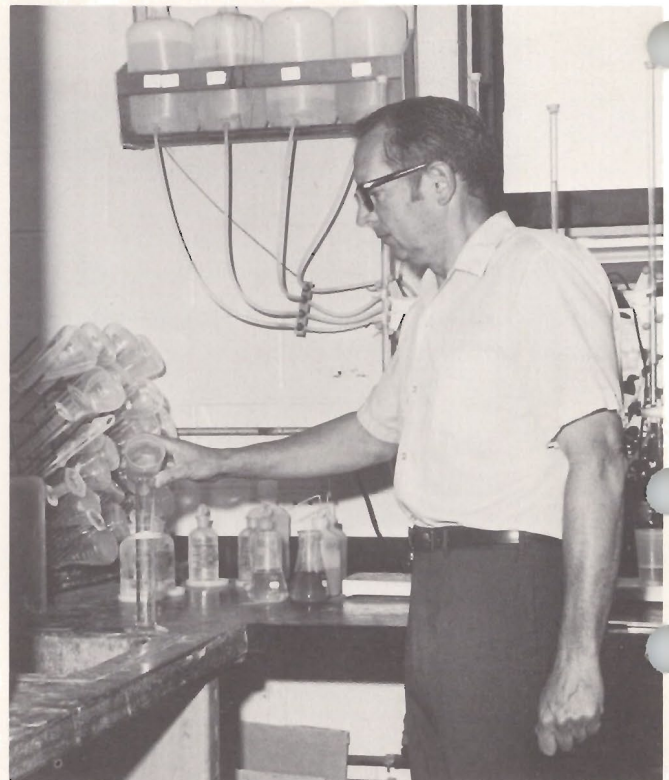
Both movements are definitely in the category of **“GOOD NEWS”** and a lot of HP people are involved in them, as witness the following:



Seen here is the first official rally of PEDAL—People’s Effort to Deemphasize Autos in Loveland—held early this past summer. Its founding president is an HP engineer, Art Minich, who is dedicated to the proposition that bicycling is the answer to many of the ills brought on by automobile congestion and pollution. He suggests, for example, that downtown areas would benefit if people were encouraged to use bicycles for the many short shopping trips that are made. PEDAL will promote such ideas and campaign for bike trails throughout the area. Writing on the subject as guest editorialist in the *Loveland Reporter-Herald*, Art cited the case of Davis, California (population 24,000), where “The use of bicycles has meant there are no parking meters in the city, and the traffic situation at rush hour is tolerable. The bicycle has also helped to preserve the central city core as a viable shopping district, since parking is not a serious obstacle to shopping downtown.”

(continued)

Aware that the possible exhaustion of world-wide copper resources is just decades away, Norm Schrock of Colorado Springs Division became concerned at the wastage involved in the production of printed-circuit boards. In this process the unwanted areas of thin copper layers are etched away chemically. The quantity involved is not large enough to attract buyers of bulk chemicals or to ship it to salvage contractors. Yet it does represent a useful amount of metal—hundreds of pounds per month—if it could be recovered economically. Moreover, if dumped into a waste treatment facility it can kill the essential bacteria (now actually prohibited by city regulations). So early this year, Norm, reliability manager at the Springs, set out on his own to see if he could locate a recovery method that made economic sense. He's not a chemical engineer, but he is an HP senior scientist with a record of solving difficult technical problems. Should he succeed in developing a useful method that's economically sound, Norm expects to turn it over to the company. Meanwhile, on his own time as a diversion from day-to-day electronics-type problems, and using available company facilities, his search goes on.

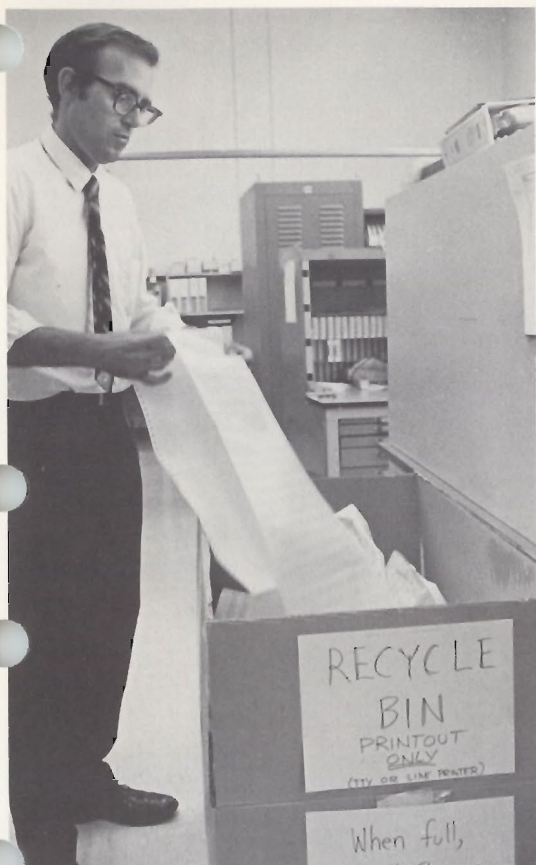


cycling & recycling



Laurie Harvy, Cupertino secretary (purchasing), took up bicycling this year for reasons—she says—that were once more obvious. "I get at least six miles a day on the bike. It's just great exercise. I live three miles away from work, so the bike is just right for commuting. It's a great way to fight secretarial spread!" Meanwhile, Jon Bale, software programmer, noted that "Two years ago there was only one or two of us coming to work on bicycles. Now there must be 50 or 60 riders." National figures confirm his observation: This year the bicycle industry expects to report eight million sales in the U.S.—an unprecedented boom, with the largest increase involving sales to adults. In the world's most advanced cycling country, Hans Vinkenoog of the HP Amsterdam office reports a trend to bike tours, using the new folded cycles that fit even the smallest cars between outings.





Recycling of company-generated waste paper materials in many cases has resulted from the private initiative of interested employees. Largest contributor is HP's BAEDP—the Bay Area data processing center in Palo Alto—which last year generated 103 tons of computer printout and 38 tons of tab cards. At Santa Clara a similar effort has been spearheaded by Pete Schorer, a programmer in the IC department, shown in photo at left. Pete hopes to extend the program to include other forms of scrap paper, many types of which presently are disqualified for recycling because of the chemicals and inks present. Another hangup he would like to see cured is the depletion tax allowance that favors cutting of trees over recycling as a source of paper pulp. Other examples of the movement include Hilda Thompson, clerical assistant in the U.K. plant at South Queensferry, Scotland, who makes a monthly collection of "silver paper"—various items of foil-laminated stock that is sold for salvage to help buy and train guide dogs for the blind. Above, New Jersey Division stalwarts Joe Knott, Paul Bastow and Al Brantner get together with Cub Scout Pack 69 over a pallet load of printout and tab cards due for recycling. Most other domestic U.S. divisions also recycle these materials.

Is recycling more than a fad? Finding that out was one of the goals of Ecology Action of Palo Alto, working with an Involvement Corps task force. A year ago they set up some barrels and boxes on a dusty lot just to see how strong and enduring was the community's commitment. According to Microwave's John Nidecker, chairman of the task force, the action has developed strongly and steadily ever since the first small cadre of dedicated volunteers and task force members set up shop. After a year's operation, thousands of families were contributing more than 30,000 pounds of salvageable materials each weekend. HP people and company equipment have been very prominent in this effort, including a truck loaned by Automatic Measurement Division and manned by a rotating crew of Microwave engineers. They make Saturday runs with 4,000-pound loads of bottles for recycling by a Bay Area glass plant. The sale of glass, aluminum and other materials has provided support for several full-time staff members, in addition to an Involvement Corps corpsman. Starting this month, the City of Palo Alto is taking over the recycling operation on a permanent basis, thanks largely to the urgings and proofs of feasibility offered by Ecology Action.



(continued)



Used computer cards donated by the Automatic Measurement Division find both monetary and therapeutic value in the hands of Palo Alto's Association for the Retarded. According to CAR, the sale of recyclable paper and cards has brought in more than \$1,000 a month. But the highlight of the program is the enthusiasm with which the retarded youngsters and adults take to the job of sorting the cards by color. This activity increases the recycle value of the cards significantly, and the 15 cents per hour the participants earn represents for many of them the first success they've had in life. The twice-monthly payday is a big event.

cycling & recycling



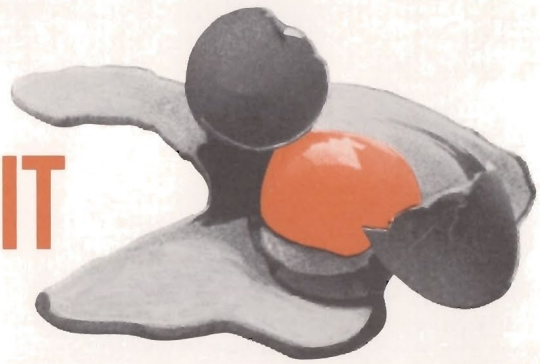
Robert Shull, publications group coordinator at Boeblingen, West Germany, is a confirmed "eco-cyclist"; his daily cycling to work means one less car on the road.

Everyone can help the recycling cause, according to these enthusiasts. Em Martin, wife of Public Relations art director Tom Martin, helps young neighbor Laura Koenitzer load wagon full of separated bottles and cans. Laura makes her collection runs on Fridays, gets parents to haul it to recycling center at nearby De Anza College on Saturday. Each week, they report, the salvage piles grow impressively larger—along with the community's involvement.



Insurance:

IT'S MUCH BETTER TO HAVE IT AND NOT NEED IT THAN TO NEED IT AND NOT HAVE IT



□ As O. Henry told it, this city-wise newspaper reporter searched high and low—but in vain—for someone who would typify the “man about town” image. On the way back from interviewing another losing candidate, he was clobbered in a traffic accident. Reading the newspaper accounts next morning, he found himself described as a “man about town.”

The point is that the “other guy”—the guy who falls victim to accidents and disabilities before his statistical deadline—could be you or me. Some recent cases involving HP employees point this out—and point out, also, the high-risk gamble of not having adequate personal insurance coverage such as provided by the company’s three-part package.

“The way we ‘push’ insurance,” says John Prendergast, corporate insurance manager, “you might think we’re in it for profit. Actually, the company subsidizes the employee personal insurance program in the U.S. alone by more than \$3 million a year. Consequently, the premium rates are so low and the coverage so broad that people who say they can’t afford it are the very ones who can’t afford to be without it.” As witness these cases involving the Health, Disability, and Life insurance programs for employees in the U.S.:

(continued)



insurance

Long-Term Disability Insurance:

Consider the case of the young technician. When he signed up for the company's Long-Term Disability Insurance he did it as a matter of common-sense. Why take unnecessary risks?

After he had been on the program a short while he began to experience a strange paralysis set in from his neck through his left arm. In a few months he was totally disabled—cause unknown. Today he and his wife receive the LTD insurance check every month, and, if he remains unemployable, will do so until he reaches age 65. By that time he will have collected approximately \$130,000. His premiums while employed came to less than \$300.

Many insurance men, including HP's Prendergast, consider LTD insurance even more important to have than life insurance: "In the case of a husband's death, usually the wife can get a job to support her family. But a person who is incapacitated can cause a great financial hardship to the family—loss of paycheck and in need of constant care at home so that a job is out of the question. We call this 'economic death.'"

But just what are the odds? Just how prone is the average person to long-term disability? According to the American Society of Actuaries, of all persons reaching age 35, one-third will experience some form of disability before reaching 65. The Society's charts and graphs also indicate that persons between the ages of 30 and 40 are more than twice as likely to suffer serious disablement before reaching 65 than they are of dying.

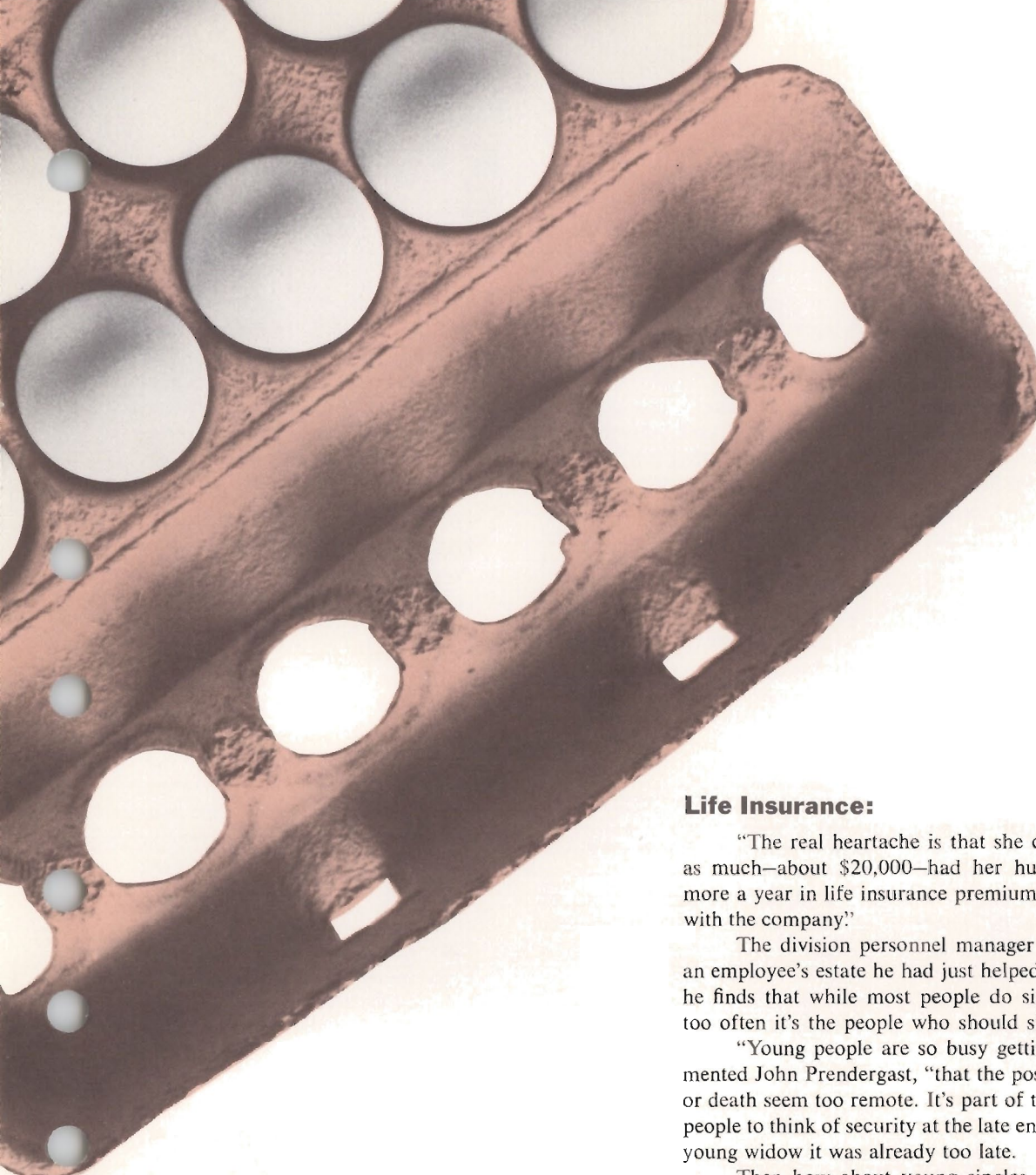
The current cost of HP's LTD plan puts it in the super-bargain category: one month of benefits will recover more than 10 years of premiums.

Group Medical, Hospital and Surgical Insurance Plan:

For one young couple, the Plan made a happy event even happier: It paid close to half of their medical bill for the birth of their first child. For others it has taken much of the economic impact out of tragic circumstances: Such as the employee who has had to pay only \$400 out of \$3,700 in medical charges for his wife's continuing cancer treatment; another who had to pay only \$1,000 of the \$9,300 cost for removal of a brain tumor; and the fellow who developed an ulcer that could have cost him \$6,500 instead of his \$700 under the Plan.

"The important thing," says Prendergast about the Plan, "is that it protects you from financial disaster. The basic plan covers specific expenses, but if a catastrophic situation arises there's the Major Medical provision. This covers 80 percent of what's left after the Basic benefits have been exhausted."

The only premium cost to employees for the Plan is a maximum of \$8 per month for dependents, regardless of the



number. Without dependents it's free. Of course, there are additional premium costs exceeding the \$8 by a good amount and which the company covers.

"Why don't we just give people the extra money HP pays for premiums and let them buy their own insurance? The trouble with this is that too many people wouldn't do that. We know that from experience, and this tells us there would be a lot more suffering all around because of the financial burden to the individual. This would affect not only the person and the family but also the company. Because an employee under financial stress is not going to be fully effective. Then, because of the low group rates negotiated by the company, it can offer employees a much lower premium than is available to them privately. So we feel an obligation to make these insurance coverages available to all HP people possible."

Life Insurance:

"The real heartache is that she could have had twice as much—about \$20,000—had her husband paid just \$30 more a year in life insurance premiums during his 10 years with the company."

The division personnel manager was commenting on an employee's estate he had just helped to settle. In general, he finds that while most people do sign up for insurance, too often it's the people who should sign up that don't.

"Young people are so busy getting established," commented John Prendergast, "that the possibilities of disability or death seem too remote. It's part of the tendency of many people to think of security at the late end of life." But for that young widow it was already too late.

Then how about young singles who have no dependents? Should they sign up for life insurance?

Prendergast cites the case of a young engineer who declined to sign when he first joined the company. "He came back and applied in a year or so after he married. But because he had waited so long he was required to take a physical exam. Unfortunately, he failed it and was declared uninsurable. For the family of a man in poor health that's a very tough prospect, isn't it?"

By the same token, married women working at HP don't always consider the possibility that husbands can die prematurely: "A woman may get her husband's death benefits," says Prendergast, "but what about her obligations to the children now that she is their sole support? Furthermore, she should realize that husbands do become unemployed, self-employed, or uninsurable—and can lose their benefits. And, of course, there's always the possibility of divorce.

"Those are some of the risks. In fact, life insurance is risk insurance." □

News in Brief

Palo Alto — Hewlett-Packard has reported a 2 percent gain in sales and a 4 percent decline in earnings for the third quarter of fiscal 1971. Incoming orders for the quarter rose 6 percent.

Sales for the three-month period ended July 31 totaled \$90,246,000, compared with \$88,076,000 for the corresponding quarter of 1970. Net earnings amounted to \$5,312,000, equal to 20 cents a share on 25,955,257 shares of common stock outstanding. This compares with earnings of \$5,547,000, equal to 22 cents a share on 25,534,033 shares, during last year's third quarter.

President Bill Hewlett noted that "profit margins continued to be adversely affected by a combination of substantial excess capacity and rising costs in almost every area. With increased volume, profit margins should improve.

"Incoming orders in the third quarter amounted to \$103,613,000, the largest total in the company's history. As a result of this influx of orders, backlog has reached its highest level," Hewlett said. He noted that the introduction of a new computer and a new programmable calculator had a significant positive effect on the data products orders.

"During the quarter our pattern of incoming orders continued a trend begun in the second quarter. Domestic orders increased at a substantially greater rate than international orders. Domestic orders totaled \$66,921,000, up 10 percent from the third quarter of 1970, while international orders were virtually the same as last year," Hewlett said.

Sales for the first nine months of 1971 totaled \$261,718,000, down slightly from the corresponding 1970 period. Net earnings were \$15,544,000, equal to 60 cents per share. This compares with earnings of \$17,251,000, equal to 68 cents per share, during the first nine months of last year. Incoming orders for the

period amounted to \$285,141,000, up 5 percent from the previous nine-month total of \$271,207,000.

Grenoble, France — The company has announced establishment of a manufacturing subsidiary in Grenoble. According to Bill Doolittle, vice president and general manager of HP's international operations, "We will begin limited operations in a leased, 9,000-square-foot building in Grenoble sometime before the end of 1971. Initial production will involve data products and electronic instruments for European markets.

"As we announced to the press last October, we plan to purchase 40 acres of land on the outskirts of the city. That site will not be developed until business conditions warrant further expansion of manufacturing," he added.

Karl Schwarz has been named general manager of Hewlett-Packard Grenoble, S.A. Formerly manager of new business development for HP's international operations, he has had extensive experience abroad, including a five-year term as resident director of Yokogawa-Hewlett-Packard Ltd., in Tokyo.

Palo Alto — A regular semiannual dividend on the company's common stock was declared by the HP board of directors meeting on July 22. The dividend, 10 cents a share, is payable October 15 to stockholders of record September 24.

Palo Alto — Dick Anderson, formerly engineering manager at Santa Clara Division, has been named general manager of the Automatic Measurement Division. He replaces John Doyle who recently resigned to take full-time responsibilities with a firm he previously served as a director.

Hachioji, Japan — Dick Love has been named a resident director of

YHP. He replaces John Lark who is returning to the Loveland organization. Replacing Love as administrative manager for the Intercontinental Sales Region is Les Oliver, formerly administrative manager of HP Canada.

Palo Alto — A new Sales Financing Division has been established by Corporate Marketing to provide broader financing capability for customers. Ed Collison, formerly in the Eastern Sales Region, has been appointed to manage the new activity which replaces the former Corporate Leasing Division. The Sales Financing Division will report to Bob Boniface, vice president, marketing, and will be concerned with the marketing aspects of leasing, rentals, C/S/C and other sales financing plans.

Palo Alto — Hewlett-Packard has begun marketing instructional videotapes on electronic subjects for use by scientific and technical organizations, hospitals, medical schools, colleges and universities. According to Bob Boniface, vice president of marketing, "These HP tapes are designed to meet the growing need for videotaped instructional material for training and education in the fields HP serves. The subjects range from electronic measurement techniques to nurses' training to basic transistor theory."

"Many of these tapes were originally produced for use in HP training programs for the company's professional and technical personnel so they represent proven educational tools. New tapes are continually being produced and added to the library," Boniface said.

HP will initially offer approximately 70 taped courses, ranging in length from 25 minutes to a 9-hour, 15-tape series entitled "Practical Transistors."



the dollar from the gold standard now provides the opportunity for a country to establish a new equivalent to the dollar on a basis that more accurately reflects the relative value of the two currencies. Assuming that the domestic economic conditions of the U.S. are stabilized, one could then look forward to a period of stability of international exchange and the strengthening of the chronic U.S. balance of payments problem.

So much for economics. Now, how will all of this affect HP? We have to look at it from three points of view. The first has to do with wages. Fortunately, we completed a wage and salary review and placed the results in effect just prior to the President's announcement. Unfortunately, as so often happens, there are human errors and some deserving people were overlooked. We hope that such cases may be rectified, but it's too early to tell. Probably, there will not be much relief during the initial 90 day period of the freeze. On the other hand, subject to certain conditions, we are not prohibited from making promotions that would normally occur in any organization. Needless to say, other than for U.S. citizens, this wage freeze is not applicable outside the U.S.

The second consideration is that of prices. We are prohibited from making any price increases on existing U.S.-produced equipment sold in the U.S. Again, like the wage program, we are fairly current on most of our prices but there are some exceptions of products that were underpriced. I doubt very much whether we can expect much relief on this point. We are granted a certain latitude in the pricing of new products, provided such pricing is not substantially out of line with established competitors. In addition, we are not prohibited from increasing prices on products sold outside the U.S., and where, in the normal course of events, we had planned increases we will go ahead with those plans.

The third point relates to the operation of our International marketing organization. With the various currencies of the world changing on an almost daily basis, our International people face a very difficult challenge in establishing prices. A great deal of skill and understanding will be required to operate successfully in this environment. Further, some of the countries with whom we traditionally do business will undoubtedly be affected adversely by the revised U.S. economic policy and thus may not be able to purchase as much equipment from us as in the past. On the other hand, the investment credit program of President Nixon should provide added incentive for U.S. customers to buy the capital products that we make, and thus should go a long way to offset any potential decline in our international sales.

In the long run, when equilibrium has been reestablished, I would expect a return to a strong export business, coupled with a much healthier domestic environment. For the immediate future, one can look forward to a renewed stability of the U.S. economy, and in the longer pull an ultimate lifting of the wage-price freeze under which we will have been operating.

From the president's desk

At this point in time it is hard to comment on the effect President Nixon's recently announced economic policy will have on HP's operations. It seems evident to me and to most of the informed people with whom I have discussed the problem that repulsive as wage and price control measures may be under normal situations, in the present case such controls appear to be the only way to interrupt the spiraling wage-price cycle. Certainly, HP was also caught in this maelstrom and we were finding it difficult to increase prices relative to increasing costs. As an example, last year wage expenditures increased more than 8 percent but during this same period effective price increases amounted to only about 1.4 percent. It simply has not been possible to improve production efficiency or expand expense controls to compensate for this difference.

Although wage and price controls seem to touch us most closely, the real thrust, I believe, of the Nixon program is intended to deal with a more basic problem of the declining U.S. financial posture in the international scene. This inflation which we have experienced here in the U.S. has caused the dollar to be greatly overvalued. By this I mean, while the costs of U.S.-made products have climbed, resulting in price adjustments—costs and prices have remained relatively more stable in other countries, putting U.S. products in a very real competitive disadvantage. Not only does this overvaluation make it more difficult to sell products abroad, it also encourages the importation in ever increasing quantities of foreign made products. Obviously, both of the factors have an adverse effect on the U.S. balance of payments.

What has made the problem particularly tough is the fact that the dollar has been pegged as the free world standard of payment, and as not all currencies of other countries were over-priced with reference to the dollar, a simple devaluation of the dollar would not have been an acceptable solution. The technique used by President Nixon of untying

Bill Hewlett



His biggest problem is alcoholism. Billy's father is an alcoholic. Liquor and jobs are two things he's never been able to hold. He quit drinking twice last month. And twice the month before. Maybe someday he'll straighten out. Maybe. In the meantime, his family will always come last. So who will help Billy?

Half of her went to her mother. Half to her father. All the king's horses and all the king's men couldn't put Susi together again. She is hurt and confused, but mostly she's afraid—afraid her parents will stop loving her the way they stopped loving each other. Afraid somehow she's to blame for the whole mess. Afraid of tomorrow. Not all divorces can be saved. But some can . . . with help.



Nothing cures drug addiction like a good healthy overdose. Nobody ever starts out to be a drug addict. Then one day, they all took that first step. In different ways. For different reasons. But the ending is the same. Drug abuse won't get stopped overnight. But it can get worse—if nothing is done today.

These are not made-up stories. They've all happened in your county—and probably in your own neighborhood among people you know. They need your help. Poor people, disturbed people, sick people, old people are counting on you. If you don't do it, it won't get done.



Measure

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